



Thanksgiving



CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Tuesday, November 18, 2008

9:00 a.m. – Agricultural Pool Meeting

AT THE INLAND EMPIRE UTILITIES AGENCY OFFICES

6075 Kimball Ave. Bldg. A Board Room

Chino, CA 91710

(909) 993-1600

Tuesday, November 18, 2008

1:30 p.m. – Joint Appropriative and Non-Agricultural Pool Meeting

Thursday, November 20, 2008

9:00 a.m. – Advisory Committee Meeting

11:00 a.m. – Watermaster Board Meeting

(A Thanksgiving lunch will be served after the Board meeting)

AT THE CHINO BASIN WATERMASTER OFFICES

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

(909) 484-3888



CHINO BASIN WATERMASTER

Tuesday, November 18, 2008

9:00 a.m. – Agricultural Pool Meeting

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1:30 p.m. – Joint Appropriative & Non-Ag Pool Meeting

Thursday, November 20, 2008

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

AGENDA PACKAGE



**CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING**

WITH

Mr. Bob Feenstra, Chair

Mr. Jeff Pierson, Vice-Chair

9:00 a.m. – November 18, 2008

At The Offices Of

Inland Empire Utilities Agency

6075 Kimball Ave., Bldg. A, Board Room

Chino, CA 91710

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

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

A. MINUTES

1. Minutes of the Agricultural Pool Meeting held October 22, 2008 *(Page 1)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of October 2008 *(Page 27)*
2. Watermaster Visa Check Detail *(Page 31)*
3. Combining Schedule for the Period July 1, 2008 through September 30, 2008 *(Page 33)*
4. Treasurer's Report of Financial Affairs for the Period September 1, 2008 through September, 2008 *(Page 35)*
5. Budget vs. Actual July 2008 through September 2008 *(Page 37)*

C. INTERVENTIONS

1. Consider Approval for the Red Hill Country Club Intervention into the Overlying Non-Agricultural Pool *(Page 39)*
2. Consider Approval for the Aqua Capital Management Intervention into the Overlying Non-Agricultural Pool *(Page 43)*

D. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company ("Company") has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 4,265 acre-feet. Date of Application: October 6, 2008 *(Page 49)*
2. **Consider Approval for Notice of Sale or Transfer** – Aqua Capital Management LP (Aqua) has agreed to purchase from CCG Ontario LLC (CCG) the amount of all of CCG's water in storage as of June 30, 2008, and a permanent transfer of its share of safe yield of 630.274 acre-feet. Date of Application: November 7, 2008 *(Page 63)*

II. BUSINESS ITEMS

A. 2008/2009 ASSESSMENT PACKAGE

- Approval of the 2008/2009 Chino Basin Watermaster Assessment Package *(Page 77)*

B. CONTRACT WITH BLACK & VEATCH

Consider Approval for the Agreement for Engineering Services with Black & Veatch *(Page 103)*

C. BUDGET TRANSFERS

1. Budget Transfer from OBMP & Water Quality Committee Expense to Recharge Master Plan and Watermaster Legal Counsel for \$413,750.00 *(Page 125)*
2. Funding of the Farming Portion of the Middle Santa Ana Watershed TMDL Study – Budget Transfer Request for \$21,000 *(Page 131)*

D. DELINQUENT ASSESSMENT POLICY

Consider Approval of Draft Delinquent Assessment Policy *(Page 139)*

E. CONDITION SUBSEQUENT NO. 7

Consider Approval of Staff Recommendation for Condition Subsequent No. 7 *(Page 143)*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. November 13, 2008 Hearing
2. February 2 & 3, 2009 Hearing

B. ENGINEERING REPORT

1. Oral Progress Report on Engineering Activities, September – October 2008

C. CEO/STAFF REPORT

1. Legislative Update
2. Recharge Update
3. Replenishment Obligation
4. MOU on Accounting Procedures
5. MWD Groundwater Study

IV. INFORMATION

1. Newspaper Articles *(Page 231)*

V. POOL MEMBER COMMENTS

VI. OTHER BUSINESS

VII. FUTURE MEETINGS

November 13, 2008	8:30 a.m.	Chino Basin Watermaster Hearing, San Bernardino
November 18, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
November 18, 2008	1:30 p.m.	Joint Appropriative & Non-Agricultural Pool Meeting
November 20, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
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November 20, 2008	11:00 a.m.	Watermaster Board Meeting
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December 11, 2008	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
December 16, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
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December 18, 2008	9:00 a.m.	Advisory Committee Meeting
December 18, 2008	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn

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

*Mr. Ken Jeske, Chair, Appropriative Pool
Mr. Robert Tock, Vice-Chair, Appropriative Pool
Mr. Bob Bowcock, Chair, Non-Agricultural Pool
Mr. Kevin Sage, Vice-Chair Non-Agricultural Pool*

1:30 p.m. – November 18, 2008

**At The Offices Of
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730**

AGENDA

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A. MINUTES

1. Minutes of the Joint Appropriative & Non-Agricultural Pool Meeting held October 9, 2008
(Page 7)

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of October 2008 (Page 27)
2. Watermaster Visa Check Detail (Page 31)
3. Combining Schedule for the Period July 1, 2008 through September 30, 2008 (Page 33)
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5. Budget vs. Actual July 2008 through September 2008 (Page 37)

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1. November 13, 2008 Hearing
2. February 2 & 3, 2009 Hearing
3. Sale of Overlying Non-Agricultural Pool Stored Water

B. ENGINEERING REPORT

1. Oral Progress Report on Engineering Activities, September – October 2008

C. CEO/STAFF REPORT

1. Legislative Update
2. Recharge Update
3. Replenishment Obligation
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5. MWD Groundwater Study

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December 18, 2008	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn

**CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING**

WITH

Mr. Robert DeLoach, Chair
Mr. Bob Feenstra, Vice-Chair
9:00 a.m. – November 20, 2008
At The Offices Of
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

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A. MINUTES

1. Minutes of the Advisory Committee Meeting held October 23, 2008 (*Page 13*)

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of October 2008 (*Page 27*)
2. Watermaster Visa Check Detail (*Page 31*)
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E. CONDITION SUBSEQUENT NO. 7

Consider Approval of Staff Recommendation for Condition Subsequent No. 7 *(Page 143)*

F. ITEM REFERRED BACK FROM WATERMASTER BOARD FOR WAIVER OF INTEREST CHARGES

Consider Request to Waive Interest Charges for Payment of Assessments *(Page 161)*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. November 13, 2008 Hearing
2. February 2 & 3, 2009 Hearing

B. ENGINEERING REPORT

1. Oral Progress Report on Engineering Activities, September – October 2008

C. CEO/STAFF REPORT

1. Legislative Update
2. Recharge Update
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5. MWD Groundwater Study

D. INLAND EMPIRE UTILITIES AGENCY

1. MWD Water Supply Allocation Plan Update – Martha Davis *(Page 169)*
2. Dry Year Yield/Dry Year Expansion Status Report – Martha Davis *(Page 171)*
3. Phase II Recharge Capital Improvements Status Report – Tom Love *(Page 175)*
4. Quarterly Planning & Water Resources Report *(Page 179)*
5. Recycled Water Newsletter *(Page 187)*
6. Monthly Water Conservation Programs Report *(Page 193)*
7. Monthly Imported Water Deliveries Report *(Page 202)*
8. State and Federal Legislative Report *(Page 207)*
9. Community Outreach/Public Relations Report *(Page 229)*

E. OTHER METROPOLITAN MEMBER AGENCY REPORTS

IV. INFORMATION

1. Newspaper Articles *(Page 231)*

V. COMMITTEE MEMBER COMMENTS

VI. OTHER BUSINESS

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Meeting Adjourn

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**CHINO BASIN WATERMASTER
BOARD MEETING**

WITH

Mr. Ken Willis, Chair

Mr. Bob Kuhn, Vice-Chair

11:00 a.m. – November 20, 2008

At The Offices Of

Chino Basin Watermaster

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

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1. Minutes of the Watermaster Board Meeting held October 23, 2008 (*Page 21*)

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of October 2008 (*Page 27*)
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F. WAIVER OF INTEREST CHARGES

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III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

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- 2. February 2 & 3, 2009 Hearing

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- 1. Oral Progress Report on Engineering Activities, September – October 2008

C. CEO/STAFF REPORT

- 1. Legislative Update
- 2. Recharge Update
- 3. Replenishment Obligation

IV. INFORMATION

- 1. Newspaper Articles (Page 231)

V. BOARD MEMBER COMMENTS

VI. OTHER BUSINESS

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

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

- 1. Chino Airport
- 2. Accounts Receivable Settlement
- 3. Hansen Aggregate Settlement

VIII. FUTURE MEETINGS

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December 18, 2008	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Agricultural Pool Meeting – October 22, 2008



Draft Minutes
CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING

October 22, 2008

The Agricultural Pool Meeting was held at the offices of the office of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on October 22, 2008 at 2:00 p.m.

Agricultural Pool Members Present

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

Watermaster Board Members Present

Geoffrey Vanden Heuvel	Dairy
Paul Hofer	Crops

Watermaster Staff Present

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

Watermaster Consultants Present

Mark Wildermuth	Wildermuth Environmental Inc.
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Others Present

Steven Lee	Reid & Hellyer
Eunice Ulloa	Chino Basin Water Conservation District

Chair Feenstra called the Agricultural Pool meeting to order at 2:10 p.m.

AGENDA - ADDITIONS/REORDER

No additions or reorders were made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Agricultural Pool Meeting held September 16, 2008

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of September 2008
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2008 through August 31, 2008

4. Treasurer's Report of Financial Affairs for the Period August 1, 2008 through August 31, 2008
5. Budget vs. Actual July 2008 through August 2008

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

Moved to approve Consent Calendar Items A through B, as presented

II. BUSINESS ITEMS

A. GOVERNANCE

Mr. Manning stated this item has been placed on the agenda as a result of a filing made to the court relative to the Cucamonga Valley Water District's motion on the Special Referee. Mr. Manning stated in December 2005, the Watermaster Board directed staff to convene a governance committee that was to address the issue of governance. It was determined that the committee would be directed to deal with the issue before December, 2007. During the process of the Peace II negotiations a number of issues were discussed and it was staff's understanding that the issue of governance needed to be placed on hold in order to proceed with Peace II issues only. At the 2007 Watermaster Strategic Planning Conference this matter was discussed in great detail. Following that discussion on governance it was the general consensus by all parties attending that this issue be postponed for five years. The governance committee was no longer relevant to the discussions and Watermaster was directed to leave the issue alone for an additional five years. Based upon that decision, Watermaster staff did not form a governance committee and did not move the issue forward. During a recent filing motion by City of Chino, City of Chino Hills, and Monte Vista Water District the issue of governance was brought up again. In their argument they noted Watermaster had never dealt with the issue of governance as directed by the Watermaster Board. Watermaster staff does not agree with this statement and felt it prudent to bring this matter before the Pools, Advisory Committee, and Watermaster Board to obtain that the issue of governance had been dealt with or to receive a new direction on this issue. Mr. Manning read the motion taken at the last Appropriative and Non-Agricultural pools meeting. A discussion regarding this topic ensued. Chair Feenstra noted his displeasure with opening up this matter and the new judge that will need to make these types of decisions. Mr. Vanden Heuvel offered comments on his recollection of this matter. A lengthy discussion on how to deal with this issue and/or move forward ensued. The Agricultural Pool stated after consideration of the motion made by the Appropriative and Non-Agricultural Pools, this committee would support their motion in this matter.

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

Moved to support the motion made by the Appropriative and Non-Agricultural Pools, which was to take no action and to only ask the Watermaster Board of directors to formally clarify whether this is still their intent to take action today as they took on January 26, 2006 when the reappointment of the nine member board took place, that would then form a committee to deal with governance at the next reappointment of the nine member board in 2011 or to calendar this item now for the formation of a governance committee and to have counsel review the February 9, 2006 court order, as presented

B. WAIVER OF INTEREST CHARGES

Mr. Manning stated Watermaster has an obligation as part of the Judgment to invoice for administrative, OBMP recharge debt and Assessments for overproduction and included in the Judgment are provisions by which interest would bear on unpaid balances. Most all parties have responded to paying their assessments in a timely manner; however, there were two invoices that staff applied interest charges to when payment was not received timely and those two outstanding interest bills are being presented today because the parties are requesting a waiver of those interest charges. Both parties have been contacted and dialog has taken place regarding these charges. During those conversations the two parties were asked to write a letter requesting the waiver of interest charges and upon receipt of those letters staff will recommend accommodating the waiver. Staff is currently drafting a policy for more efficiently

processing delinquent assessments in the future. Mr. Manning stated since he does not have the authority to waive fees it was appropriate to bring this matter through the Watermaster process for recommendations. A discussion regarding payment of past late fees, what the Judgment states, and setting a precedent for future interest charges ensued. Mr. Manning stated a new draft policy has been written that deals with this issue and will be presented to the Watermaster Board this month. Mr. Manning stated staff feels with the adoption of a new policy coinciding with the waiver of these two late fees is the best way to rectify this matter, now and in the future. A discussion regarding this matter ensued. Mr. Vanden Heuvel offered comment on this issue and stated he strongly opposes approving the waiver of any late fees because it will send a message to all parties to pay their bills whenever they want, with no consequences, instead of when they are due. It was noted that the Agricultural Pool committee members are not in support of staff's recommendation to waive these two interest invoices.

Motion by Koopman, second by Vanden Heuvel, and by unanimous vote

Moved to not allow interest charges for Arrowhead Mountain Spring Water or Monte Vista Water District to be waived, as presented

C. TMDL STUDY

Mr. Feenstra stated he has been in consultation with Rob Vanden Heuvel regarding the TMDL Study and has also received some documentation from Geoffrey Vanden Heuvel regarding shared expense. Mr. Manning stated this item comes before this committee today based upon the continuation of Participation in a study that the Agricultural Pool began last year. Mr. Manning noted the memorandum written by Rob Vanden Heuvel to the Agricultural Pool chair and vice-chair regarding this study. Staff is seeking a motion regarding the expense that the Agricultural Pool volunteered to participate in last year and whether this committee wants to still participate in the study. Mr. Manning stated the Agricultural Pool does have the funds in the accounts to cover the amount that is being requested. Mr. Rob Vanden Heuvel stated last year's authorization up to \$20,000 dollars which was applied to three different causes. What is before this committee today is the actual implementation and a portion for continuance, for another year, in the larger stakeholder group. In discussions with Ms. Rojo all monies set aside for this last year project was not fully spent; however, Watermaster's policy is to not carry balances forward and would require a new authorization for the full amount in the amount of \$21,000.00. Mr. Geoff Vanden Heuvel offered comment on the Executive Summary received on this project as to what has been done thus far and preliminary findings on their sampling. A discussion regarding this matter ensued. It was noted by the committee members this needs to be a special projects item and come from the Watermaster general budget. Mr. Manning stated Watermaster does not have this money budgeted and this would have to be presented as a budget amendment through the Watermaster process for approval. Mr. Manning suggested a representative from the Agricultural Pool attend the other meetings to present their position on this item in November.

Motion by Koopman, second by Mackamul, and by majority vote – Jennifer Novak abstained

Moved to approve the continuation of the TMDL Study in the amount of \$21,000.00 and to include the costs be paid as a "Special Agricultural Pool Project" from the current Watermaster budget, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River Water Right Final Decision

Mr. Lee noted the Santa Ana River Water Right Permit #21225 has now been officially signed by the State Water resources Control Board, making this decision final and concluded.

2. Sale of Overlying Non-Agricultural Pool Stored Water

Mr. Lee stated this item is still waiting a decision by the parties and no final determination has been made. Mr. Manning stated staff is working with the Appropriative Pool on how they want to move forward on this. The Appropriative Pool does have a sub-committee formed and has been meeting and will have a recommendation soon.

3. Update on CDA Expansion

Mr. Lee stated this item has been discussed at recent Pool, Advisory, and Watermaster Board meetings and noted the City of Chino Hills apprehension at the Advisory and Watermaster Board meetings. Mr. Lee stated Cucamonga Valley Water District filed their motion to disqualify or remove the Special Referee and have somewhat tied that issue into the negotiations regarding supporting Western Municipal Water District's (WMWD) inclusion into the CDA until that decision is rendered. Mr. Lee commented on a letter written by Mr. Thibeault to Watermaster regarding possible Maximum Benefit loss if this situation is not rectified. Mr. Manning stated the CDA board has recommended the approval of the action necessary to bring WMWD into their partnership and that they were also recommending agencies take their individual actions. The recommendation from the Regional Board director was that the Regional Board schedule a hearing to consider whether or not the permit for Maximum Benefit for the Chino Basin be continued based on the lack of progress on the issue of the expansion of the desalters. Mr. Manning stated all parties that need to take individual actions on this matter have scheduled those except for the City of Chino Hills. Some of the actions will be taken to boards in October and others not until the beginning of November; however, no scheduling date from the City of Chino Hills has been seen to date. Without Westerns inclusion by each party taking action, Western is fully prepared to move forward on their own but it could delay activities by as much as two years; this will not make the Regional Board happy. If an action is not taken on the CDA expansion by mid November staff believes the Regional Board will schedule a hearing whereby IEUA and CBWM staff will be there defending why Max Benefit should be continued. This could be of detriment to all the parties including the Agricultural Pool if Max Benefit is not continued. A discussion regarding the City of Chino Hills and this issue ensued.

B. ENGINEERING REPORT

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

No comment was made regarding this item.

2. Progress on Condition Subsequent No. 7

Mr. Wildermuth stated Condition Subsequent No. 7 states that by December 31, 2008, Watermaster shall prepare and submit to the court for approval a revised schedule to replace the initial corrected schedule, which shall include a reconciliation of new yield and storm water estimates for 2000/2001 through 2006/07, and a discussion of how Watermaster will account for unreplenished overproduction for that period. Mr. Wildermuth reviewed the Initial Corrected Schedule and the Unreplenished Desalter Production charts in detail. Mr. Geoff Vanden Heuvel commented on the Santa Ana River recharge numbers with regard to the desalters. Mr. Geoff Vanden Heuvel stated that the policy deal that was put together was that 400,000 acre-feet of water was going to be mined to achieve some specific purposes. To go back and claim some of that water for a previous purpose is a policy decision that needs to be made. This water has already been allocated and assumed to be available to WMWD to build Desalter III; this is not a technical decision. Mr. Geoff Vanden Heuvel stated the fundamental premise of the Chino Basin Judgment is nobody gets to pump water out of the Chino Basin unless one has a water right and if you don't have a water right and pump it, it must be replenished. If you bring a desalter into the basin without a water right, it cannot just go into business and start pumping water; it has to be replenished. Agricultural dedicated 12,000 acre-feet to that desalter which was critical for getting that desalter built that it had a replenishment supply. The Agricultural Pool voted to allocate 82,000 acre-feet of annual safe yield and 12,000 acre-feet of this to the desalter.

At that time the Appropriators stated collectively, we as Appropriators will take upon ourselves the responsibility to provide replenishment water for that desalter and the Regional Board accepted that promise by the Appropriators. Mr. Koopman commented on Mr. Thibeault's and Mr. Hill's remarks at past Agricultural Pool meetings regarding this matter and the 12,000 acre-feet that was set aside. Mr. Wildermuth reviewed the reconciliation of storm water recharge and noted IEUA and the groundwater recharge coordinating committee produced estimates for 2004/05 through 2007/08 and Watermaster staff is reviewing and auditing those numbers. Mr. Wildermuth reviewed the Provisional Estimates of Storm Water Recharge chart in detail. A discussion regarding this topic ensued. Mr. Manning noted there is the technical aspect of this topic and Mr. Wildermuth is giving that report on that and a similar report will be given to the Advisory Committee and Watermaster Board in a few days. Mr. Manning stated on Wednesday, November 12, 2008, from 9:00 a.m. to 11:00 a.m. a Condition Subsequent No. 7 Workshop will be held. The technical, legal, and policy issues of Condition Subsequent No. 7 will be presented/discussed at the workshop.

C. CEO/STAFF REPORT

1. Legislative Update

No comment was made regarding this item.

2. Recharge Update

No comment was made regarding this item.

3. Thanksgiving & Christmas Meetings

Mr. Manning stated both the Advisory Committee and Watermaster Board meetings have been moved up one week in the months of November and December to accommodate the Thanksgiving and Christmas holiday, so please note those changes on your schedules.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

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

No confidential session was held.

VIII. FUTURE MEETINGS

October 9, 2008	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
October 21, 2008	2:00 p.m.	Agricultural Pool Meeting
October 21, 2008	9:00 a.m.	Chino Basin Watermaster Hearing, San Bernardino
October 23, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
October 23, 2008	9:00 a.m.	Advisory Committee Meeting
October 23, 2008	11:00 a.m.	Watermaster Board Meeting

The Agricultural Pool meeting was dismissed by Chair Feenstra at 4:00 p.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Joint Appropriative and Non-Agricultural Pool Meeting – October 9, 2008



Draft Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
October 9, 2008

The Joint Appropriative and Non-Agricultural Pool Meeting were held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on October 9, 2008 at 10:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Ken Jeske, Chair	City of Ontario
Robert DeLoach	Cucamonga Valley Water District
Robert Tock	Jurupa Community Services District
Charles Moorrees	San Antonio Water Company
Raul Garibay	City of Pomona
Dave Crosley	City of Chino

NON-AGRICULTURAL POOL MEMBERS PRESENT

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

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

Watermaster Consultants Present

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

Others Present

Sandra Rose	Monte Vista Water District
Eunice Ulloa	Chino Basin Water Conservation District
Rick Hansen	Three Valleys Municipal Water District

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

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

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

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of September 2008
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2008 through August 31, 2008
4. Treasurer's Report of Financial Affairs for the Period August 1, 2008 through August 31, 2008
5. Budget vs. Actual July 2008 through August 2008

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

II. BUSINESS ITEMS**A. GOVERNANCE**

Mr. Manning stated in December 2005, the Watermaster Board directed staff to convene a governance committee that was to address the issue of governance. It was determined that the committee would be directed to deal with the issue before December, 2007. During the process of the Peace II negotiations a number of issues were discussed and it was staff's understanding and many other parties that the issue of governance needed to be placed on hold in order to proceed with Peace II issues only. At the 2007 Watermaster Strategic Planning Conference which was held at the Etiwanda Gardens was presented by Counsel Slater and this matter was discussed in great detail. Following that discussion on governance it was the general consensus by all parties attending that this issue be postponed for five years. The governance committee was no longer relevant to the discussions and Watermaster was directed to leave the issue alone for an additional five years. Based upon that decision, Watermaster staff did not form a governance committee and did not move the issue forward. During a recent filing motion by City of Chino, City of Chino Hills, and Monte Vista Water District the issue of governance was brought up again. In their argument they noted Watermaster had never dealt with the issue of governance as directed by the Watermaster Board. Watermaster staff does not agree with this statement and felt it prudent to bring this matter before the Pools, Advisory Committee, and Watermaster Board to obtain confirmation that the issue of governance had been dealt with or to receive a new direction on this issue. A discussion regarding this matter ensued. Mr. DeLoach stated it was his recollection that the issue of governance was tabled at that Strategic Planning Conference and the Board took action to table this matter and to have no further discussion for a set period of time. Mr. Jeske stated he recalls reluctance from some parties to even put this issue on the table at that time because of Peace II negotiations and the parties would be satisfied in tabling the issue for several years. It was noted there are several pressing issues that need to be taken care of by the end of this calendar year, once again questioning if this is the right time to be tackling this issue when parties should be directing their attention to the physical issues of managing the basin. A discussion regarding this topic ensued. Ms. Rose commented on the reappointment of the nine member board and in that reappointment there being a caveat that there would be the formation of a governance committee; that was never done. Counsel Fife stated counsel and staff are seeking a recommendation so that there is a record in the minutes as to how to proceed with this matter to be taken to the Watermaster Board for a final recommendation. A discussion regarding the process and the court requirements on this matter ensued. Counsel Fife stated he recalls there were no court requirements on reporting this matter back to the court; however, will research this further and let the committee know at a future meeting; the five year appointment ends in January 2011. A discussion on how to deal with this issue and/or move forward ensued.

Motion by DeLoach, second by Garibay, and by unanimous vote – Non-Ag concurred

Moved to take no action and to only ask the Watermaster Board of directors to formally clarify whether this is still their intent to take action today as they took on January 26, 2006 when the reappointment of the nine member board took place, that would then form a committee to deal with governance at the next reappointment of the nine member board in 2011 or to calendar this item now for the formation of a governance committee and to have counsel review the February 9, 2006 court order, as presented

B. WAIVER OF INTEREST CHARGES

Mr. Manning stated Watermaster has an obligation as part of the Judgment to invoice for administrative, OBMP recharge debt and Assessments for overproduction and included in the Judgment are provisions by which interest would bear on unpaid balances. On an average most all parties have responded to paying their assessments in a timely manner; however, there are two outstanding interest bills that are being presented today for the waiver of those interest charges. Both parties have been contacted and dialog has taken place regarding these charges. During those conversations the two parties were asked to write a letter requesting the waiver of interest charges and upon receipt of those letters staff will recommend

accommodating the waiver. Staff is seeking direction on how to deal with the issue of interest charges for the future and staff is also currently drafting a policy for more efficiently processing assessments. Mr. Manning stated since he does not have the authority to waive fees it was appropriate to bring this matter through the Watermaster process for recommendations. A discussion regarding this matter along with refunding other past interest charges ensued. Ms. Rojo stated Watermaster staff does many tasks to collect payments, such as phone calls, emails, faxes, and registered letters. Ms. Rojo stated staff is now questioning itself as to what point does Watermaster start assessing the 10% interest charges. A discussion regarding parties wanting a pass on paying their next late fees ensued. Mr. Manning stated staff is seeking a waiver of these charges. Mr. DeLoach stated he would make a motion to waive these two interest bills and that Watermaster needs to form a policy or procedure that would not need to be approved by this committee but to be informed that one has been written and enforced. Mr. Tock offered comment on using a 60 day due date instead of 30 days and requested some sort of publication on due dates for various items like water transfers because of staff turnover. Mr. Manning stated the policy will be introduced in the January/February time frame.

Motion by DeLoach, second by Crosley, and by majority vote – Non-Ag concurred – City of Pomona was a no vote

Moved to approve waiver in interest charges for Arrowhead Mountain Spring Water in the amount of \$4,828.53 and Monte Vista Water District in the amount of \$31,582.97, to bring back a policy on interest assessments, not for approval but to show one has been put in place, and to issue a timeline of due dates, as presented

C. MOU OF WATER ACCOUNTING PROCEDURE

Mr. Manning stated staff received this MOU a couple months ago; last month it was included in the meeting package as an information item for review. Mr. Manning reviewed the cover letter written by Mr. Arakawa, noting it states this accounting procedure does not change the agreement in any way, creating the question why is it called an amendment if there is no amendment being made? Mr. Manning noted staff feels this MOU interprets the agreement as opposed to what the original agreement actually states. Staff is looking for guidance; it was noted the three other signatories have signed this. Mr. DeLoach inquired about the consequences of not signing the agreement. Counsel Fife stated we are looking at the implementation of the Dry Year Yield Program as it currently going on now. There were things in the original DYY Program Agreement that now in 2008 when we come to a take year that all parties start looking closer at how those procedures are impacting them. Review by all the Watermaster parties need to take place and direction to sign or not to sign need to be formalized. Counsel Fife reviewed the cover letter provided in the meeting packet and noted that most of the agreement coincides with the original agreement; however, there are sections that can't be found in the original agreement and those are section 2A3 on pp. 40, 2B2 on pp. 41, and 2B3 on pp. 42 in the meeting packet. Counsel Fife reviewed these sections in detail. This MOU will not be signed without direction from the Watermaster parties. A discussion regarding this matter ensued. It was noted a meeting with Metropolitan Water District staff needs to take place and possibly a meeting with Chino Basin Watermaster parties, Inland Empire Utilities Agency, and Three Valleys Municipal Water District first before the meeting with MWD.

No motion was made on this item.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. October 21 Hearing

Counsel Fife stated the October 21, 2008 hearing has had a few filings made to it, one of which is from Cucamonga Valley Water District for a continuance on their portion of the hearing due to their attorney having pre-established traveling plans and cannot attend a hearing on that date. The procedure on that type of ex parte is that the party receives a hearing and that hearing is scheduled for next Tuesday at 8:30 a.m. Counsel Fife stated

there was a second filing that Watermaster made with regard to the Ontario Intervention and to confirm that all of the other interventions that are on calendar are going to be heard. There was some confusion at the courthouse yesterday regarding if the October 21st hearing was still on calendar so Watermaster staff is going to the courthouse to verify hearing dates. Counsel Fife stated staff and counsel will keep the parties apprised of any changes.

2. Santa Ana River Water Right Final Decision

Counsel Fife stated this should be the last report on this item and the final permit should be signed today.

3. Sale of Overlying Non-Agricultural Pool Stored Water

Counsel Fife stated this item does need to come through the process for approval for the auction process to begin. It was noted the parties do not want any delay on this. Mr. DeLoach stated his staff is trying to schedule another meeting on this item shortly and should have something to report on next month.

4. Board Closed Session Report

Counsel Fife stated there was a closed session at the last Watermaster Board meeting to discuss three items; Hanson Aggregates litigation, the Tongva American Indian possible litigation situation, and the OIA/Chino Airport possible litigation matter. The only direction given from the Board was regarding the plume and noted the action was to reaffirm its conceptual decision and Watermaster will assume primary responsibility for prosecuting the potentially responsible parties for airport plume contamination. Counsel Fife noted there will be a closed session held at the October meeting and one of the items that will be discussed will be the ongoing dispute with Inland Empire Utilities Agency about the cooperative monitoring program and the cost sharing agreement.

B. ENGINEERING REPORT

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

Mr. Wildermuth stated his staff is continuing on with its monitoring work and in October, will be submitting quarterly monitoring reports to the Regional Board pursuant to the Max Benefit requirement. Staff has initiated the technical work from the Recharge Master Plan and continues to do planning on that. The other major effort that is currently being worked on is a contract that Watermaster has with IEUA, to do the material physical injury analysis on the DYY Expansion. That information will be subsequently included in their CEQA documentation. Next month should be a good time to have a short meeting report on what our findings were on that analysis.

2. Progress on Condition Subsequent No. 7

Mr. Wildermuth stated regarding Condition Subsequent No. 7 there are two different technical issues that are addressed. The first issue is dealing with the amount of subsurface inflow from the Santa Ana River that should be credited to the Desalters. The second issue is the validation of the computed storm water recharge numbers we receive from IEUA; the validation of storm water recharge will be done by the end of the month and by the time Watermaster goes to court the five year projection will be redone. The committee members noted an informal workshop on Condition Subsequent No. 7 needs to take place prior to this item coming back through the Watermaster process and to the court.

C. CEO/STAFF REPORT

1. Agricultural Well Meter Status Update

Ms. Maurizio gave a presentation on Meter Installation & Maintenance on Agricultural Pool Wells. Ms. Maurizio noted Watermaster is responsible for providing the meter, as well as the cost of any installation, maintenance, inspection, testing and repairing of the Agricultural Pool wells which are mandated by the Peace Agreement and the OBMP. Ms. Maurizio reviewed information on the installation of meters since 2001 including calibration and the

repair of the meters. The evaluation of the costs of meter installation and maintenance was reviewed in detail and it was noted there is \$88,000 budgeted for FY 2008/2009 for these costs. Several charts were analyzed in detail. A discussion regarding the presentation ensued.

2. Legislative Update

Mr. Manning stated one of the bills that were being followed closely was AB2270 which gave the ability to regulate water softeners were vetoed by the Governor. The Governor said that the amount of salt that would have been saved was minimal and the impact would have been greater than the savings. The revenues are significantly lower than what was anticipated and now the leaders in Sacramento to talk about those issues and how they are going to fill the gap.

3. Recharge Update

Mr. Manning stated there were approximately 200 acre-feet of urban water recharged and approximately 80 acre-feet of recycled water that was put into the ground. A current recharge sheet is available on the back table for review.

4. Thanksgiving & Christmas Meetings

Mr. Manning stated both the Advisory Committee and Watermaster Board meetings have been moved up one week in the months of November and December to accommodate the Thanksgiving and Christmas holiday, so please note those changes on your schedules.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

Mr. Manning stated the Assessment Package Workshop has now been scheduled for Thursday, October 30, 2008 starting at 2:00 p.m.

Mr. Manning thanked those who attended the recent Strategic Planning Conference and noted it went very well. A sign-up sheet has been circulated for committees for the four areas that were addressed at that conference to begin further work on the Recharge Master Plan; please sign up for one or more of those committees.

Mr. DeLoach distributed the Agricultural Pool bill that Watermaster staff provides him – this is for information only. Mr. Manning noted that these bills are also forwarded to Mr. Feenstra the chairman of the Agricultural Pool for his review and signature.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

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

No confidential session was held.

VIII. FUTURE MEETINGS

October 9, 2008	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
October 21, 2008	2:00 p.m.	Agricultural Pool Meeting @ IEUA
October 21, 2008	9:00 a.m.	Chino Basin Watermaster Hearing, San Bernardino
October 23, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
October 23, 2008	9:00 a.m.	Advisory Committee Meeting
October 23, 2008	11:00 a.m.	Watermaster Board Meeting

The Joint Appropriative and Non-Agricultural Pool meeting was dismissed by Chair Jeske at 11:33 a.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Advisory Committee Meeting – October 23, 2008



Draft Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING

October 23, 2008

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on October 23, 2008 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Appropriative Pool

Mark Kinsey, Vice-Chair	Monte Vista Water District
Marty Zvirbulis	Cucamonga Valley Water District
Ken Jeske	City of Ontario
Ron Craig	City of Chino Hills
Anthony La	City of Upland
Rich Atwater	Inland Empire Utilities Agency
Mike McGraw	Fontana Water Company
Dave Crosley	City of Chino
Charles Moorrees	San Antonio Water Company
Nichole Horton	City of Pomona

Non-Agricultural Pool

Bob Bowcock	Vulcan Materials Company (Calmat Division)
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Agricultural Pool

Bob Feenstra	Dairy
Jennifer Novak	Department of Justice/CIM
Nathan Mackamul	State of California/CIW

Watermaster Board Members Present

Terry Catlin	Inland Empire Utilities Agency
Ken Willis	City of Upland

Watermaster Staff Present

Ken Manning	CEO
Sheri Rojo	CFO/Asst. General Manager
Ben Pak	Senior Project Engineer
Danielle Maurizio	Senior Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

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

Others Present

Phil Rosentrater	Western Municipal Water District
Scott Burton	City of Ontario
David DeJesus	Three Valleys Municipal Water District
Steven Lee	Reid & Hellyer
Michael Camacho	Visitor
Eunice Ulloa	Chino Basin Water Conservation District

Vice-Chair Kinsey called the Advisory Committee meeting to order at 9:15 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Advisory Committee Meeting held September 25, 2008

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of September 2008
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2008 through August 31, 2008
4. Treasurer's Report of Financial Affairs for the Period August 1, 2008 through August 31, 2008
5. Budget vs. Actual July 2008 through August 2008

Motion by Jeske, second by Zvirbulis, and by unanimous vote

Moved to approve Consent Calendar Items A through B, as presented

Item C was pulled for discussion and separate motion

C. WATER TRANSACTION

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

Mr. Bowcock is pulling this item for discussion purposes at this committee level before it goes to the Watermaster Board later today. This item is requesting approval of notice; however, since it is going to materially change the way things are done, this item requires further discussion and clarification. Item C3 is something that materially changes the way business is done; there are lands that have been represented to have changed hands that have been purchased that are associated with water rights. Those water rights were overlying and the land that is being purchased with that is not necessarily the land that the water was developed at or for. Mr. Bowcock stated he wants the record very clear. The lands that have been purchased, associated with this notice of transfer, are not essentially where the water was developed or where the water was served. Mr. Bowcock noted this will potentially materially change governance at Chino Basin Watermaster. As long as the parties understand that and move forward with a clear record being made, Mr. Bowcock will make a motion to support this notice. Mr. Jeske stated he will second the motion; however, this is just one person's opinion and not even a legal opinion on this matter. Mr. Jeske noted these water notices/transactions have already been approved by the Appropriative and Non-Agricultural Pools. Mr. Jeske stated these are transfers of water and not interventions and this issue does not relate to governance; which is a mischaracterization off this item. The record does need to reflect that the representative from the Non-Agricultural Pool is making comments that were not represented by the other pools or at the last Non-Ag Pool meeting. Mr. Feenstra stated he supports the motion and

thanked Mr. Bowcock for bringing up this issue which was also brought up and discussed at the last Agricultural Pool meeting.

*Motion by Bowcock, second by Jeske, and by unanimous vote
Moved to approve Consent Calendar Item 1C, as presented*

II. BUSINESS ITEMS

A. GOVERNANCE

Mr. Manning stated this item is on the agenda because Watermaster is seeking clarity on some issues that staff thought was resolved over a year ago. Motions have been made in pleadings by Monte Vista Water District, City of Chino, and City of Chino Hills, regarding the topic of whether the issue of governance was satisfied in a meeting held on October 2, 2007 or not was called into question. Staff is asking if the parties are asking for Watermaster to form a Governance Committee now or if that provision has previously been satisfied. This item has gone through the Pools and all three pools came to the same conclusion and approved the same motion. The motion was that this item should be sent to the Watermaster Board with no action and that the Board of Directors should be asked for clarification on their intent if they believe the committee should still be put into place or whether this item should be held off until the nine member board issue is re-established in 2010 for action in January 2011. A lengthy discussion regarding this matter ensued. Counsel Fife stated through the entire process last month, through the Pools, Advisory Committee, and Watermaster Board, there was some very general discussion of this issue; governance was brought up as part of the Legal Counsel Report. There were discussions at all meetings but there was no actual action by any of the Pools, Advisory Committee, or Watermaster Board. Counsel Fife stated it was requested for Watermaster staff to bring this forward in a more formal manner so that there would be action from each of the committees. A discussion regarding improving efficiencies and the possibility forming a Governance Committee ensued. Mr. Crosley noted that he inquired at the Appropriative Pool meeting about reporting this issue to the court because of the way the nine member board was reappointed and a look up from counsel on this. Counsel Fife stated the court order from February 9, 2006 reappointed the nine member board. That order was reviewed by staff and counsel and there was no discussion of governance in that order or any orders to Watermaster to do anything with regard to governance. Counsel Fife stated the only mention was in the last sentence of the order which said the court reminds the parties that changing the governance structure of Watermaster that will require court approval (paraphrased.)

*Motion by Kinsey, second by Jeske, and by unanimous vote
Moved to take no action taken – forwarding to the Watermaster Board for clarification, as presented*

B. WAIVER OF INTEREST CHARGES

Mr. Manning stated Watermaster clearly has a authority to assess interest on delinquent payments to Watermaster that is a part of the Judgment; that language is in the staff report. Mr. Manning noted Watermaster has an obligation as part of the Judgment to invoice for administrative, OBMP expenses, recharge debt, and assessments for overproduction and included in the Judgment are provisions by which interest would bear on unpaid balances. This is application of interest has been utilized by Watermaster staff five times in the past prior to these two instances. All parties have responded by paying their assessments and interest charges in a timely manner; however, there were two invoices that staff applied interest charges to when payment was not received timely this past year and those two outstanding interest bills are being presented today because the parties are requesting a waiver of those interest charges. Both parties have been contacted and dialog has taken place regarding these charges. During those conversations the two parties were asked to write a letter requesting the waiver of interest charges and upon receipt of those letters staff will recommend accommodating the waiver. Staff has drafted a policy for more clarifying and notifying the processing of delinquent assessments in the future and it is available on the back table for

review and comment. Mr. Manning stated since he does not have the authority to waive fees it was appropriate to bring this matter through the Watermaster process for recommendations. A discussion regarding this matter ensued. Mr. Manning stated staff is seeking a waiver of these charges. Mr. Manning stated the Appropriative and Non-Agricultural Pool approved the waiver requested and the Agricultural Pool did not approve the waiver. Mr. Jeske stated he would like to make the motion to waive these two unpaid balances of interest fees and for Watermaster staff to bring a draft policy through the process. Mr. Feenstra stated the Agricultural Pool is unanimously and strongly opposed waiving the Monte Vista Water District interest charge of \$31,582.97 and Arrowhead Mountain Spring Water interest charge of \$4,828.53. A discussion regarding why these two parties bills were not paid on time and events that took place leading up to these request of waivers ensued. Mr. Feenstra offered comment on this matter and duly noted his opposition in waiving these fees.

Motion by Jeske, second by La, and by majority vote – the Agricultural Pool voted no
Moved to approve waiver in interest charges for Arrowhead Mountain Spring Water in the amount of \$4,828.53 and Monte Vista Water District in the amount of \$31,582.97, and to bring back a draft policy through the Watermaster process, as presented

C. MOU OF WATER ACCOUNTING PROCEDURE

Mr. Manning stated staff received this MOU a couple of months ago; last month it was included in the meeting package as an item for review. Mr. Manning reviewed the cover letter written by Mr. Arakawa, noting it states this accounting procedure does not change the agreement in any way, creating the question why is it called an amendment if there is no amendment being made? Mr. Manning noted staff feels this MOU interprets the agreement as opposed to what the original agreement actually states. It was noted the three other signatories have signed this. Mr. DeLoach inquired about the consequences of not signing the agreement. Counsel Fife stated we are looking at the Dry Year Yield Program as it now. There were things in the original DYY Program Agreement that parties are starting to look at closer as to how those procedures are impacting them. Review by all the Watermaster parties needs to take place and direction to sign or not to sign need to be formalized. Counsel Fife reviewed the cover letter provided in the meeting packet and noted that most of the agreement coincides with the original agreement; however, there are sections that can't be found in the original agreement and those are section 2A3 on pp. 40, 2B2 on pp. 41, and 2B3 on pp. 42 in the meeting packet. Counsel Fife reviewed those sections in detail. This MOU will not be signed without direction from the Watermaster parties. A discussion regarding this matter ensued. Mr. Manning noted at the Appropriative Pool meeting it was asked that a meeting with Metropolitan Water District staff take place and possibly a meeting with Chino Basin Watermaster parties, Inland Empire Utilities Agency, and Three Valleys Municipal Water District before the meeting with MWD. It was noted this item will be continued until the meetings take place and an update can be given.

Motion by Crosley, second by Zvirbulis, and by unanimous vote
Moved to table this item, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. October 14 and October 16 Ex Parte Hearings

Counsel Fife stated last week was very busy with regard to court processes. An October 21, 2008; that hearing included approval of Annual Reports, Conditions Subsequent 1 through 6, interventions, and Cucamonga Valley Water Districts (CVWD) motion with regard to the Special Referee. CVWD did file a request to continue that one portion of the hearing with regard to their motion and that was heard on October 14, 2008; however, the court stated if one item was going to be continued, then all items would be continued. The only issue that came up in continuing all the items was the interventions which were time sensitive. There was an Ex Parte hearing scheduled for October 16, 2008 to approve the

interventions; the court did approve all of them. The court moved everything else to November 13, 2008.

2. November 13, Hearing
No comment was made regarding this item.
3. Board Closed Session Report
Counsel Fife stated there was a closed session at the last Watermaster Board meeting to discuss the Chino Airport litigation. The only direction given from the Board was regarding the plume and noted the action was to reaffirm its conceptual decision and Watermaster will assume primary responsibility for prosecuting the potentially responsible parties for airport plume contamination. Counsel Fife noted there will be a closed session at the Watermaster Board meeting today.

B. ENGINEERING REPORT

1. Oral Progress Report on Engineering Activities, August – September 2008
No comment was made regarding this item.
2. Progress on Condition Subsequent No. 7
Mr. Wildermuth stated Condition Subsequent No. 7 states that by December 31, 2008, Watermaster shall prepare and submit to the court for approval a revised schedule to replace the Initial Corrected Schedule, which shall include a reconciliation of allocated new yield and storm water 2000/2001 through 2006/07, and a discussion of how Watermaster will account for unreplenished overproduction for that period. Mr. Wildermuth reviewed the Initial Corrected Schedule and the Unreplenished Desalter Production charts in detail. Mr. Geoff Vanden Heuvel commented on the Santa Ana River recharge numbers with regard to the desalters. Mr. Geoff Vanden Heuvel stated that the policy deal that was put together was that 400,000 acre-feet of water was going to be mined to achieve some specific purposes. To go back and claim some of that water because of a previous activity is a policy decision that needs to be made. Water has already been allocated and assumed to be available to WMWD to build Desalter III; this is not a technical decision. Mr. Geoff Vanden Heuvel stated the fundamental premise of the Chino Basin Judgment is nobody gets to pump water out of the Basin unless one has a water right and if you don't have a water right and pump, it must be replenished. The Agricultural pool dedicated 12,000 acre-feet to the desalter which was critical for getting that desalter built and that it had a replenishment supply. The Agricultural Pool voted to allocate 82,800 acre-feet of the unused portion of their annual safe yield and 12,000 acre-feet of the 82,800 acre-feet to the desalter. At that time, the Appropriators stated collectively, that they will take upon themselves the responsibility to provide replenishment water for the desalter and the Regional Board accepted that promise by the Appropriators. Mr. Koopman commented on Mr. Thibeault's and Mr. Hill's remarks at past Agricultural Pool meetings regarding this matter and the 12,000 acre-feet that were proposed to be set aside. Mr. Wildermuth reviewed the reconciliation of storm water recharge and noted IEUA and the Groundwater Recharge Coordinating Committee produced estimates for 2004/05 through 2007/08 and Watermaster staff is reviewing and auditing those numbers. Mr. Wildermuth reviewed the Provisional Estimates of Storm Water Recharge chart in detail. Mr. Manning noted there is the technical aspect of this topic and Mr. Wildermuth is giving a report on that, the other aspect pertains to policy decisions that will need to be made. Mr. Manning stated on Wednesday, November 12, 2008, from 9:00 a.m. to 11:00 a.m. a Condition Subsequent No. 7 Workshop will be held. The technical, legal, and policy issues of Condition Subsequent No. 7 will be presented/discussed at the workshop.

C. GEO/STAFF REPORT

1. Legislative Update
Mr. Manning stated Inland Empire Utilities Agency has several informative legislative updates in their section of the meeting package starting on page 149.

2. Recharge Update
Mr. Manning stated there has been a small amount of recharge in the basin and the most recent Recharge handout is available on the back table for your review.
3. Thanksgiving & Christmas Meetings
Mr. Manning stated both the Advisory Committee and Watermaster Board meetings have been moved up one week in the months of November and December to accommodate the Thanksgiving and Christmas holidays; please note those changes on your schedules.

D. INLAND EMPIRE UTILITIES AGENCY

1. Groundwater Recharge Update Presentation
Mr. Love gave the Groundwater Recharge Update presentation. Mr. Love reviewed what took place at the September 19, 2008 Recycled Water Workshop and noted the presentations that were given at that workshop are available on the IEUA web site. Mr. Love spoke on the California Groundwater Recharge Regulations. The 10-Year vs. 5-Year Rolling Average and Recycled Water Recharge Forecast maps were reviewed.
2. MWD Water Supply (Drought) Allocation Plan
Mr. Atwater gave the Draft IEUA Water Supply Allocation Plan presentation. Mr. Atwater reviewed the 2009 Water Supply Outlook, MWD Water Supply Allocation, IEUA Water Allocation Plan Process, and IEUA Goals charts in detail. The Overview of MWD's 2009 Baseline Water Supply Allocation to IEUA was reviewed and discussed. The Implications for IEUA's Water Supply was examined. A brief overview of Draft Principles was evaluated. A discussion regarding this topic ensued.
3. ACWA Drought Alert Flyer
No comment was made regarding this item.
4. Recycled Water Newsletter
No comment was made regarding this item.
5. Monthly Water Conservation Programs Report
No comment was made regarding this item.
6. Monthly Imported Water Deliveries Report
No comment was made regarding this item.
7. State and Federal Legislative Report
No comment was made regarding this item.
8. Community Outreach/Public Relations Report
No comment was made regarding this item.

E. OTHER METROPOLITAN MEMBER AGENCY REPORTS

No comment was made regarding this item.

IV. INFORMATION

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

V. COMMITTEE MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

October 22, 2008	2:00 p.m.	Agricultural Pool Meeting @ CBWM
October 23, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
October 23, 2008	9:00 a.m.	Advisory Committee Meeting
October 23, 2008	11:00 a.m.	Watermaster Board Meeting
November 13, 2008	8:30 a.m.	CBWM Hearing
November 18, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
November 18, 2008	1:30 p.m.	Joint Appropriative & Non-Agricultural Pool Meeting
November 20, 2008	9:00 a.m.	Advisory Committee Meeting
November 20, 2008	11:00 a.m.	Watermaster Board Meeting

The Advisory Committee meeting was dismissed by Vice-Chair Kinsey at 10:40 a.m.

Secretary: _____

Minutes Approved: _____

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CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Watermaster Board Meeting – October 23, 2008



Draft Minutes
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING
October 23, 2008

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on October 23, 2008 at 11:00 a.m.

WATERMASTER BOARD MEMBERS PRESENT

Ken Willis, Chair	City of Upland
Bob Kuhn	Three Valleys Municipal Water District
Jim Curatalo	Cucamonga Valley Water District
Jim Bowman	City of Ontario
Terry Catlin	Inland Empire Utilities Agency
Bob Bowcock	Vulcan Materials Company
Paul Hofer	Agricultural Pool
Geoffrey Vanden Heuvel	Agricultural Pool

Watermaster Staff Present

Ken Manning	CEO
Sheri Rojo	CFO/Asst. General Manager
Danielle Maurizio	Senior Engineer
Ben Pak	Senior Project Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

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

Others Present

Bob Feenstra	Dairy
Jennifer Novak	Department of Justice/CIM
Mark Kinsey	Monte Vista Water District
Sandra Rose	Monte Vista Water District
Nichole Horton	City of Pomona
Tammy Jones	Sunkist
Michael Camacho	Visitor
Marty Zvirbulis	Cucamonga Valley Water District
Ken Jeske	City of Ontario
David DeJesus	Three Valleys Municipal Water District
Ron Craig	RBF Consulting/Chino Hills
Eunice Ulloa	Chino Basin Water Conservation District

The Watermaster Board Meeting was called to order by acting Chair Willis at 11:00 a.m.

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Watermaster Board Meeting held September 25, 2008

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of September 2008
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2008 through August 31, 2008
4. Treasurer's Report of Financial Affairs for the Period August 1, 2008 through August 31, 2008
5. Budget vs. Actual July 2008 through August 2008

Motion by Bowcock, second by Kuhn, and by unanimous vote

Moved to approve Consent Calendar Items A through B as presented

Item C was pulled for discussion and separate motion

C. WATER TRANSACTION

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

Mr. Bowcock pulled item C to note that while in support of the action and the activity all parties need to be sure they know what is being brought forward in supporting this action. Item C3 is something that materially changes the way business is done; there are particular lands that have been represented that have changed hands that have been purchased that are associated with these water rights. Those water rights are overlying and the land that is being purchased with that is not necessarily the land that the water was developed at or for. Mr. Bowcock stated he wants the record very clear. Mr. Bowcock noted this could change governance at Chino Basin Watermaster. As long as the parties understand that and move forward with a clear record being made, Mr. Bowcock will make a motion to support this notice. A discussion regarding Mr. Bowcock's comments ensued. Mr. Bowman stated for the record it is the City of Ontario's position that the transfer of the water rights has no bearing on governance now or in the future.

Motion by Bowcock, second by Kuhn, and by unanimous vote

Moved to approve Consent Calendar Item 1C, as presented

II. BUSINESS ITEMS**A. GOVERNANCE**

Mr. Manning stated this item is on the agenda because Watermaster is seeking clarity on some issues that staff thought was resolved a year ago and because of motions that made in pleadings by Monte Vista Water District, City of Chino, and City of Chino Hills, the issue of whether the issue of governance was satisfied in a the meeting held on October 2, 2007 or now was called into question. Staff is asking if the parties are asking for Watermaster form a

Governance Committee now or if that provision has previously been satisfied. This item has gone through the Pools and the Advisory Committee and all committee's came to the same conclusion and approved the same motion. The motion was that this item should be sent to the Watermaster Board with no action and that the Board of Directors should be asked for clarification on their intent if they believed the committee should still be put into place or whether this item should be held off until the nine member board issue is re-established in 2010 for action in January 2011. Mr. Kuhn stated according to his recollection this matter was resolved from the standpoint that the parties felt that Peace II needed to be done and that the governance issue would be discussed at same time in the future. Mr. Bowman commented on the notes he had taken at that conference, it appeared all parties concurred on the status of how the governance structure is set currently. Mr. Bowman stated based on the past and the unanimous support of what we did at that conference that this committee should let this issue rest with no change. A discussion regarding reporting to the court ensued. Ms. Rose stated Monte Vista Water District has a problem with the meeting held on October 2, 2007 because there was no attendance record or minutes taken and wants to continue with the motion made by the Watermaster Board in December, 2005. That motion was very specific about forming a Watermaster Governance Committee. Mr. Vanden Heuvel stated he has the same discomfort that Monte Vista Water District does and noted he has solution for this matter since the Advisory Committee has referred this back to the board. The solution would be to make a motion that the Watermaster Board appoint itself as the appointed committee and that this motion constitutes the creation of the committee and the committee's unanimous support for continuing with the existing governance structure; this will then comply with the past motion. This commitment is now done and stands as status quo. A lengthy discussion regarding Mr. Vanden Heuvel's motion and this situation presented today ensued. Chair Willis stated this issue needs to be discussed further and not at this venue and noted he would host a governance roundtable discussion directly after the next Watermaster Board meeting in November.

Motion by Vanden Heuvel, second by Kuhn, and by unanimous vote

Moved to appoint the current Watermaster Board as the Watermaster Governance Committee and as that committee meets today the current governance structure stands as status quo and a roundtable discussion on this matter will be hosted by Chair Willis after the Watermaster Board meeting on November 20, 2008, as presented

B. WAIVER OF INTEREST CHARGES

Mr. Manning stated Watermaster clearly has a policy on delinquency of payments to Watermaster that is a part of the Judgment; that language is in the staff report. Mr. Manning noted Watermaster has an obligation as part of the Judgment to invoice for administrative, OBMP recharge debt and Assessments for overproduction and included in the Judgment are provisions by which interest would bear on unpaid balances. This is a policy that has been utilized by Watermaster staff five times in the past prior to these two instances. Most all parties have responded to paying their assessments in a timely manner; however, there were two invoices that staff applied interest charges to when payment was not received timely and those two outstanding interest bills are being presented today because the parties are requesting a waiver of those interest charges. Both parties have been contacted and dialog has taken place regarding these charges. During those conversations the two parties were asked to write a letter requesting the waiver of interest charges and upon receipt of those letters staff will recommend accommodating the waiver. Staff is currently drafting a policy for more efficiently processing delinquent assessments in the future. Mr. Manning stated since he does not have the authority to waive fees it was appropriate to bring this matter through the Watermaster process for recommendations. A discussion regarding this matter ensued. Mr. Manning stated staff is seeking a waiver of these charges. Mr. Manning stated the Appropriative and Non-Agricultural Pool approved the waiver requested and the Agricultural Pool did not approve the waiver. Mr. Manning noted staff is working on a policy to be brought back through the Watermaster process for approval. A draft of that policy is available for review in your committee folders and on the back table. Mr. Feenstra stated the Agricultural Pool is

unanimously strongly opposed to waiving the Monte Vista Water District interest charge of \$31,582.97 and Arrowhead Mountain Spring Water interest charge of \$4,828.53. A discussion regarding why these two parties bills were not paid on time and events that took place leading up to these request of waivers ensued. Mr. Feenstra offered comment on this matter and duly noted his opposition in waiving these fees. Mr. Catlin inquired if the other parties that were charged late fees paid them. Ms. Rojo stated they did in fact pay those interest charges. Mr. Kuhn stated if Watermaster staff has charged late fees in the past and those parties who received the bills paid for those interest charges then this committee should keep doing what the Judgment calls for staff to do and keep doing it. Mr. Vanden Heuvel suggested this item goes back to the Advisory Committee for a second review. A discussion regarding Mr. Vanden Heuvel's suggestion ensued.

Motion by Vanden Heuvel, second by Kuhn, and by majority vote,

Moved to approve send this item back to the Advisory Committee in November, 2008, for a second review and forward it back to the Watermaster Board, as presented

C. MOU OF WATER ACCOUNTING PROCEDURE

Mr. Manning stated this item has been tabled and it will be brought back at a future meeting.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. October 14 and October 16 Ex Parte Hearings

Counsel Slater stated Cucamonga Valley Water District did file a request to continue that one portion of the hearing with regard to their motion and that was heard on October 14, 2008; however, the court stated if one item was going to be continued, then all items would be continued. The only issue that came up in continuing all the items was the interventions which were time sensitive. There was an Ex Parte hearing scheduled for October 16, 2008 to approve the interventions; the court did approve all of them. The court moved everything else to November 13, 2008. Counsel Slater stated to clarify for the Board's and attendee's purposes, general counsel and Watermaster staff was directed to stay neutral at the hearing concerning the Special Referee. Counsel did receive a request to complete a declaration to clarify some accounting measures; it is completely factual. Counsel Slater noted Ms. Rojo subsequent prepared a declaration, which was submitted. Counsel Slater stated staff has received a subsequent request by the City of Chino Hills for Mrs. Rojo to prepare a factual declaration on an amount expended on Watermaster legal fees by Watermaster over a defined period. We are cooperating with the parties on this request.

2. November 13, Hearing

Counsel Slater stated an October 21, 2008 hearing was scheduled; that hearing was going to consider everything that has accumulated over the last several months with the court as judges have changed. This would include approval of Annual Reports, Conditions Subsequent 1 through 6, and the Status Report on the CEQA process. Counsel Slater stated it may be that we take a step back and look at where we are in connection with the CDA expansion process and that we may find it necessary to file a supplemental pleading. This also relates to the November 21, hearing of the Regional Board regarding progress on implementing Hydraulic Control. We owe it to the court to file a pleading which explains where we are in the process; the earlier pleading may have become stale by virtue of the passage of time and now we may need to say something else to the court. Counsel Slater stated all documentation has been signed off on by parties and legal counsel for the CDA group including the proposed parties for the expansion which would be Western Municipal Water District along with the City of Ontario. All other parties have been contacted in this matter and counsel has been assured that there are no further material comments on the documentation. Counsel Slater stated he has heard from the various parties that they are prepared to adopt, without equivocation, the business arrangement of the CDA expansion. Counsel Slater stated he has heard from the City of Chino Hills; however, that they are not

prepared to act and to approve the package until they complete their due diligence. This means that given the recent events that have transpired at Watermaster, it has caused the city to want to re-evaluate the relationships with Watermaster and whether signing on to this business arrangement is a good idea for policy reasons. The City of Chino Hills has one last party they wish to meet with and they have tried to schedule that meeting in sequence with their city council meeting to follow that meeting, but to date, that has not taken place. Counsel Slater stated we are trying to get that matter resolved before the November 13, 2008 court hearing date along with the November 21, 2008 Regional Board meeting. An extended discussion regarding this matter and the governance issue ensued. Mr. Kuhn inquired if any member of this Board can meet with the City Council to discuss what any of the differences might be to them. Mr. Craig stated that might be helpful; however, does not know if that is practical in the tight time frames that we are looking at right now but that he will pass the willingness to respond to their questions/concerns on to them. Mr. Kuhn stated with regard to the issue of governance, at that conference Three Valleys Municipal Water District brought up the fact that if the parties were going to discuss governance then don't also ask us to sign the Peace II Agreement until that was resolved. That is why we walked out of that conference with the agreement that we are going to have a nine member board and we are going to move on and in 2010 the parties will review this matter again; the issue was resolved temporarily but not permanently. Mr. Vanden Heuvel stated he thinks there is a willingness to take a look at governance; however, it is important to remember the Board members had instructed Watermaster staff to specifically stay away from the governance issue; it was not Board initiated, it was party initiated.

B. ENGINEERING REPORT

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

Mr. Wildermuth stated Wildermuth Environmental's open task orders are on a spreadsheet and are available on the back table for review.

2. Progress on Condition Subsequent No. 7

Mr. Wildermuth stated Condition Subsequent No. 7 states that by December 31, 2008, Watermaster shall prepare and submit to the court for approval a revised schedule to replace the initial corrected schedule, which shall include a reconciliation of new yield and storm water estimates for 2000/2001 through 2006/07, and a discussion of how Watermaster will account for unreplenished overproduction for that period. Mr. Wildermuth reviewed the Initial Corrected Schedule and the Unreplenished Desalter Production charts in detail. Mr. Wildermuth reviewed the reconciliation of storm water recharge and noted IEUA and the Groundwater Recharge Coordinating Committee produced estimates for 2004/05 through 2007/08 and Watermaster staff is reviewing and auditing those numbers. Mr. Wildermuth reviewed the Provisional Estimates of Storm Water Recharge chart in detail. Mr. Manning noted there is the technical aspect of this topic and Mr. Wildermuth is giving that report on that and a similar report will be given to the Advisory Committee and Watermaster Board in a few days. Mr. Manning stated on Wednesday, November 12, 2008, from 9:00 a.m. to 11:00 a.m. a Condition Subsequent No. 7 Workshop will be held. The technical, legal, and policy issues of Condition Subsequent No. 7 will be presented/discussed at the workshop.

C. CEO/STAFF REPORT

1. Agricultural Well Meter Status Update

Ms. Maurizio gave a presentation on Meter Installation & Maintenance on Agricultural Pool meters. Ms. Maurizio noted Watermaster is responsible for providing the meter, as well as the cost of any installation, maintenance, inspection, testing and repairing of the Agricultural Pool wells which are mandated by the Peace Agreement and the OBMP. Ms. Maurizio reviewed information on the installation of meters since 2001 including calibration and the repair of the meters. The evaluation of the costs of meter installation and maintenance was reviewed in detail and it was noted there is \$88,000 budgeted for FY 2008/2009 for these costs. Several charts were analyzed in detail.

- 2. Legislative Update
Mr. Manning stated Inland Empire Utilities Agency has several informative legislative updates in their section of the meeting package starting on page 149.
- 3. Recharge Update
Mr. Manning stated there has been a small amount of recharge in the basin and the most recent Recharge handout is available on the back table for your review.
- 4. Thanksgiving & Christmas Meetings
Mr. Manning stated both the Advisory Committee and Watermaster Board meetings have been moved up one week in the months of November and December to accommodate the Thanksgiving and Christmas holiday, so please note those changes on your schedules.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. COMMITTEE MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

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

No comment or motion was made regarding this item.

VIII. FUTURE MEETINGS

October 22, 2008	2:00 p.m.	Agricultural Pool Meeting @ CBWM
October 23, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
October 23, 2008	9:00 a.m.	Advisory Committee Meeting
October 23, 2008	11:00 a.m.	Watermaster Board Meeting
November 13, 2008	8:30 a.m.	CBWM Hearing
November 18, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
November 18, 2008	1:30 p.m.	Joint Appropriative & Non-Agricultural Pool Meeting
November 20, 2008	9:00 a.m.	Advisory Committee Meeting
November 20, 2008	11:00 a.m.	Watermaster Board Meeting

The Watermaster Board meeting was dismissed by Chair Willis at 1:46 p.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of October 2008
2. Watermaster Visa Check Detail
3. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2008 through September 30, 2008
4. Treasurer's Report of Financial Affairs for the Period September 1, 2008 through September 30, 2008
5. Profit & Loss Budget vs. Actual July 2008 through September 2008





CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: November 18, 2008
November 20, 2008

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report

SUMMARY

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

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

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

BACKGROUND

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

DISCUSSION

Total cash disbursements during the month of October 2008 were \$1,113,936.51. The most significant expenditures during the month were the Inland Empire Utilities Agency in the amount of \$556,252.07, Wildermuth Environmental Inc. in the amount of \$198,079.53, MWH Laboratories in the amount of \$92,853.00 and Brownstein, Hyatt, Farber & Schreck in the amount of \$84,551.22.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
October 2008

Type	Date	Num	Name	Amount
Oct 08				
Bill Pmt -Check	10/1/2008	12687	APPLIED COMPUTER TECHNOLOGIES	-1,598.55
Bill Pmt -Check	10/1/2008	12688	ARROWHEAD MOUNTAIN SPRING WATER	-58.98
Bill Pmt -Check	10/1/2008	12689	CINDY NAVAROLI CONSULTING SERVICES	0.00
Bill Pmt -Check	10/1/2008	12690	ENVIRONMENTAL DEFENSE SCIENCES	-1,722.12
Bill Pmt -Check	10/1/2008	12691	GEOTECHNICAL SERVICES	-246.05
Bill Pmt -Check	10/1/2008	12692	INLAND EMPIRE UTILITIES AGENCY	-556,252.07
Bill Pmt -Check	10/1/2008	12693	NORDBAK'S PROMOTIONAL PRODUCTS	-75.63
Bill Pmt -Check	10/1/2008	12694	OFFICE DEPOT	-852.93
Bill Pmt -Check	10/1/2008	12695	PARK PLACE COMPUTER SOLUTIONS, INC.	-6,150.00
Bill Pmt -Check	10/1/2008	12696	PAYCHEX	-202.70
Bill Pmt -Check	10/1/2008	12697	PRINTING RESOURCES	-39.65
Bill Pmt -Check	10/1/2008	12698	R&D PEST SERVICES	-85.00
Bill Pmt -Check	10/1/2008	12699	TLC STAFFING	-480.00
Bill Pmt -Check	10/1/2008	12700	VISION SERVICE PLAN	-52.16
Bill Pmt -Check	10/1/2008	12701	MWH LABORATORIES	-64,225.00
Bill Pmt -Check	10/1/2008	12702	DIRECTV	-76.98
General Journal	10/4/2008	08/10/03	PAYROLL	-7,728.45
General Journal	10/4/2008	08/10/03	PAYROLL	-26,895.94
Bill Pmt -Check	10/9/2008	12703	ACWA SERVICES CORPORATION	-209.95
Bill Pmt -Check	10/9/2008	12704	BLACK & VEATCH CORPORATION	-9,810.00
Bill Pmt -Check	10/9/2008	12705	BOWCOCK, ROBERT	-375.00
Bill Pmt -Check	10/9/2008	12706	BOWMAN, JIM	-125.00
Bill Pmt -Check	10/9/2008	12707	CITISTREET	-2,595.66
Bill Pmt -Check	10/9/2008	12708	DE BOOM, NATHAN	-250.00
Bill Pmt -Check	10/9/2008	12709	DURRINGTON, GLEN	-250.00
Bill Pmt -Check	10/9/2008	12710	ESRI	-9,697.50
Bill Pmt -Check	10/9/2008	12711	EXECUTRAIN OF THE INLAND EMPIRE	-500.00
Bill Pmt -Check	10/9/2008	12712	FEENSTRA, BOB	-625.00
Bill Pmt -Check	10/9/2008	12713	HETTINGA, PETER	-250.00
Bill Pmt -Check	10/9/2008	12714	HUITSING, JOHN	-250.00
Bill Pmt -Check	10/9/2008	12715	JAMES JOHNSTON	-900.00
Bill Pmt -Check	10/9/2008	12716	KOOPMAN, GENE	-250.00
Bill Pmt -Check	10/9/2008	12717	KUHN, BOB	-375.00
Bill Pmt -Check	10/9/2008	12718	MATHIS & ASSOCIATES	-8,480.00
Bill Pmt -Check	10/9/2008	12719	OFFICE DEPOT	-256.63
Bill Pmt -Check	10/9/2008	12720	PIERSON, JEFFREY	-625.00
Bill Pmt -Check	10/9/2008	12721	REID & HELLYER	-7,224.25
Bill Pmt -Check	10/9/2008	12722	SAFEGUARD DENTAL & VISION	-57.68
Bill Pmt -Check	10/9/2008	12723	SAFETY CLEAN JANITORIAL SERVICES	-590.00
Bill Pmt -Check	10/9/2008	12724	THE STANDARD INSURANCE COMPANY	-156.56
Bill Pmt -Check	10/9/2008	12725	TLC STAFFING	-596.80
Bill Pmt -Check	10/9/2008	12726	UNION 76	-120.62
Bill Pmt -Check	10/9/2008	12727	UNITED PARCEL SERVICE	-78.28
Bill Pmt -Check	10/9/2008	12728	VANDEN HEUVEL, GEOFFREY	-250.00
Bill Pmt -Check	10/9/2008	12729	VANDEN HEUVEL, ROB	-125.00
Bill Pmt -Check	10/9/2008	12730	VERIZON	-458.74
Bill Pmt -Check	10/9/2008	12731	W.C. DISCOUNT MOBILE AUTO DETAILING	-75.00
Bill Pmt -Check	10/9/2008	12732	WILLIS, KENNETH	-625.00
Bill Pmt -Check	10/9/2008	12733	YUKON DISPOSAL SERVICE	-142.88
Bill Pmt -Check	10/9/2008	12734	CITISTREET	-2,595.66
Bill Pmt -Check	10/9/2008	12735	BROWNSTEIN HYATT FARBER SCHRECK	-84,551.22
Bill Pmt -Check	10/17/2008	12736	PETTY CASH	-393.95
General Journal	10/18/2008	08/10/05	PAYROLL	-7,897.43
General Journal	10/18/2008	08/10/05	PAYROLL	-26,726.96
Bill Pmt -Check	10/21/2008	12737	CITY OF RANCHO CUCAMONGA	-25.00
Bill Pmt -Check	10/22/2008	12738	ACWA	-14,160.00
Bill Pmt -Check	10/22/2008	12739	BANC OF AMERICA LEASING	-3,186.17
Bill Pmt -Check	10/22/2008	12740	BANK OF AMERICA	-4,772.60
Bill Pmt -Check	10/22/2008	12741	BLACK & VEATCH CORPORATION	-5,807.50
Bill Pmt -Check	10/22/2008	12743	CUCAMONGA VALLEY WATER DISTRICT	-5,495.00
Bill Pmt -Check	10/22/2008	12744	DICKINSON JANITORIAL	-51.98
Bill Pmt -Check	10/22/2008	12745	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	10/22/2008	12746	HSBC BUSINESS SOLUTIONS	-496.56
Bill Pmt -Check	10/22/2008	12747	INLAND EMPIRE UTILITIES AGENCY	-250.50
Bill Pmt -Check	10/22/2008	12748	LOS ANGELES TIMES	-46.40
Bill Pmt -Check	10/22/2008	12749	MCI	-1,169.95
Bill Pmt -Check	10/22/2008	12750	MWH LABORATORIES	-28,628.00
Bill Pmt -Check	10/22/2008	12751	NORDBAK'S PROMOTIONAL PRODUCTS	-115.35

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
October 2008

Type	Date	Num	Name	Amount
Bill Pmt -Check	10/22/2008	12752	OFFICE DEPOT	-355.41
Bill Pmt -Check	10/22/2008	12753	PITNEY BOWES CREDIT CORPORATION	-468.72
Bill Pmt -Check	10/22/2008	12754	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	10/22/2008	12755	PREMIERE GLOBAL SERVICES	-348.36
Bill Pmt -Check	10/22/2008	12756	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-211.84
Bill Pmt -Check	10/22/2008	12757	RICOH BUSINESS SYSTEMS-Lease	-888.94
Bill Pmt -Check	10/22/2008	12758	STAULA, MARY L	-136.61
Bill Pmt -Check	10/22/2008	12759	TELECOM SERVICES	-105.00
Bill Pmt -Check	10/22/2008	12760	TLC STAFFING	-1,056.00
Bill Pmt -Check	10/22/2008	12761	VERIZON WIRELESS	-539.46
Bill Pmt -Check	10/22/2008	12762	WESTERN DENTAL SERVICES, INC.	-26.50
Bill Pmt -Check	10/22/2008	12763	WILDERMUTH ENVIRONMENTAL INC	-198,079.53
Bill Pmt -Check	10/22/2008	12764	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-5,903.50
Bill Pmt -Check	10/22/2008	12765	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-5,903.50
Bill Pmt -Check	10/23/2008	12766	EL TORITO	-246.55
Oct 08				<u>-1,113,936.51</u>

10:55 AM
11/10/08

CHINO BASIN WATERMASTER
Check Detail
October 2008

Type	Num	Date	Name	Account	Paid Amount
Bill ...	12740	10/22/2008	BANK OF AMER...	1012 · Bank of America Gen'l Ckg	
Bill	4024...	9/30/2008		6191 · Conferences	-2,792.69
				6212 · Meeting Expense	-206.64
				6312 · Meeting Expenses	-242.05
				6110 · Dues and Subscriptions	-45.00
				6031.7 · Other Office Supplies	-382.53
				6177 · Vehicle Repairs & Maintenance	-69.54
				6031.7 · Other Office Supplies	-35.31
				6112 · Subscriptions/Publications	-998.84
TOTAL					-4,772.60

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CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE
 PERIOD JULY 1, 2008 THROUGH SEPTEMBER 30, 2008

	WATERMASTER ADMINISTRATION	MANAGEMENT	POOL	POOL	POOL	NON-AGRIC. REPLENISHMENT	GROUNDWATER REPLENISHMENT	SB222 FUNDS	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2008-2009
Administrative Revenues											
Administrative Assessments											\$7,841,054
Interest Revenue	33,136		3,265		841			9		37,251	174,368
Mutual Agency Project Revenue											148,410
Grant Income											0
Miscellaneous Income											0
Total Revenues	33,136		3,265		841			9		37,251	8,163,832
Administrative & Project Expenditures											
Watermaster Administration	188,070									188,070	619,960
Watermaster Board-Advisory Committee	14,274									14,274	61,201
Pool Administration										40,732	166,523
Optimum Basin Mgmt Administration		314,739			990					314,739	1,913,484
OBMP Project Costs		1,523,345								1,523,345	5,392,289
Education Funds Use											375
Mutual Agency Project Costs											10,000
Total Administrative/OBMP Expenses	202,344	1,838,084			990					2,081,160	8,163,832
Net Administrative/OBMP Income	(202,344)	(1,838,084)			3,975						
Allocate Net Admin Income To Pools		154,363		44,005							
Allocate Net OBMP Income To Pools		1,402,231		399,742							
Agricultural Expense Transfer		475,983		(475,983)							
Total Expenses	2,038,359	1,725		1,540	41,076					2,081,160	8,163,832
Net Administrative Income	(2,005,223)			(40,235)				9		(2,043,909)	
Other Income/(Expense)											0
Replenishment Water Assessments											0
MZ1 Supplemental Water Assessments											0
Water Purchases											0
Balance Adjustment											0
Groundwater Replenishment											0
Net Other Income											0
Net Transfers To/(From) Reserves	(2,005,223)		1,540	(40,235)				9		(2,043,909)	

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**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
SEPTEMBER 1 THROUGH SEPTEMBER 30, 2008**

DEPOSITORIES:		
Cash on Hand - Petty Cash	\$	500
Bank of America		
Governmental Checking-Demand Deposits	\$	64,242
Zero Balance Account - Payroll		-
Local Agency Investment Fund - Sacramento		4,490,455
		<u>4,490,455</u>
TOTAL CASH IN BANKS AND ON HAND	\$	4,555,197
		9/30/2008
TOTAL CASH IN BANKS AND ON HAND	\$	4,760,724
		8/31/2008
PERIOD INCREASE (DECREASE)	\$	(205,527)

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets: Accounts Receivable	\$	160,251
Assessments Receivable		-
Prepaid Expenses, Deposits & Other Current Assets	(3,041)	
(Decrease)/Increase in Liabilities	97,707	
Accounts Payable	42,694	
Accrued Payroll, Payroll Taxes & Other Current Liabilities	(503,138)	
Transfer to/(from) Reserves		<u>(503,138)</u>
PERIOD INCREASE (DECREASE)	\$	(205,527)

SUMMARY OF FINANCIAL TRANSACTIONS:

	Petty Cash	Gov't'l Checking Demand	Zero Balance Account Payroll	Local Agency Investment Funds	Totals
Balances as of 8/31/2008	\$ 500	\$ 269,769	\$ -	\$ 4,490,455	\$ 4,760,724
Deposits	-	198,697	-	-	198,697
Transfers	-	(67,060)	67,060	-	-
Withdrawals/Checks	-	(337,164)	(67,060)	-	(404,224)
Balances as of 9/30/2008	\$ 500	\$ 64,242	\$ -	\$ 4,490,455	\$ 4,555,197
PERIOD INCREASE OR (DECREASE)	\$ -	(205,527)	\$ -	\$ -	(205,527)

**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
SEPTEMBER 1 THROUGH SEPTEMBER 30, 2008**

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
----------------	-------------	------------	----------	----------	------------------	------------------	----------------

TOTAL INVESTMENT TRANSACTIONS \$ - -

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

**INVESTMENT STATUS
September 30, 2008**

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

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

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

Respectfully submitted,


Sheri M. Rojo, CPA

Chief Financial Officer & Assistant General Manager
Chino Basin Watermaster

	<u>Jul - Sep 08</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	-	148,410	-148,410	
4110 · Admin Asmnts-Approp Pool	-	7,708,817	-7,708,817	
4120 · Admin Asmnts-Non-Agri Pool	-	132,237	-132,237	
4700 · Non Operating Revenues	37,250	174,368	-137,118	21.36%
Total Income	<u>37,250</u>	<u>8,163,832</u>	<u>-8,126,582</u>	<u>0.46%</u>
Gross Profit	37,250	8,163,832	-8,126,582	0.46%
Expense				
6010 · Salary Costs	147,644	484,302	-336,658	30.49%
6020 · Office Building Expense	18,208	102,000	-83,792	17.85%
6030 · Office Supplies & Equip.	7,140	46,500	-39,360	15.36%
6040 · Postage & Printing Costs	17,307	87,380	-70,073	19.81%
6050 · Information Services	41,414	144,000	-102,586	28.76%
6060 · Contract Services	26,506	98,000	-71,495	27.05%
6080 · Insurance	15,706	17,730	-2,024	88.58%
6110 · Dues and Subscriptions	1,790	16,750	-14,960	10.69%
6140 · WM Admin Expenses	350	4,000	-3,650	8.76%
6150 · Field Supplies	708	2,500	-1,792	28.33%
6170 · Travel & Transportation	7,344	39,200	-31,856	18.73%
6190 · Conferences & Seminars	11,323	26,500	-15,177	42.73%
6200 · Advisory Comm - WM Board	2,845	19,181	-16,336	14.84%
6300 · Watermaster Board Expenses	11,429	42,020	-30,591	27.2%
8300 · Appr PI-WM & Pool Admin	5,782	24,008	-18,226	24.08%
8400 · Agri Pool-WM & Pool Admin	4,322	24,820	-20,498	17.41%
8467 · Ag Legal & Technical Services	27,913	98,000	-70,087	28.48%
8470 · Ag Meeting Attend -Special	1,725	12,000	-10,275	14.38%
8500 · Non-Ag PI-WM & Pool Admin	990	7,695	-6,705	12.87%
6500 · Education Funds Use Expens	-	375	-375	0.0%
9500 · Allocated G&A Expenditures	-107,371	-448,902	341,531	23.92%
Subtotal G&A Expenditures	<u>243,075</u>	<u>848,059</u>	<u>-604,984</u>	<u>28.66%</u>
6900 · Optimum Basin Mgmt Plan	286,479	1,775,525	-1,489,046	16.14%
6950 · Mutual Agency Projects	-	10,000	-10,000	0.0%
9501 · G&A Expenses Allocated-OBMP	28,261	137,959	-109,698	20.49%
Subtotal OBMP Expenditures	<u>314,739</u>	<u>1,923,484</u>	<u>-1,608,745</u>	<u>16.36%</u>
7101 · Production Monitoring	34,692	107,515	-72,823	32.27%
7102 · In-line Meter Installation	4,171	87,931	-83,760	4.74%
7103 · Grdwtr Quality Monitoring	49,220	210,458	-161,238	23.39%
7104 · Gdwtr Level Monitoring	111,126	342,538	-231,412	32.44%
7105 · Sur Wtr Qual Monitoring	255	46,717	-46,462	0.55%

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

	<u>Jul - Sep 08</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7107 · Ground Level Monitoring	48,336	651,468	-603,132	7.42%
7108 · Hydraulic Control Monitoring	124,473	743,476	-619,003	16.74%
7200 · PE2- Comp Recharge Pgm	236,993	1,115,883	-878,890	21.24%
7300 · PE3&5-Water Supply/Desalte	42,090	148,477	-106,387	28.35%
7400 · PE4- Mgmt Plan	44,204	217,371	-173,167	20.34%
7500 · PE6&7-CoopEfforts/SaltMgmt	12,151	216,307	-204,156	5.62%
7600 · PE8&9-StorageMgmt/Conj Use	224,631	76,909	147,722	292.07%
7690 · Recharge Improvement Debt Pymt	511,894	1,110,000	-598,106	46.12%
7700 · Inactive Well Protection Prgm	-	6,296	-6,296	0.0%
9502 · G&A Expenses Allocated-Projects	79,110	310,943	-231,833	25.44%
Subtotal Special Project Expenditures	1,523,345	5,392,289	-3,868,944	28.25%
Total Expense	<u>2,081,160</u>	<u>8,163,832</u>	<u>-6,082,672</u>	<u>25.49%</u>
Net Ordinary Income	-2,043,909		-2,043,909	100.0%
Other Income/Expense				
Other Expense				
9999 · To/(From) Reserves	<u>-2,043,909</u>			
Total Other Expense	<u>-2,043,909</u>			
Net Other Income	<u>2,043,909</u>			
Net Income	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

C. INTERVENTIONS

1. Red Hill Country Club Intervention into the Overlying Non-Agricultural Pool
2. Aqua Capital Management Intervention into the Overlying Non-Agricultural Pool





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: Red Hill Country Club request for Intervention

SUMMARY

Issue – On October 20, 2008, Watermaster received a request for Intervention from Red Hill Country Club. This Staff Report provides a summary and analysis of the proposed Intervention.

Recommendation - Staff recommends approving the Intervention into the Overlying (Non-Agricultural) Pool with one condition. Staff recommends that Red Hill Country Club be allowed to produce from Chino Basin only until recycled water is made available to them. At that point, they must cease the use of their well(s).

Fiscal Impact – No fiscal impact on the Watermaster Budget.

BACKGROUND

Red Hill Country Club (RHCC) currently receives water mainly from San Antonio Water Company, and secondly from Cucamonga Valley Water District. RHCC wishes to expand its water availability options and therefore submitted a request for Intervention on October 20, 2008. If approved, RHCC would have 0.000 acre-feet of water rights, and would pay full replenishment costs on all water produced. In addition, RHCC would be subject to any future applicable assessments. RHCC does not currently have a well and may or may not decide to drill one in the future. RHCC partially overlies the Basin—48-percent of it is within the legal boundary of the Basin and 52-percent of it is outside of the legal boundary of the Basin. Recycled water is not currently available to RHCC, but is expected to be available within 18-30 months.

DISCUSSION

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

Interventions are governed by paragraph 60 of the Judgment: "Any non-party assignee of the adjudicated appropriative rights of any appropriator, or any other person newly proposing to produce water from the Chino Basin, may become a party to this Judgment upon filing a petition in intervention. Said intervention must be confirmed by order of [the] Court. Such intervenor shall thereafter be a party bound by [the] Judgment and entitled to the rights and privileges accorded under the Physical Solution . . . through the pool to which the Court shall assign such intervenor."

Water Code section 13550 states that ". . . the use of potable domestic water for nonpotable uses, including, but not limited to, cemeteries, golf courses, parks, highway landscaped areas, and industrial and irrigation uses, is a waste or an unreasonable use of the water within the meaning of Section 2 of Article X of the California Constitution if recycled water is available . . ."

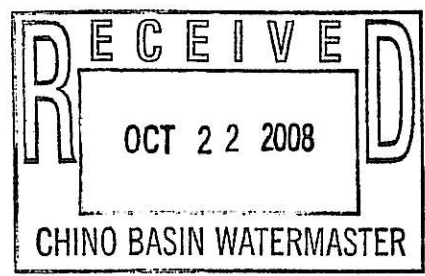
Watermaster's practice has been to accept interventions informally by way of a letter request and then process the request through the Pools, Advisory Committee and Board. After this internal approval process, the request for Intervention is filed with the Court for approval.

Watermaster does not believe that this Intervention will result in Material Physical Injury, should RHCC decide to drill a well and produce from it.

RECOMMENDATION

Watermaster staff finds that the proposed Intervention is consistent with the Judgment. On this basis, Watermaster staff recommends approving the Intervention into the Overlying (Non-Agricultural) Pool with one condition. Staff recommends that RHCC be allowed to produce from Chino Basin only until recycled water is made available to them. At that point, they must cease the use of their well(s).

Date: OCTOBER 20, 2008



Chino Basin Watermaster
9641 San Bernardino Rd.
Rancho Cucamonga, CA 91730
Attn: Kenneth R. Manning, CEO

Subject: Intervention into Chino Basin Watermaster

Dear Mr. Manning:

I, or the company I represent (see below), request intervention into the Chino Basin Watermaster Judgment. I/we request that the Watermaster attorneys process the Intervention paperwork through the Court.

Number of wells: 1

Location(s) of wells (including addresses, parcel numbers, and landmarks):
SOUTH END OF
DRIVING RANGE

Property Owner (Well Owner) Information:

Name: RED HILL COUNTRY CLUB.
Address: 8358 RED HILL COUNTRY CLUB DR., PC, 91730
Phone: 909 982-1550 Email: _____

Property Occupant (Well User) Information (if different from Owner):

Name: N/A.
Address: _____
Phone: _____ Email: _____

Representative Handling Intervention:

Name: CRAIG A. KIMMEL Title: GOLF COURSE SUPERINTENDENT
Address: 8358 RED HILL C.C. DR, RANCHO CUCAMONGA 91730
Phone: 909 957 4890 Email: rkccsuper@verizon.net

Sincerely,
Signed:

Printed: CRAIG A. KIMMEL

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CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: November 18, 2008
November 20, 2008

TO: Committee Members
Watermaster Board Members

SUBJECT: Aqua Capital Management LP (Aqua) request for Intervention as an Overlying (Non-Agricultural) Party

SUMMARY

Issue – On November 7, 2008, Watermaster received a request for Intervention into the Overlying (Non-Agricultural) Pool from Aqua Capital Management LP (Aqua). This Staff Report provides a summary and analysis of the proposed Intervention.

Recommendation - Staff recommends approval of the request for Intervention with one condition. Staff recommends that Aqua be allowed to produce from Chino Basin only upon receipt of written acknowledgment by Aqua that it will comply with the Peace (I) Agreement and Peace II Agreement.

Fiscal Impact – No fiscal impact on the Watermaster Budget.

BACKGROUND

CCG Ontario, LLC (CCG) intervened into the Judgment in 2000, at which time it acquired 630.274 acre-feet of Overlying (Non-Agricultural) Pool water rights from Kaiser Venture, Inc. Recently, CCG executed a definitive agreement to sell real property overlying the Chino Basin, totaling approximately 9.58 acres to Aqua Capital Management (Aqua). As part of the property sale, CCG wishes to transfer all of its water rights and its water in storage to Aqua. As a result, on November 7, 2008, Aqua submitted a request for Intervention into the (Non-Agricultural) Pool.

DISCUSSION

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

Interventions are governed by paragraph 60 of the Judgment: "Any non-party assignee of the adjudicated appropriative rights of any appropriator, or any other person newly proposing to produce water from the Chino Basin, may become a party to this Judgment upon filing a petition in intervention. Said intervention must be confirmed by order of [the] Court. Such intervenor shall thereafter be a party bound by [the] Judgment and entitled to the rights and privileges accorded under the Physical Solution . . . through the pool to which the Court shall assign such intervenor."

Watermaster's practice has been to accept interventions informally by way of a letter request and then process the request through the Pools, Advisory Committee and Board. After this internal approval process, the request for Intervention is filed with the Court for approval.

The application does not state how Aqua plans to use the water, only that the transfer from CCG to Aqua does not involve any additional groundwater extractions not provided for under the Judgment. The Application indicates that the Applicant is not aware of any potential Material Physical Injury to a party to the Judgment or the Basin that may be caused by the transfer. It also indicates that no water levels in the area are likely to be affected. Watermaster agrees that under the Intervention and Transfer as proposed in the Applications, there will be no change that will result in Material Physical Injury.

Aqua has requested Intervention into the Non-Agricultural Pool for the purpose of accepting the Transfer of CCG's water rights. There is precedent for this kind of intervention—it is the same the manner in which CCG entered in to the Judgment originally, as well as the more recent Sunkist/Koll and Sunkist/Ontario (Non-Ag) Interventions and transfers.

RECOMMENDATION

Watermaster staff finds that the proposed Intervention is consistent with the Judgment. On this basis, Watermaster staff recommends the approval of the request for Intervention with one condition. Staff recommends that Aqua be allowed to produce from Chino Basin only upon receipt of written acknowledgment by Aqua that it will comply with the Peace (I) Agreement and Peace II Agreement.



AQUA CAPITAL MANAGEMENT LP
444 Regency Parkway Drive, Suite 300
Omaha, NE 68114

November 7, 2008

Mr. Kenneth R. Manning, CEO
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, California 91730

Re: Request to intervene in *Chino Basin Municipal Water
District v. City of Chino et al*, San Bernardino Superior Court
Case No. RCV 5101 (Formerly Case No. 164327)

Dear Mr. Manning:

Aqua Capital Management LP (Aqua) hereby submits this request to intervene in the above-referenced action (the "Judgment") as a member of the overlying non-agricultural pool. Aqua's request is based on the following facts:

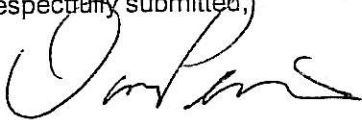
- A. The Judgment allocates water rights based on each party's land ownership. As an owner of real property overlying the Chino Groundwater Basin ("Basin") CCG Ontario, LLC (CCG) is party to the Judgment and currently owns 630.274 AFY of adjudicated safe yield.
- B. CCG has executed a definitive agreement to sell real property overlying the Basin to Aqua, totaling approximately 9.58 acres and commonly referred to by San Bernardino County Assessor's Parcel Number 229-291-47.
- C. As part of the sale transaction referenced in Section B above, CCG wishes to transfer all of its remaining adjudicated water rights (approximately 630.274 AFY), and all CCG water in storage (9,057.725 AF as of June 30, 2007, plus any additional CCG stored water for FY 2007-08) to Aqua. Form 5 (Application to Transfer Annual Production Right or Safe Yield) and Form 3 (Application for Sale or Transfer of right to Produce Water from Storage) are attached.
- D. Aqua Capital Management LP is requesting to intervene in the Judgment to become a member of the overlying Non-Agricultural Pool.

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

Based on the foregoing, Aqua respectfully requests that the Watermaster approve its request to intervene in the Judgment to become a member of the overlying Non-Agricultural Pool and CCG's request to transfer its remaining adjudicated rights (630.274 AFY) of overlying groundwater rights, and all of CCG's water in storage (9,057.725 AF as of June 30, 2007, plus any additional CCG stored water for FY 2007-08) to Aqua. Aqua Capital Management LP shall comply with all provisions of the Judgment.

Please agendaize this request for the November Pool meetings. If you have any questions regarding the foregoing, please contact me.

Respectfully submitted,



David Penrice
Chief Executive Officer

Baker Manock
& Jensen PC
ATTORNEYS AT LAW

November 7, 2008

Kenneth R. Manning, CEO
CHINO BASIN WATERMASTER
9641 San Bernardino Road
Rancho Cucamonga, California 91730

Michael Fife, Esq.
BROWNSTEIN HYATT FARBER, SCHREK
21 East Carrillo Street
Santa Barbara, CA 93101

Re: CCG Ontario Chino Basin Water Rights

Dear Michael and Ken:

As you recall, I represent CCG Ontario, LLC ("CCG"). As an owner of real property overlying the Chino Groundwater Basin ("Chino Basin") is party to the Chino Basin Judgment and currently owns 630.274 AFY of adjudicated safe yield.

CCG has executed a definitive agreement to sell real property overlying the Basin, totaling approximately 9.58 acres and commonly referred to by San Bernardino County Assessor's Parcel Number 229-291-47, to Aqua Capital Management ("ACM").

In the same definitive sale agreement, CCG has agreed to transfer to ACM all of its remaining water rights (approximately 630.274 AFY), and all CCG water in storage (9,057.725 AF as of June 30, 2007, plus any additional CCG stored water for FY 2007-08). That transfer is, of course, subject to Watermaster approval and Court approval of ACM's application to intervene in the Judgment and become a member of the overlying Non-Agricultural Pool. I understand that Aqua Capital Management LP, has, or will soon, submit a request to intervene in the Judgment to become a member of the overlying Non-Agricultural Pool.

My client has executed Form 5 (Application to Transfer Annual Production Right or Safe Yield) and Form 3 (Application for Sale or Transfer of right to Produce Water from Storage). The completed forms will be submitted by ACM along with their application to intervene.

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

Christopher L. Campbell
Attorney at Law

ccampbell@bakermanock.com

Fig Garden Financial Center

5260 North Palm Avenue

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Fresno, California 93704

Tel: 559.432.5400

Fax: 559.432.5620

www.bakermanock.com

November 7, 2008
Kenneth R. Manning, CEO
Michael Fife, Esq.
Page 2

Due to a variety of reasons, it is extremely important to my client that this transfer be approved by the Watermaster prior to the end of this calendar year. I would appreciate any assistance you can give to accomplish that goal.

Thank you for your assistance. Please feel free to contact me if you have any questions or need any information from me or my clients.

Very truly yours,



Christopher L. Campbell
BAKER MANOCK & JENSEN, PC

CLC:tlw

CC: Mr. Michael Del Santo
Timothy Peters, Esq.
Allan Hubsch, Esq.

691704_1



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

D. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company (“Company”) has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 4,265 acre-feet
2. **Consider Approval for Notice of Sale or Transfer** – Aqua Capital Management LP (Aqua) has agreed to purchase from CCG Ontario LLC (CCG) the amount of all of CCG’s waer in storage as of June 30, 2008, and a permanent transfer of its share of safe yield of 630.274 acre-feet



CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

November 7, 2008

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

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **October 6, 2008**

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

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

- A. Notice of Sale or Transfer – Fontana Water Company (“Company”) has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 4,265 acre-feet.

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

Appropriative Pool: November 18, 2008

Non-Agricultural Pool: November 18, 2008

Agricultural Pool: November 18, 2008

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

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

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

Watermaster address:

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

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

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: November 7, 2008

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

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CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

DATE: September 4, 2008
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

Summary –

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

Issue –

- **Notice of Sale or Transfer –** Fontana Water Company ("Company") has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 4,265 acre-feet.

Recommendation –

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

Fiscal Impact –

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

Background

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

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

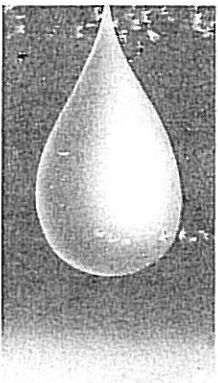
The following application for water transaction is attached with the notice of application.

- Fontana Water Company ("Company") has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 4,265 acre-feet.

Notice of the water transaction identified above was mailed on November 7, 2008 along with the materials submitted by the requestors.

DISCUSSION

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



FONTANA WATER COMPANY

A DIVISION OF SAN GABRIEL VALLEY WATER COMPANY

8440 NUEVO AVENUE • P.O. BOX 987, FONTANA, CALIFORNIA 92334 • (909) 822-2201



October 6, 2008

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

Subject: Purchase of Water in Storage
Chino Basin-Fiscal Year 2008/2009

Dear Mr. Manning:

Please take notice that Fontana Water Company ("Company") has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 4,265 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2008/2009.

Enclosed are fully executed Chino Basin Watermaster Forms No. 3 and 4, along with the company's Recapture Plan for consideration by Watermaster. Please agendize this proposed transfer at the earliest possible opportunity.

If you should have any question or require additional information concerning this matter, please call me.

Very truly yours,

Michael J. McGraw
General Manager

MJM:bf
Enclosures

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

TRANSFER FROM LOCAL STORAGE AGREEMENT # _____

Cucamonga Valley Water District Name of Party September 25, 2008 Date Requested _____ Date Approved

10440 Ashford Street Street Address 4,265 Acre-feet Amount Requested _____ Acre-feet Amount Approved

Rancho Cucamonga CA 91729 City State Zip Code

Telephone: (909) 987-2591 Facsimile: (909) 476-8032

Robert A. DeLoach, General Manager Cucamonga Valley Water District

TRANSFER TO:

Fontana Water Company Name of Party

Attach Recapture Form 4

8440 Nuevo Avenue Street Address

Fontana CA 92334 City State Zip Code

Telephone: (909) 822-2201 Facsimile: (909) 823-5046

Have any other transfers been approved by Watermaster between these parties covering the same fiscal year? Yes [] No [X]

WATER QUALITY AND WATER LEVELS

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

Recapture by Fontana Water Company accomplished by pumping of 14 wells-static water levels vary from 375' to 684'. Of the wells routinely pumped, nitrate levels vary from a low of 8 mg/l to a high of 33 mg/l.

MATERIAL PHYSICAL INJURY


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

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

N/A

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]



Michael J. McGraw, General Manager
Fontana Water Company

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

APPLICATION OR AMENDMENT TO APPLICATION TO RECAPTURE WATER IN STORAGE

APPLICANT

Fontana Water Company Name of Party, September 25, 2008 Date Requested, Date Approved, 8440 Nuevo Avenue Street Address, 4,265 Acre-feet Amount Requested, Acre-feet Amount Approved, Fontana City, CA State, 92335 Zip Code, Projected Rate of Recapture, Projected Duration of Recapture, Telephone: (909) 822-2201, Facsimile: (909) 823-5046

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

IDENTITY OF PERSON THAT STORED THE WATER: Cucamonga Valley Water District

PURPOSE OF RECAPTURE

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

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

N/A

PLACE OF USE OF WATER TO BE RECAPTURED

Within Fontana Water Company's Service Area

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

N/A

WATER QUALITY AND WATER LEVELS

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

Recapture by Fontana Water Company accomplished by pumping of 14 wells-static water levels vary from 375' to 684'. Of the wells routinely pumped, nitrate levels vary from a low of 8 mg/l to a high of 33 mg/l.

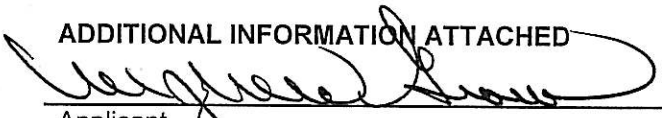
MATERIAL PHYSICAL INJURY

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

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

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]



Applicant

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

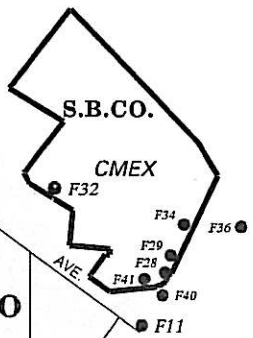
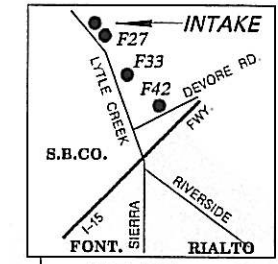
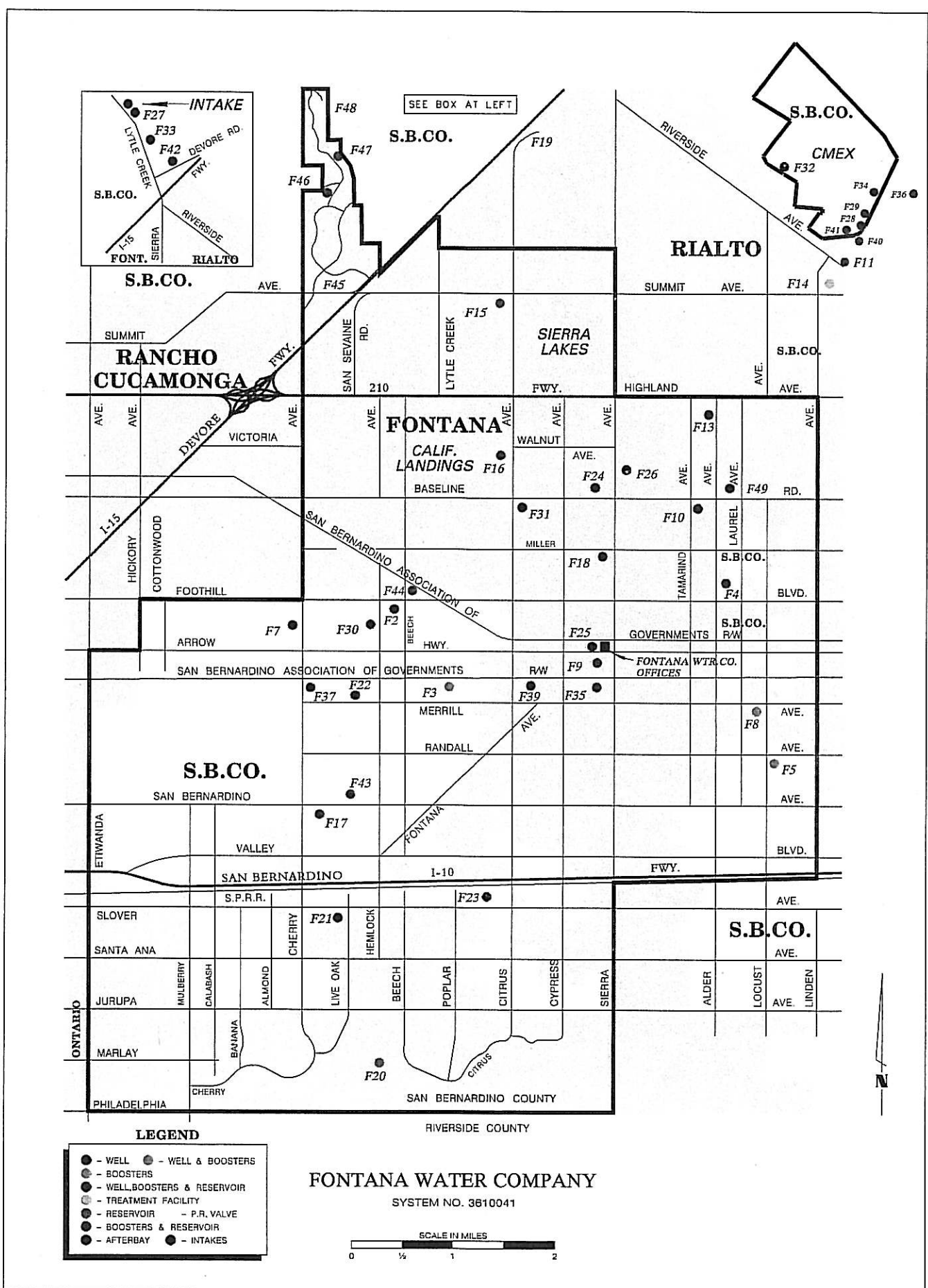
DATE OF BOARD APPROVAL: _____ Agreement # _____

FONTANA WATER COMPANY
Recapture Plan

The subject water is a transfer of stored groundwater from Cucamonga Valley Water District to Fontana Water Company (FWC) of 2,500 acre-feet to satisfy a portion of FWC's replenishment obligation for FY 2005/2006. Recapture of the stored water is accomplished by the production of any or all of the 14 wells owned and operated by FWC within Management Zone 3 of the Chino Groundwater Basin. The approximate daily production capacity of these wells is as follows:

<u>Well</u>	-	<u>Production Acre-Feet/Day</u>
F23A	-	10.6
F21A	-	5.7
F7A	-	11.0
F7B	-	6.8
F22A	-	8.2
F24A	-	8.4
F31A	-	7.3
F2A	-	10.6
F30A	-	5.1
F44A	-	11.0
F44B	-	10.6
F44C	-	10.6
F17B		5.7
F17C		7.1
Daily Total		<u>118.7</u>

The attached map shows the location of these wells within FWC's service area. Prior to 1992, water produced from the majority of these wells was pumped within Management Zone 3 by Fontana Union Water Company with safe yield rights in the Chino Groundwater Basin. However, as a result of a bankruptcy settlement agreement dated February 7, 1992 all of Fontana Union's Chino Groundwater Basin water, including overlying (agricultural) pool reallocation, is annually transferred to Cucamonga Valley Water District's storage account. Pursuant to the same 1992 bankruptcy settlement agreement, Fontana Water Company acquired Fontana Union's water production wells and continues to produce water from Management Zone 3, in the same manner and for the same purpose as had been done prior to 1992.



- LEGEND**
- - WELL
 - - WELL & BOOSTERS
 - - BOOSTERS
 - - WELL, BOOSTERS & RESERVOIR
 - - TREATMENT FACILITY
 - - RESERVOIR
 - - P.R. VALVE
 - - BOOSTERS & RESERVOIR
 - - AFTERBAY
 - - INTAKES

FONTANA WATER COMPANY

SYSTEM NO. 3810041



CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: November 13, 2008

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

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CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

DATE: November 13, 2008
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

SUMMARY

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

Issue -

Notice of Sale or Transfer – On November 7, 2008, Watermaster received Forms 3 and 5 water transfer Applications, with CCG Ontario LLC (CCG) as Transferor and Aqua Capital Management LP (Aqua) as Transferee in the amount of all of CCG's water in storage as of June 30, 2008, and a permanent transfer of its share of safe yield of 630.274 acre-feet. Simultaneous with these applications, Watermaster received a request for Intervention into the Overlying (Non-Agricultural) Pool from Aqua. This Staff Report provides a summary and analysis of the proposed transfer.

Recommendation –

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

Fiscal Impact –

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

BACKGROUND

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

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

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

- Notice of Sale or Transfer – On November 7, 2008, Watermaster received Forms 3 and 5 water transfer Applications, with CCG Ontario LLC (CCG) as Transferor and Aqua Capital Management LP (Aqua) as Transferee in the amount of all of CCG's water in storage as of June 30, 2008, and a permanent transfer of its share of safe yield of 630.274 acre-feet. Simultaneous with these applications, Watermaster received a request for Intervention into the Overlying (Non-Agricultural) Pool from Aqua. This Staff Report provides a summary and analysis of the proposed transfer.

Notice of the water transaction identified above was mailed on November 13, 2008 along with the materials submitted by the requestors.

DISCUSSION

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

CCG intervened into the Judgment in 2000, at which time it acquired 630.274 acre-feet of Overlying (Non-Agricultural) Pool water rights from Kaiser Venture, Inc. Recently, CCG executed a definitive agreement to sell real property overlying the Chino Basin, totaling approximately 9.58 acres to Aqua Capital Management (Aqua). As part of the property sale, CCG wishes to transfer all of its water rights and its water in storage to Aqua. As a result, on November 7, 2008, Aqua submitted a request for Intervention into the (Non-Agricultural) Pool for the purpose of accepting the Transfer of CCG's water rights.

Aqua and CCG have submitted Form 3 (Application for Sale or Transfer of Right to Produce Water from Storage) and Form 5 (Application to Transfer Annual Production Right or Safe Yield). Form 4 (Application or Amendment to Application to Recapture Water in Storage) was not submitted because Aqua does not plan to produce the stored water at this time. Aqua must submit a Form 4 before any water may be produced from its storage account. The Applications indicate that the amount of water rights to be permanently transferred is 630.274 acre-feet. In addition, CCG is transferring to Aqua all of its water in storage as of June 30, 2008.

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

Baker Manock
& Jensen PC
ATTORNEYS AT LAW

November 7, 2008

Kenneth R. Manning, CEO
CHINO BASIN WATERMASTER
9641 San Bernardino Road
Rancho Cucamonga, California 91730

Michael Fife, Esq.
BROWNSTEIN HYATT FARBER, SCHREK
21 East Carrillo Street
Santa Barbara, CA 93101

Christopher L. Campbell
Attorney at Law
cccampbell@bakermanock.com

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5260 North Palm Avenue
Fourth Floor
Fresno, California 95704
Tel: 559.432.5400
Fax: 559.432.5620
www.bakermanock.com

Re: CCG Ontario Chino Basin Water Rights

Dear Michael and Ken:

As you recall, I represent CCG Ontario, LLC ("CCG"). As an owner of real property overlying the Chino Groundwater Basin ("Chino Basin") is party to the Chino Basin Judgment and currently owns 630.274 AFY of adjudicated safe yield.

CCG has executed a definitive agreement to sell real property overlying the Basin, totaling approximately 9.58 acres and commonly referred to by San Bernardino County Assessor's Parcel Number 229-291-47, to Aqua Capital Management ("ACM").

In the same definitive sale agreement, CCG has agreed to transfer to ACM all of its remaining water rights (approximately 630.274 AFY), and all CCG water in storage (9,057.725 AF as of June 30, 2007, plus any additional CCG stored water for FY 2007-08). That transfer is, of course, subject to Watermaster approval and Court approval of ACM's application to intervene in the Judgment and become a member of the overlying Non-Agricultural Pool. I understand that Aqua Capital Management LP, has, or will soon, submit a request to intervene in the Judgment to become a member of the overlying Non-Agricultural Pool.

My client has executed Form 5 (Application to Transfer Annual Production Right or Safe Yield) and Form 3 (Application for Sale or Transfer of right to Produce Water from Storage). The completed forms will be submitted by ACM along with their application to intervene.

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

November 7, 2008
Kenneth R. Manning, CEO
Michael Fife, Esq.
Page 2

Due to a variety of reasons, it is extremely important to my client that this transfer be approved by the Watermaster prior to the end of this calendar year. I would appreciate any assistance you can give to accomplish that goal.

Thank you for your assistance. Please feel free to contact me if you have any questions or need any information from me or my clients.

Very truly yours,



Christopher L. Campbell
BAKER MANOCK & JENSEN, PC

CLC:tlw

CC: Mr. Michael Del Santo
Timothy Peters, Esq.
Allan Hubsch, Esq.

691704_1



AQUA CAPITAL MANAGEMENT LP
444 Regency Parkway Drive, Suite 300
Omaha, NE 68114

November 7, 2008

Mr. Kenneth R. Manning, CEO
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, California 91730

Re: Request to intervene in *Chino Basin Municipal Water
District v. City of Chino et al*, San Bernardino Superior Court
Case No. RCV 5101 (Formerly Case No. 164327)

Dear Mr. Manning:

Aqua Capital Management LP (Aqua) hereby submits this request to intervene in the above-referenced action (the "Judgment") as a member of the overlying non-agricultural pool. Aqua's request is based on the following facts:

A. The Judgment allocates water rights based on each party's land ownership. As an owner of real property overlying the Chino Groundwater Basin ("Basin") CCG Ontario, LLC (CCG) is party to the Judgment and currently owns 630.274 AFY of adjudicated safe yield.

B. CCG has executed a definitive agreement to sell real property overlying the Basin to Aqua, totaling approximately 9.58 acres and commonly referred to by San Bernardino County Assessor's Parcel Number 229-291-47.

C. As part of the sale transaction referenced in Section B above, CCG wishes to transfer all of its remaining adjudicated water rights (approximately 630.274 AFY), and all CCG water in storage (9,057.725 AF as of June 30, 2007, plus any additional CCG stored water for FY 2007-08) to Aqua. Form 5 (Application to Transfer Annual Production Right or Safe Yield) and Form 3 (Application for Sale or Transfer of right to Produce Water from Storage) are attached.

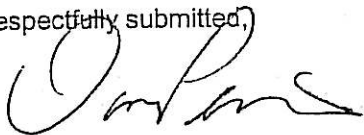
D. Aqua Capital Management LP is requesting to intervene in the Judgment to become a member of the overlying Non-Agricultural Pool.

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

Based on the foregoing, Aqua respectfully requests that the Watermaster approve its request to intervene in the Judgment to become a member of the overlying Non-Agricultural Pool and CCG's request to transfer its remaining adjudicated rights (830.274 AFY) of overlying groundwater rights, and all of CCG's water in storage (9,057.725 AF as of June 30, 2007, plus any additional CCG stored water for FY 2007-08) to Aqua. Aqua Capital Management LP shall comply with all provisions of the Judgment.

Please agendaize this request for the November Pool meetings. If you have any questions regarding the foregoing, please contact me.

Respectfully submitted,



David Penrice
Chief Executive Officer

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

TRANSFER FROM LOCAL STORAGE AGREEMENT # _____

CCG Ontario LLC, a Delaware limited liability company

Name of Party

11/07/2008

Date Requested

_____ Date Approved

2817 East Cedar Street, Suite 200

Street Address

9,057,725 (*) Acre-feet

Amount Requested

_____ Acre-feet

Amount Approved

(*) As of 6/30/2007, plus stored
water from FY 2007-08

Ontario

CA

91761

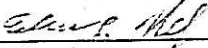
City

State

Zip Code

Telephone: (909) 673-8710

Facsimile: (909) 673-8702


Applicant

Name: Edward S. Nekritz

Its: General Counsel
and Secretary

TRANSFER TO:

Attach Recapture Form 4

Aqua Capital Management, LP, a Delaware limited pshp

Name of Party

444 Regency Parkway Drive, Suite 300

Street Address

Omaha

NE

88114

City

State

Zip Code

Telephone: (402) 934-0066

Facsimile: (402) 934-0066

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

Yes [] No [X]

WATER QUALITY AND WATER LEVELS

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

None

MATERIAL PHYSICAL INJURY

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

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

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]



Applicant

Name: David Penrice

Its: CEO

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

APPLICATION
TO
TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

CCG Ontario LLC, a Delaware limited liability company ("Transferor"), hereby requests to permanently transfer to Aqua Capital Management LP, a Delaware limited partnership ("Transferee"), the quantity of 630.274 acre-feet per year of corresponding Safe Yield (Non-Agricultural Pool) adjudicated to Transferor or its predecessor in interest in the Judgment rendered in the Case of "CHINO BASIN MUNICIPAL WATER DISTRICT vs. CITY OF CHINO, et al.," ROV 51010 (formerly Case No. SOV 164327).

Said Transfer shall be conditioned upon:

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

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

WATER QUALITY AND WATER LEVELS

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

None

MATERIAL PHYSICAL INJURY

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

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

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]

CCG Ontario LLC

Aqua Capital Management LP

Edward S. Nekritz

Transferor
Name: Edward S. Nekritz
Its: General Counsel
and Secretary

Transferee
Name:
Its:

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]

CCG Ontario LLC

Aqua Capital Management LP



Transferor
Name:
lis:

Transferee
Name: *David Penrice*
lis: *CEO*

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

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CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

A. 2008/2009 ASSESSMENT PACKAGE





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: FY 2008-2009 Assessment Package

SUMMARY

Issue – FY 2008-2009 Assessment Package

Recommendation – Staff recommends approval

BACKGROUND

The members of the Overlying Non-Agricultural Pool and the Appropriative Pool were sent a copy of their Water Activity Report that summarized their water activity for the previous year – including production, land use conversions, transfers and assignments – and each party was asked to verify the data gathered and summarized by Watermaster. Most of the Water Activity Reports were received and all identified discrepancies in the reports were addressed and resolved.

Watermaster held an Assessment Package Workshop on October 30, 2008. The purpose of the workshop was to review the prior year reconciliation of production and transfers and to review the current year cash requirements pursuant to the adopted budget and the resulting impact on assessments. Discussion at the workshop covered the breakdown of how assessments are calculated, including adding administrative and OBMP budgeted cost. During the workshop, it was noted that the current assessment package does not address any of the issues relating to Condition Subsequent #7, although it was noted that this will be the fifth year that the 12,000af of storm water is allocated to each party based on their % of Operating Safe Yield, and that in the future years, the storm water allocation is likely to drop to 0af. The assessment package identifies a decrease in assessable production by 31,507af and a cash demand of \$6,904,732 excluding recharge debt service and assessments for replenishment water. For fiscal year 2007-2008, there is a replenishment obligation of 20,833af.

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**CHINO BASIN WATERMASTER
DRAFT ASSESSMENT PACKAGE**

November 13, 2008

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**CHINO BASIN WATERMASTER
ASSESSMENT CALCULATION
FISCAL YEAR 2008-2009**

ASSESSMENT TOTALS (Acre-Feet)	APPROPRIATIVE POOL		AGRICULTURAL POOL		NON-AGRICULTURAL POOL	
	Amount (Acre-Feet)	Ratios & Rates (\$/Acre-Feet)	Amount (Acre-Feet)	Ratios & Rates (\$/Acre-Feet)	Amount (Acre-Feet)	Ratios & Rates (\$/Acre-Feet)
171,490,694	130,826,204	76.288%	37,295,410	21.748%	3,369,080	1.965%
137,427,473	103,077,958	75.005%	30,909,693	22.492%	3,439,822	2.503%

PRODUCTION BASIS

2006-2007	Production & Exchanges in Acre-Feet	
2007-2008	Production & Exchanges in Acre-Feet	

BUDGET

Administration, Advisory Committee & Watermaster Board (1)
OBMP & Special Projects
Expenses funded by General Admin & OBMP Assessments

TOTAL BUDGET

Contributions from Outside Agencies
CASH DEMAND for FY 2008/2009

FUNDS REQUIRED TO BE ASSESSED

2008-2009 Proposed Assessments
General Administration Assessments

Prior Year Assessments (For Information Only)

	General Administration		OBMP		General Administration		OBMP	
	Administration	OBMP	Administration	OBMP	Administration	OBMP	Administration	OBMP
\$848,059	\$636,090	\$4,654,587	\$190,742	\$1,395,758	\$21,227	\$155,329	\$155,329	
6,205,673	636,090	4,654,587	190,742	1,395,758	21,227	155,329	155,329	
7,053,732	636,090	4,654,587	190,742	1,395,758	21,227	155,329	155,329	
(149,000)		(111,758)		(33,513)		(3,729)	(3,729)	
6,904,732	636,090	4,542,829	190,742	1,362,245	21,227	151,600	151,600	
\$6,904,732	\$636,090	\$4,542,829	\$190,742	\$1,362,245	\$21,227	\$151,600	\$151,600	
Per Acre-Foot	\$6.17	\$44.07	\$6.17	\$44.07	\$6.17	\$44.07	\$44.07	
Per Acre-Foot	\$4.50	\$31.80	\$4.50	\$31.80	\$4.50	\$31.80	\$31.80	

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

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Assessment Year 2008-2009 (Production Year 2007-2008)

Pool 3 Assessment Fee Summary

	Appropriative Pool			Ag Pool SY Reallocation			Replenishment Assessments			85/15 Water Transaction Activity			ASSESSMENTS DUE				
	AF	\$6.17	\$44.07	AF Total	\$190,742.00	\$1,362,245.00	AF/15%	\$262.65	\$309.00	15% Producer Credits	15% Pro-rated Debits	Pomona Credit	Previous Year Adj	Total Production Based	MZ1 Supplemental Water	Recharge Debt Payment	Total Due
	Production	AF/Admin	AF/OBMP		AF/Admin	AF/OBMP		AF/85%	AF/100%								
Arrowhead Mtn Spring Water Co	366.278	2,259.94	16,141.87	0.000	0.00	0.00	0.00	0.00	113,179.90	0.00	0.00	0.00	0.00	131,581.71	0.00	0.00	131,581.71
Chino Hills, City Of	3,312.121	20,435.79	145,965.17	2,113.199	7,767.84	55,476.55	33,324.62	0.00	0.00	0.00	2,750.80	0.00	0.00	265,720.77	0.00	48,583.98	314,304.76
Chino, City Of	3,463.389	21,369.11	152,631.55	8,291.761	30,479.43	217,678.63	34,846.59	0.00	0.00	0.00	2,876.44	0.00	0.00	459,881.75	0.00	92,815.47	552,697.22
Cucamonga Valley Water District	11,674.773	72,033.35	514,507.25	2,594.925	9,538.61	68,123.01	117,464.72	0.00	0.00	0.00	9,696.21	0.00	0.00	791,363.14	0.00	83,277.82	874,640.96
Fontana Union Water Company	0.000	0.00	0.00	3,590.271	13,197.37	94,253.23	0.00	0.00	0.00	0.00	0.00	0.00	0.00	107,450.60	0.00	147,064.01	254,514.61
Fontana Water Company	19,070.462	117,664.75	840,435.26	783.744	2,880.94	20,575.16	191,875.81	4,800,531.01	0.00	(272.93)	15,838.52	0.00	0.00	5,989,528.52	0.00	25.23	5,989,553.75
Golden State Water Company	598.884	3,695.11	26,392.82	230.995	849.11	6,064.16	6,025.62	0.00	0.00	0.00	497.39	0.00	0.00	43,524.21	0.00	9,461.96	52,986.16
Inland Empire Utilities Agency	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Jurupa Community Services District	16,061.515	99,099.55	707,830.97	12,560.683	46,171.43	329,748.07	161,601.55	259,664.72	0.00	0.00	13,339.51	0.00	0.00	1,617,455.80	0.00	47,423.32	1,664,879.12
Marygold Mutual Water Company	544.047	3,356.77	23,976.15	368.051	1,352.91	9,662.23	0.00	0.00	0.00	0.00	0.00	0.00	0.00	38,348.06	0.00	15,076.05	53,424.11
Metropolitan Water District	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Monte Vista Irrigation Company	0.000	0.00	0.00	380.063	1,397.06	9,977.57	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11,374.63	0.00	15,568.07	26,942.70
Monte Vista Water District	10,181.243	62,818.27	448,687.38	2,761.128	10,149.55	72,486.22	102,437.70	0.00	0.00	0.00	8,455.79	0.00	0.00	705,034.91	0.00	110,982.42	816,017.33
Niagara Water Company	1,152.968	7,113.81	50,811.30	0.000	0.00	0.00	0.00	0.00	356,267.11	0.00	0.00	0.00	0.00	414,192.22	0.00	0.00	414,192.22
Nicholson Trust	0.000	0.00	0.00	2.156	7.92	56.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	64.52	0.00	88.31	152.84
Norco, City Of	0.000	0.00	0.00	113.341	416.63	2,975.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,392.11	0.00	4,642.67	8,034.78
Ontario, City Of	20,430.926	126,058.81	900,390.91	7,726.793	28,402.68	202,846.85	205,564.00	0.00	0.00	0.00	16,968.42	0.00	0.00	1,480,231.68	0.00	261,679.83	1,741,911.51
Pomona, City Of	12,187.948	75,199.64	537,122.87	6,299.683	23,156.81	165,381.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	800,861.12	0.00	258,046.44	1,058,907.56
San Antonio Water Company	1,197.571	7,389.01	52,776.95	846.364	3,111.12	22,219.09	12,049.26	0.00	0.00	(73,500.00)	994.61	0.00	0.00	25,040.05	0.00	34,668.60	59,708.65
San Bernardino County Shtg Prk	16.109	99.39	709.92	0.000	0.00	0.00	162.08	4,231.03	0.00	0.00	13.38	0.00	0.00	5,215.80	0.00	0.00	5,215.80
Santa Ana River Water Company	402.073	2,480.79	17,719.36	730.867	2,686.57	19,187.01	4,045.42	0.00	0.00	0.00	333.93	0.00	0.00	46,453.08	0.00	29,937.63	76,390.70
Upland, City Of	2,417.651	14,916.91	106,545.88	1,602.178	5,889.40	42,061.02	24,324.99	0.00	0.00	0.00	2,007.92	0.00	0.00	195,746.11	0.00	65,628.12	261,374.23
West End Consolidated Water Com	0.000	0.00	0.00	532.211	1,956.34	13,971.83	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15,928.17	0.00	21,800.34	37,728.51
West Valley Water District	0.000	0.00	0.00	361.891	1,330.27	9,500.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,830.78	0.00	14,823.73	25,654.51
	103,077.958	635,991.00	4,542,645.61	51,890.306	190,742.00	1,362,245.00	893,722.37	5,064,426.76	469,447.01	(73,772.93)	73,772.93	0.00	0.00	13,159,219.75	0.00	1,261,594.00	14,420,813.75
	1A	1B	1C	1D	1E	1F	1G	1H	1I	1J	1K	1L	1M	1N	1O	1P	1Q



Assessment Year 2008-2009 (Production Year 2007-2008)

Pool 3 Water Production Summary

	Percent of Safe Operating Yield	Assigned Share of Operating Safe Yield	Carryover Beginning Balance	Prior Year Adjustments	2% Carryover Storage Loss	Net Ag Pool Reallocation	Water Transaction Activity	New Yield	Annual Production Right	Actual Fiscal Year Production	Storage and Recovery Program(s)	Total Production and Exchanges	Net Over-Production		Under Production Balances		
													85/15%	100%	Total Under-Produced	Carryover: Next Year Begin Bal	To Excess Carryover Account
Arrowhead Mtn Spring Water Co	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	366.278	0.000	366.278	0.000	366.278	0.000	0.000	0.000
Chino Hills, City Of	3.851%	2,111.422	2,111.422	0.000	(42.228)	2,113.199	0.000	462.120	6,755.935	2,142.876	1,169.245	3,312.121	0.000	0.000	3,443.814	2,111.422	1,332.392
Chino, City Of	7.357%	4,033.857	3,179.129	0.000	(63.582)	8,291.761	(5,997.000)	882.839	10,327.004	3,463.389	0.000	3,463.389	0.000	0.000	6,863.615	4,033.857	2,829.758
Cucamonga Valley Water District	6.601%	3,619.454	2,648.169	0.000	(52.963)	2,594.925	24,850.012	792.120	34,451.717	15,293.973	(3,619.200)	11,674.773	0.000	0.000	22,776.944	3,619.454	19,157.490
Desalter Authority	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	26,972.073	0.000	26,972.073	0.000	26,972.073	0.000	0.000	0.000
Fontana Union Water Company	11.657%	6,391.736	448.127	0.000	(8.962)	3,590.271	(11,820.012)	1,398.840	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Fontana Water Company	0.002%	1.000	0.000	0.000	0.000	783.744	8.185	0.240	793.168	19,070.462	0.000	19,070.462	18,277.293	0.000	0.000	0.000	0.000
Golden State Water Company	0.750%	411.476	227.715	0.000	(4.554)	230.995	0.000	90.000	955.631	598.884	0.000	598.884	0.000	0.000	356.746	356.746	0.000
Inland Empire Utilities Agency	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Jurupa Community Services District	3.759%	2,061.118	0.000	0.000	0.000	12,560.683	0.000	451.080	15,072.881	16,225.856	(164.341)	16,061.515	988.634	0.000	0.000	0.000	0.000
Marygold Mutual Water Company	1.195%	655.317	655.317	0.000	(13.106)	368.051	16.000	143.400	1,824.979	544.047	0.000	544.047	0.000	0.000	1,280.932	655.317	625.615
Metropolitan Water District	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Monte Vista Irrigation Company	1.234%	676.759	207.328	0.000	(4.146)	380.063	0.000	148.080	1,408.084	0.000	0.000	0.000	0.000	0.000	1,408.084	676.759	731.325
Monte Vista Water District	8.797%	4,823.954	0.000	0.000	0.000	2,761.128	2,212.678	1,055.640	10,853.399	12,817.243	(2,636.000)	10,181.243	0.000	0.000	672.155	672.155	0.000
Niagara Water Company	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1,152.968	0.000	1,152.968	0.000	1,152.968	0.000	0.000	0.000
Nicholson Trust	0.007%	4.000	1.845	0.000	(0.036)	2.156	(8.185)	0.840	0.619	0.000	0.000	0.000	0.000	0.000	0.619	0.619	0.000
Norco, City Of	0.368%	201.545	201.545	0.000	(4.030)	113.341	0.000	44.160	556.561	0.000	0.000	0.000	0.000	0.000	556.561	201.545	355.016
Ontario, City Of	20.742%	11,373.816	9,639.532	0.000	(192.790)	7,726.793	3,215.000	2,489.040	34,251.391	22,430.926	(2,000.000)	20,430.926	0.000	0.000	13,820.465	11,373.816	2,446.649
Pomona, City Of	20.454%	11,215.852	8,690.253	0.000	(173.805)	6,299.683	(4,280.322)	2,454.480	24,206.141	13,187.948	(1,000.000)	12,187.948	0.000	0.000	12,018.193	11,215.852	802.341
San Antonio Water Company	2.748%	1,506.888	1,506.888	0.000	(30.137)	846.364	(2,000.000)	329.760	2,159.763	1,197.571	0.000	1,197.571	0.000	0.000	962.192	962.192	0.000
San Bernardino County Shtg Prk	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	16.109	0.000	16.109	16.109	0.000	0.000	0.000	0.000
Santa Ana River Water Company	2.373%	1,301.374	590.075	0.000	(11.801)	730.867	(969.000)	284.760	1,926.274	402.073	0.000	402.073	0.000	0.000	1,524.201	1,301.374	222.827
Upland, City Of	5.202%	2,852.401	2,852.401	0.000	(57.048)	1,602.178	160.678	624.240	8,034.850	3,064.051	(646.400)	2,417.651	0.000	0.000	5,617.199	2,852.401	2,764.798
West End Consolidated Water Compa	1.728%	947.714	947.714	0.000	(18.954)	532.211	0.000	207.360	2,616.045	0.000	0.000	0.000	0.000	0.000	2,616.045	947.714	1,668.331
West Valley Water District	1.175%	644.317	644.317	0.000	(12.886)	361.891	15.000	141.000	1,793.639	0.000	0.000	0.000	0.000	0.000	1,793.639	644.317	1,149.322
	100.00%	54,834.000	34,551.777	0.000	(691.028)	51,890.306	5,403.034	11,999.999	157,988.081	138,946.727	(8,896.696)	130,050.031	19,282.036	28,491.319	75,711.404	41,625.540	34,085.864
Less Desalter Authority Production										<u>26,972.073</u>		<u>26,972.073</u>		<u>26,972.073</u>			
Total Less Desalter Authority Production										<u>111,974.654</u>		<u>103,077.958</u>		<u>1,519.246</u>			
	2A	2B	2C	2D	2E	2F	2G	2H	2I	2J	2K	2L	2M	2N	2O	2P	2Q



Assessment Year 2008-2009 (Production Year 2007-2008)

Pool 3 Storage Account Transactions

	Storage and Recovery Program(s)				Excess Carry Over Account (ECO)						Local Supplemental Storage Account					Combined	
	Carryover Beginning Balance	2% Carryover Storage Loss	Storage Exchanges/ Adjustments	Ending Balance	Carryover Beginning Balance	2% Carryover Storage Loss	Transfers to / from	From Local Supplemental Storage	From Under Production	Ending Balance	Carryover Beginning Balance	2% Carryover Storage Loss	Transfers to / from	MZI 6,500 Eligible for Storage	Transfer to Excess Carryover	Ending Balance	Combined Storage Account Balance
Arrowhead Mtn Spring Water Co	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Chino Hills, City Of	0.000	0.000	0.000	0.000	178.282	(3.565)	0.000	0.000	1,332.392	1,507.109	5,713.927	(114.278)	0.000	0.000	0.000	5,599.649	7,106.758
Chino, City Of	0.000	0.000	0.000	0.000	8,651.836	(173.036)	0.000	0.000	2,829.758	11,308.558	3,553.287	(71.065)	0.000	0.000	0.000	3,482.222	14,790.780
Cucamonga Valley Water District	0.000	0.000	0.000	0.000	15,916.940	(318.338)	500.000	0.000	19,157.490	35,256.092	13,358.060	(267.161)	0.000	0.000	0.000	13,090.899	48,346.991
Desalter Authority *	0.000	0.000	0.000	0.000	374,252.232	0.000	(26,972.073)	0.000	0.000	347,280.159	0.000	0.000	0.000	0.000	0.000	0.000	347,280.159
Fontana Union Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2,186.541	(43.730)	0.000	0.000	0.000	2,142.811	2,142.811
Fontana Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.031	0.000	0.000	0.000	0.000	0.031	0.031
Golden State Water Company	0.000	0.000	0.000	0.000	835.302	(16.706)	0.000	0.000	0.000	818.596	1,725.340	(34.506)	0.000	0.000	0.000	1,690.834	2,509.430
Inland Empire Utilities Agency	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Jurupa Community Services District	0.000	0.000	0.000	0.000	5,615.567	(112.311)	0.000	0.000	0.000	5,503.256	1,174.407	(23.488)	0.000	0.000	0.000	1,150.919	6,654.175
Marygold Mutual Water Company	0.000	0.000	0.000	0.000	4,341.422	(86.828)	0.000	0.000	625.615	4,880.209	2,194.767	(43.895)	0.000	0.000	0.000	2,150.872	7,031.081
Metropolitan Water District	77,115.618	(1,542.312)	(695.996)	74,877.310	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	74,877.310
Monte Vista Irrigation Company	0.000	0.000	0.000	0.000	212.067	(4.241)	0.000	0.000	731.325	939.151	7,123.040	(142.460)	0.000	0.000	0.000	6,980.580	7,919.731
Monte Vista Water District	0.000	0.000	0.000	0.000	1,248.520	(24.970)	0.000	0.000	0.000	1,223.550	6,558.656	(131.173)	0.000	0.000	0.000	6,427.483	7,651.033
Niagara Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Nicholson Trust	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Norco, City Of	0.000	0.000	0.000	0.000	1,053.743	(21.074)	0.000	0.000	355.016	1,387.685	114.973	(2.299)	0.000	0.000	0.000	112.674	1,500.359
Ontario, City Of	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2,446.649	2,446.649	15,338.918	(306.778)	0.000	0.000	0.000	15,032.140	17,478.789
Pomona, City Of	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	802.341	802.341	14,879.336	(297.586)	0.000	0.000	0.000	14,581.750	15,384.091
San Antonio Water Company	0.000	0.000	0.000	0.000	8,204.207	(164.084)	0.000	0.000	0.000	8,040.123	858.545	(17.170)	0.000	0.000	0.000	841.375	8,881.498
San Bernardino County Shtg Prk	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	222.827	222.827	573.931	(11.478)	0.000	0.000	0.000	562.453	785.280
Upland, City Of	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2,764.798	2,764.798	6,923.344	(138.466)	0.000	0.000	0.000	6,784.878	9,549.676
West End Consolidated Water Comp	0.000	0.000	0.000	0.000	2,621.565	(52.431)	0.000	0.000	1,668.331	4,237.465	539.872	(10.797)	0.000	0.000	0.000	529.075	4,766.540
West Valley Water District	0.000	0.000	0.000	0.000	2,014.836	(40.296)	(500.000)	0.000	1,149.322	2,623.862	367.101	(7.342)	0.000	0.000	0.000	359.759	2,983.621
	77,115.618	(1,542.312)	(695.996)	74,877.310	425,146.519	(1,017.880)	(26,972.073)	0.000	34,085.864	431,242.430	83,184.075	(1,663.672)	0.000	0.000	0.000	81,520.403	587,640.142
Less Desalter Authority Balances					(374,252.232)	0.000	26,972.073			(347,280.159)							(347,280.159)
Total Less Desalter Authority					50,894.287	(1,017.880)	0.000			83,962.271							240,359.984

*: There is no loss assessed on the native basin water allocated to offset desalter production as a result of basin reoperation as approved in Peace II.

3A 3B 3C 3D 3E 3F 3G 3H 3I 3J 3K 3L 3M 3N 3O 3P 3Q



Assessment Year 2008-2009 (Production Year 2007-2008)
Recycled Water Storage Accounts

Water Transactions

LRP Recharged Recycled Water Accounting (reference only)

	Beginning Balance	2% Loss	Current Recharged Recycled	Transfer to ECO Account	Ending Balance	Beginning Balance	Current Year Recharged Recycled	Production + Exchanges (RW Agencies Only)	Recycled Water "Production"	Ending Balance
Arrowhead Mtn Spring Water Co	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Chino Hills, City Of	0.000	0.000	215.600	0.000	215.600	0.000	215.600	3,312.121	0.000	215.600
Chino, City Of	0.000	0.000	242.500	0.000	242.500	0.000	242.500	3,463.389	0.000	242.500
Cucamonga Valley Water District	0.000	0.000	539.000	0.000	539.000	0.000	539.000	11,674.773	0.000	539.000
Desalter Authority	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Fontana Union Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Fontana Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Golden State Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Inland Empire Utilities Agency	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Jurupa Community Services District	0.000	0.000	31.400	0.000	31.400	0.000	31.400	16,061.515	0.000	31.400
Marygold Mutual Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Metropolitan Water District	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Monte Vista Irrigation Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Monte Vista Water District	0.000	0.000	105.300	0.000	105.300	0.000	105.300	10,181.243	0.000	105.300
Niagara Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Nicholson Trust	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Norco, City Of	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Ontario, City Of	0.000	0.000	966.400	0.000	966.400	0.000	966.400	20,430.926	0.000	966.400
Pomona, City Of	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
San Antonio Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
San Bernardino County Shtg Prk	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Upland, City Of	0.000	0.000	239.900	0.000	239.900	0.000	239.900	2,417.651	0.000	239.900
West End Consolidated Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
West Valley Water District	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	0.000	0.000	2,340.100	0.000	2,340.100	0.000	2,340.100	67,541.618	0.000	2,340.100
								<i>Recycled Water Baseline</i>		
								85,450.000		
								<i>Production Over (under) Baseline</i>		
								(17,908.382)		
								<i>Cumulative RW Accounting (Total 4F+Total 4G)</i>		
								2,340.100		
								<i>Recycled Water Produced</i>		
								0.000		

** The "LRP Recharged Recycled Water Accounting (reference only)" Baseline [bottom of 4H] is an estimate this year and will be finalized next year.

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Assessment Year 2008-2009 (Production Year 2007-2008)

Watermaster Replenishment Calculation

Cost of Replenishment Water per acre foot:

MWD Replenishment Rate	\$295.00
Pre-purchased Credit	\$0.00
Projected Spreading - IEUA Surcharge	\$12.00
Projected Spreading - OCWD Connection Fee	\$2.00
Total Replenishment Cost per acre foot	\$309.00

Replenishment Obligation:	AF @ \$309.00	15%	85%	Total
Appropriative - 100	1,519.25	-	-	\$469,447.01
Appropriative - 15/85	19,282.04	\$893,722.37	\$5,064,426.76	\$5,958,149.12
Non-Agricultural - 100	32.51	-	-	\$10,046.83
	20,833.80			\$6,437,642.96

Company	AF Production and Exchanges	85/15 Producers	Percent	15% Replenishment Assessments	15% Water Transaction Debits
Arrowhead Mtn Spring Water Co	366.28			-	-
Chino Hills, City Of	3,312.12	3,312.12	3.729%	\$33,324.62	\$2,750.80
Chino, City Of	3,463.39	3,463.39	3.899%	\$34,846.59	\$2,876.44
Cucamonga Valley Water District	11,674.77	11,674.77	13.143%	\$117,464.72	\$9,696.21
Desalter Authority	26,972.07			-	-
Fontana Union Water Company	0.00	0.00	0.000%	\$0.00	\$0.00
Fontana Water Company	19,070.46	19,070.46	21.469%	\$191,875.81	\$15,838.52
Golden State Water Company	598.88	598.88	0.674%	\$6,025.62	\$497.39
Inland Empire Utilities Agency	0.00	0.00	0.000%	\$0.00	\$0.00
Jurupa Community Services Distric	16,061.52	16,061.52	18.082%	\$161,601.55	\$13,339.51
Marygold Mutual Water Company	544.05			-	-
Metropolitan Water District	0.00			-	-
Monte Vista Irrigation Company	0.00	0.00	0.000%	\$0.00	\$0.00
Monte Vista Water District	10,181.24	10,181.24	11.462%	\$102,437.70	\$8,455.79
Niagara Water Company	1,152.97			-	-
Nicholson Trust	0.00	0.00	0.000%	\$0.00	\$0.00
Norco, City Of	0.00	0.00	0.000%	\$0.00	\$0.00
Ontario, City Of	20,430.93	20,430.93	23.001%	\$205,564.00	\$16,968.42
Pomona, City Of	12,187.95			-	-
San Antonio Water Company	1,197.57	1,197.57	1.348%	\$12,049.26	\$994.61
San Bernardino County Shtg Prk	16.11	16.11	0.018%	\$162.08	\$13.38
Santa Ana River Water Company	402.07	402.07	0.453%	\$4,045.42	\$333.93
Upland, City Of	2,417.65	2,417.65	2.722%	\$24,324.99	\$2,007.92
West End Consolidated Water Co	0.00	0.00	0.000%	\$0.00	\$0.00
West Valley Water District	0.00	0.00	0.000%	\$0.00	\$0.00
** Fee assessment total is 15% of Appropriate 15/85 replenishment	130,050.03	88,826.72	**	\$893,722.37	\$73,772.93

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Assessment Year 2008-2009 (Production Year 2007-2008)

Pool 3 Water Transactions

Water Transactions

	Assigned Rights	General Transfer	Transfers (to) / from ECO Account	Total Water Transactions
Arrowhead Mtn Spring Water Co	0.000	0.000	0.000	0.000
Chino Hills, City Of	0.000	0.000	0.000	0.000
Chino, City Of	(5,997.000)	0.000	0.000	(5,997.000)
Cucamonga Valley Water District	25,350.012	0.000	(500.000)	24,850.012
Desalter Authority	0.000	0.000	0.000	0.000
Fontana Union Water Company	(11,820.012)	0.000	0.000	(11,820.012)
Fontana Water Company	8.185	0.000	0.000	8.185
Golden State Water Company	0.000	0.000	0.000	0.000
Inland Empire Utilities Agency	0.000	0.000	0.000	0.000
Jurupa Community Services District	0.000	0.000	0.000	0.000
Marygold Mutual Water Company	0.000	16.000	0.000	16.000
Metropolitan Water District	0.000	0.000	0.000	0.000
Monte Vista Irrigation Company	0.000	0.000	0.000	0.000
Monte Vista Water District	2,000.000	212.678	0.000	2,212.678
Niagara Water Company	0.000	0.000	0.000	0.000
Nicholson Trust	(8.185)	0.000	0.000	(8.185)
Norco, City Of	0.000	0.000	0.000	0.000
Ontario, City Of	3,135.000	80.000	0.000	3,215.000
Pomona, City Of	(4,500.000)	219.678	0.000	(4,280.322)
San Antonio Water Company	(2,000.000)	0.000	0.000	(2,000.000)
San Bernardino County Shtg Prk	0.000	0.000	0.000	0.000
Santa Ana River Water Company	(1,000.000)	31.000	0.000	(969.000)
Upland, City Of	0.000	160.678	0.000	160.678
West End Consolidated Water Company	0.000	0.000	0.000	0.000
West Valley Water District	(500.000)	15.000	500.000	15.000
	4,668.000	735.034	0.000	5,403.034

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Chino Basin Watermaster Assessment Breakdown 2008-2009 Water Transactions

Assessment Year 2008-2009 (Production Year 2007-2008)

To:	From:	Date of Submittal	Quantity	\$ / Acre Feet	Total \$	85%	15% WM Pays
Chino Basin Watermaster Annual Account	Chino, City Of Annual Account	4/18/2008	2,862.000	258.00	738,396.00	0.00	0.00
	<i>Purchased by Watermaster to be used toward replenishment obligation.</i>						
	Santa Ana River Water Company Annual Account	5/8/2008	1,000.000	258.00	258,000.00	0.00	0.00
	<i>Purchased by Watermaster to be used toward replenishment obligation.</i>						
Cucamonga Valley Water District	Fontana Union Water Company Annual Account	6/30/2008	439.165	0.00	0.00	0.00	0.00
	<i>Transfer FUWC Carryover to CVWD.</i>						
	Fontana Union Water Company Annual Account	6/30/2008	1,398.840	0.00	0.00	0.00	0.00
	<i>Transfer FUWC New Yield to CVWD.</i>						
	Fontana Union Water Company Annual Account	6/30/2008	3,590.271	0.00	0.00	0.00	0.00
	<i>Transfer FUWC Ag Pool reallocation to CVWD.</i>						
	Fontana Union Water Company Annual Account	6/30/2008	6,391.736	0.00	0.00	0.00	0.00
	<i>Transfer FUWC Share of Safe Yield to CVWD.</i>						
	Pomona, City Of Annual Account	5/9/2008	4,500.000	258.00	1,161,000.00	0.00	0.00
	San Antonio Water Company Annual Account	5/30/2008	8,530.000	0.00	0.00	0.00	0.00
	<i>85/15 Rule does not apply.</i>						
	West Valley Water District Storage Account	3/13/2008	500.000	219.00	109,500.00	0.00	0.00
	<i>85/15 does not apply because CVWD had water placed into storage</i>						
Fontana Water Company	Nicholson Trust Annual Account	4/30/2008	8.185	222.30	1,819.53	1,546.60	272.93
Monte Vista Water District	San Antonio Water Company Annual Account	3/24/2008	2,000.000	245.00	490,000.00	416,500.00	73,500.00
							San Antonio Water Company



Chino Basin Watermaster Assessment Breakdown 2008-2009 Water Transactions

Assessment Year 2008-2009 (Production Year 2007-2008)

To:	From:	Date of Submittal	Quantity	\$ / Acre Feet	Total \$	85%	15% WM Pays
Ontario, City Of	Chino, City Of Annual Account	4/28/2008	3,135.000	243.00	761,805.00	0.00	0.00
San Antonio Water Company	Vulcan Materials Company Annual Account	5/30/2008	8,530.000	0.00	0.00	0.00	0.00
<i>One-time transfer, per Peace II Agreement.</i>							
					\$3,520,520.53	\$418,046.60	\$73,772.93
					42,885.197	Total Credits	\$73,772.93



Chino Basin Watermaster Assessment Breakdown 2008-2009 Land Use Conversion Summary

Assessment Year 2008-2009 (Production Year 2007-2008)

AGRICULTURAL POOL SUMMARY IN ACRE FEET

Agricultural Pool Safe Yield	82,800.000
Agricultural Total Pool Production	(30,909.693)
Early Transfer	(32,800.000)
Total Land Use Conversions	(22,461.112)
Under(Over) Production:	(3,370.805)

	Acres Converted @ 1.3 aff/ac		Total Prior to Peace Agrmt Converted AF	Acres Converted @ 2.0 aff/ac		Total Land Use Conversions Acre-Feet
	Prior Converted	Acres		Acres	Acres	
Chino Hills, City Of	0.000	670.266	871.346	58.000	116.000	987.346
Chino, City Of	196.235	1,454.750	2,087.410	2,164.945	4,329.890	6,417.300
Cucamonga Valley Water District	0.000	460.280	598.364	0.000	0.000	598.364
Fontana Water Company	0.000	0.000	0.000	417.000	834.000	834.000
Jurupa Community Services District	0.000	2,756.920	3,583.996	4,279.840	8,559.680	12,143.676
Monte Vista Water District	0.000	28.150	36.595	9.240	18.480	55.075
Ontario, City Of	209.400	527.044	894.557	265.397	530.794	1,425.351
	405.635	5,897.410	8,072.200	7,194.422	14,388.844	22,461.112



Assessment Year 2008-2009 (Production Year 2007-2008)

Pool 3 Agricultural Pool Reallocation Summary

	% Share of Operating Safe Yield	Reallocation of Agricultural Pool Safe Yield				Net Ag Pool Reallocation
		32,800 AF Early Transfer	Land Use Conversions	Potential for Reallocation (AF)	Difference: Potential vs. Net	
Arrowhead Mtn Spring Water Co	0.000%	0.000	0.000	0.000	0.000	0.000
Chino Hills, City Of	3.851%	1,263.128	987.346	2,250.473	(137.274)	2,113.199
Chino, City Of	7.357%	2,413.096	6,417.300	8,830.396	(538.635)	8,291.761
Cucamonga Valley Water District	6.601%	2,165.128	598.364	2,763.492	(168.567)	2,594.925
Desalter Authority	0.000%	0.000	0.000	0.000	0.000	0.000
Fontana Union Water Company	11.657%	3,823.496	0.000	3,823.496	(233.225)	3,590.271
Fontana Water Company	0.002%	0.656	834.000	834.656	(50.912)	783.744
Golden State Water Company	0.750%	246.000	0.000	246.000	(15.005)	230.995
Inland Empire Utilities Agency	0.000%	0.000	0.000	0.000	0.000	0.000
Jurupa Community Services District	3.759%	1,232.952	12,143.676	13,376.628	(815.945)	12,560.683
Marygold Mutual Water Company	1.195%	391.960	0.000	391.960	(23.909)	368.051
Metropolitan Water District	0.000%	0.000	0.000	0.000	0.000	0.000
Monte Vista Irrigation Company	1.234%	404.752	0.000	404.752	(24.689)	380.063
Monte Vista Water District	8.797%	2,885.416	55.075	2,940.491	(179.363)	2,761.128
Niagara Water Company	0.000%	0.000	0.000	0.000	0.000	0.000
Nicholson Trust	0.007%	2.296	0.000	2.296	(0.140)	2.156
Norco, City Of	0.368%	120.704	0.000	120.704	(7.363)	113.341
Ontario, City Of	20.742%	6,803.376	1,425.351	8,228.727	(501.934)	7,726.793
Pomona, City Of	20.454%	6,708.912	0.000	6,708.912	(409.229)	6,299.683
San Antonio Water Company	2.748%	901.344	0.000	901.344	(54.980)	846.364
San Bernardino County Shtg Prk	0.000%	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	2.373%	778.344	0.000	778.344	(47.477)	730.867
Upland, City Of	5.202%	1,706.256	0.000	1,706.256	(104.078)	1,602.178
West End Consolidated Water Company	1.728%	566.784	0.000	566.784	(34.573)	532.211
West Valley Water District	1.175%	385.400	0.000	385.400	(23.509)	361.891
	100.000%	32,800.000	22,461.112	55,261.111	(3,370.805)	51,890.306

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Assessment Year 2008-2009 (Production Year 2007-2008) Pool 2 Assessment Fee Summary

	Non-Agricultural Pool			Replenishment Assessments			
	AF Production	\$6.17 Per AF Admin	\$44.07 Per AF OBMP	AF Exceeding Safe Yield	\$309.00 Per AF	Previous Year Adj	Total Assessments Due
Ameron Inc	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Angelica Textile Service	22.871	141.11	1,007.92	5.960	1,841.95	0.00	2,990.99
Auto Club Speedway	601.485	3,711.16	26,507.44	0.000	0.00	0.00	30,218.61
California Steel Industries Inc	1,331.400	8,214.74	58,674.80	0.000	0.00	0.00	66,889.54
CCG Ontario, Llc	0.000	0.00	0.00	0.000	0.00	0.00	0.00
General Electric Company	16.142	99.60	711.38	16.142	4,987.88	0.00	5,798.85
Kaiser Ventures Inc	0.000	0.00	0.00	0.000	0.00	0.00	0.00
KCO, LLC / The Koll Company	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Loving Savior Of The Hills	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Praxair Inc	128.070	790.19	5,644.04	0.000	0.00	0.00	6,434.24
Reliant Energy Etiwanda	793.245	4,894.32	34,958.31	0.000	0.00	0.00	39,852.63
San Antonio Winery	0.000	0.00	0.00	0.000	0.00	0.00	0.00
San Bernardino City (Chino Airport)	196.157	1,210.29	8,644.64	0.000	0.00	0.00	9,854.93
Southern California Edison Company	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Space Center Mira Loma Inc.	104.120	642.42	4,588.57	10.412	3,217.00	0.00	8,447.99
Sunkist Growers Inc	197.819	1,220.54	8,717.88	0.000	0.00	0.00	9,938.43
Swan Lake Mobile Home Park	43.758	269.99	1,928.42	0.000	0.00	0.00	2,198.40
Vulcan Materials Company	4.755	29.34	209.55	0.000	0.00	0.00	238.89
West Venture Development	0.000	0.00	0.00	0.000	0.00	0.00	0.00
	3,439.822	21,223.70	151,592.96	32.514	10,046.83	0.00	182,863.48



Assessment Year 2008-2009 (Production Year 2007-2008) Pool 2 Water Production Summary

	Carryover Beginning Balance	Prior Year Adjustments	2% Carryover Storage Loss	Assigned Share of Operating Safe Yield (AF)	Water Transaction Activity	Annual Production Right	Actual Fiscal Year Production	Net Over Production	Total Under-Produced	Under Production Balances	
								Carryover: Next Year Begin Bal		To Local Storage Account	
Ameron Inc	97.858	0.000	(1.957)	97.858	(9.786)	183.973	0.000	0.000	183.973	97.858	86.115
Angelica Textile Service	0.000	0.000	0.000	18.789	(1.879)	16.910	22.871	5.960	0.000	0.000	0.000
Auto Club Speedway	1,000.000	0.000	(20.000)	1,000.000	(100.000)	1,880.000	601.485	0.000	1,278.514	1,000.000	278.514
California Steel Industries Inc	1,159.973	0.000	(23.199)	1,300.000	(130.000)	2,306.774	1,331.400	0.000	975.373	975.373	0.000
CCG Ontario, Llc	630.274	0.000	(12.605)	630.274	(63.027)	1,184.916	0.000	0.000	1,184.916	630.274	554.642
General Electric Company	0.000	0.000	0.000	0.000	0.000	0.000	16.142	16.142	0.000	0.000	0.000
KCO, LLC / The Koll Company	0.000	0.000	0.000	22.000	(2.200)	19.800	0.000	0.000	19.800	19.800	0.000
Praxair Inc	427.446	0.000	(8.548)	427.446	(42.745)	803.599	128.070	0.000	675.529	427.446	248.083
Reliant Energy Etiwanda	954.540	0.000	(19.090)	954.540	(95.454)	1,794.536	793.245	0.000	1,001.291	954.540	46.751
San Bernardino Cty (Chino Airport)	130.212	0.000	(2.604)	133.870	(13.387)	248.090	196.157	0.000	51.932	51.932	0.000
Southern California Edison Company	27.959	0.000	(0.559)	27.959	(2.796)	52.563	0.000	0.000	52.563	27.959	24.604
Space Center Mira Loma Inc.	0.000	0.000	0.000	104.121	(10.412)	93.708	104.120	10.412	0.000	0.000	0.000
Sunkist Growers Inc	1,873.402	0.000	(37.468)	1,851.402	(185.140)	3,502.196	197.819	0.000	3,304.377	1,851.402	1,452.975
Swan Lake Mobile Home Park	464.240	0.000	(9.284)	464.240	(46.424)	872.772	43.758	0.000	829.014	464.240	364.774
Vulcan Materials Company	317.844	0.000	(6.356)	317.844	(31.784)	597.548	4.755	0.000	592.793	317.844	274.949
West Venture Development	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	7,083.748	0.000	(141.670)	7,350.343	(735.034)	13,557.385	3,439.822	32.514	10,150.075	6,818.668	3,331.407



Assessment Year 2008-2009 (Production Year 2007-2008)

Pool 2 Water / Storage Account Transactions

	Local Storage Account				Ending Balance
	Carryover Beginning Balance	2% Carryover Storage Loss	Transfers		
Ameron Inc	1,960.539	(39,210)	86.115		2,007.444
Angelica Textile Service	0.000	0.000	0.000		0.000
Auto Club Speedway	1,410.054	(28,201)	278.514		1,660.367
California Steel Industries Inc	3,161.774	(63,235)	0.000		3,098.539
CCG Ontario, Llc	9,057.725	(181,154)	554.642		9,431.213
General Electric Company	0.000	0.000	0.000		0.000
Kaiser Ventures Inc	0.000	0.000	0.000		0.000
KCO, LLC / The Koll Company	0.000	0.000	0.000		0.000
Loving Savior Of The Hills	0.000	0.000	0.000		0.000
Praxair Inc	4,463.259	(89,265)	248.083		4,622.077
Reliant Energy Etiwanda	6,016.559	(120,331)	46.751		5,942.979
San Antonio Winery	0.000	0.000	0.000		0.000
San Bernardino Cty (Chino Airport)	184.014	(3,680)	0.000		180.334
Southern California Edison Company	212.568	(4,251)	24.604		232.921
Space Center Mira Loma Inc.	0.000	0.000	0.000		0.000
Sunkist Growers Inc	13,633.504	(272,670)	1,452.975		14,813.809
Swan Lake Mobile Home Park	2,630.551	(52,611)	364.774		2,942.714
Vulcan Materials Company	8,745.600	(174,912)	(8,255.051)		315.637
West Venture Development	0.000	0.000	0.000		0.000
	51,476.147	(1,029,520)	(5,198.593)		45,248.034



Assessment Year 2008-2009 (Production Year 2007-2008)

Pool 3 Assessment Package Notes

Company	Account	Note
* Desalter Authority	Local Storage	There is no loss assessed on the native basin water allocated to offset desalter production as a result of basin reoperation as approved in Peace II.

Assessment Package References and Definitions

REPORT REFERENCE	NAME	DESCRIPTION
1A	AF Production	Total production and exchanges, excluding Desalter production. Copied from [2L].
1B	Appropriative Pool—AF/Admin	Production [1A] <times> per acre foot Admin fee.
1C	Appropriative Pool—AF/OBMP	Production [1A] <times> per acre foot OBMP fee.
1D	Ag Pool SY Reallocation—AF Total Reallocation	Reallocation of Ag Pool Safe Yield. Copied from [2F] and [6F].
1E	Ag Pool SY Reallocation—AF/Admin	Party Ag Pool reallocation [1D] <divided by> Total Ag Pool Reallocation [1D Total] <times> total dollar amount needed for Ag Pool administration.
1F	Ag Pool SY Reallocation—AF/OBMP	Party Ag Pool reallocation [1D] <divided by> Total Ag Pool Reallocation [1D Total] <times> total dollar amount needed for Ag Pool OBMP.
1G	Replenishment Assessments—AF/15%	For parties participating in the 85/15 Rule: Percentage of total 85/15 participant production <times> required credit amount.
1H	Replenishment Assessments—AF/85% Assessments	For parties participating in the 85/15 Rule: Total overproduced [2M] <times> 85% of the replenishment rate.
1I	Replenishment Assessments—AF/100%	For parties not participating in the 85/15 Rule: Total overproduced [2M] <times> 100% of the replenishment rate.
1J	85/15 Water Transaction Activity—15% Producer Credits	For parties participating in the 85/15 Rule: Credit amount equals 15% of the cost of the water purchased.
1K	85/15 Water Transaction Activity—15% Pro-rated Debits	For parties participating in the 85/15 Rule: Percentage of total 85/15 participant production <times> required credit amount.
1L	Pomona Credit	Debit amount to Pomona <times> -1 <times> percent share of operating safe yield [2A].
1M	Previous Year Adj	This number reflects the difference between the assessment amount reported in the last period Assessment Package and the adjusted assessment amount from a revised package, if necessary.
1N	ASSESSMENTS DUE—Total Production Based	Total fees assessed based on party production. [1B] + [1C] + [1E] + [1F] + [1G] + [1H] + [1I] + [1J] + [1K] + [1L] + [1M].
1O	ASSESSMENTS DUE—MZ1 Supplemental Water	Total AF required to purchase <times> AF price <times> percent share of operating safe yield [2A].
1P	ASSESSMENTS DUE—Recharge Debt Payment	Total recharge debt payment <times> percent share of operating safe yield [2A].
1Q	ASSESSMENTS DUE—Total Due	Total production based assessments [1N] + MZ1 Supplemental Water [1O] + Recharge Debt Payment [1P].

Assessment Package References and Definitions

REPORT REFERENCE	NAME	DESCRIPTION
2A	Percent of Safe Operating Yield	The Party's yearly percentage of operating safe yield as delineated in the judgment.
2B	Assigned Share of Operating Safe Yield (AF)	The Party's yearly volume of operating safe yield as delineated in the judgment.
2C	Carryover Beginning Balance	The beginning balance in each Annual Account. This number carries forward from the ending balance in the previous period Assessment Package.
2D	Prior Year Adjustments	This number reflects the adjusted production rights from a previous Assessment Package, in the event that corrections are needed.
2E	2% Carryover Storage Loss	Carryover beginning balance [2C] \times 0.02.
2F	Net Ag Pool Reallocation	Reallocation of Ag Pool Safe Yield. Copied from [6F]. The calculations that lead to this are made on Page 6.
2G	Water Transaction Activity	Water transactions. Copied from [5E]. The calculations that lead to this are made on Page 5.
2H	New Yield	New yield \times percent share of operating safe yield [2A].
2I	Annual Production Right	Current Year Production Rights. [2B] + [2C] + [2D] + [2E] + [2F] + [2G] + [2H].
2J	Actual Fiscal Year Production	Actual production from CBWM's production system (as verified by each party on their Water Activity Report).
2K	Storage and Recovery Program(s)	Total exchanges for the period including MZ1 forbearance and DYY deliveries (as reported to CBWM by IEUA and TVMWD and as verified by each party on their Water Activity Report).
2L	Total Production and Exchanges	Actual production [2J] $+$ Storage and Recovery exchanges [2K]. Includes a sub note subtracting Desalter production.
2M	Net Over-Production—85/15%	For 85/15 rule participants: Production rights [2I] $-$ total production and exchanges [2L], equaling less than zero.
2N	Net Over-Production—100%	For non-85/15 rule participants: Production rights [2I] $-$ total production and exchanges [2L], equaling less than zero.
2O	Under Production Balances—Total Under-Produced	Production rights [2I] $-$ total production and exchanges [2L], equaling more than zero.
2P	Under Production Balances—Carryover: Next Year Begin Bal	Either total under-produced [2O] or share of operating safe yield [2B], whichever is less.
2Q	Under Production Balances—To Excess Carryover Account	Total under produced [2O] $-$ carryover to next year [2P].

Assessment Package References and Definitions

REPORT REFERENCE	NAME	DESCRIPTION
3A	Storage and Recovery Program(s)—Carryover Beginning Balance	The beginning balance in each S&R partner's account. This number carries forward from the ending balance in the previous period Assessment Package.
3B	Storage and Recovery Program(s)—2% Carryover Storage Loss	Carryover beginning balance [3A] \times 0.02.
3C	Storage and Recovery Program(s)—Storage Exchanges	Total exchanges with each S&R partner for the period, including MZ1 forbearance and DYY deliveries.
3D	Storage and Recovery Program(s)—Ending Balance	The current balance in each S&R partner's account. [3A] + [3B] + [3C].
3E	Excess Carryover Account (ECO)—Carryover Beginning Balance	The beginning balance in the ECO account. This carries forward from the ending balance in the previous period Assessment Package.
3F	Excess Carryover Account (ECO)—2% Carryover Storage Loss	ECO beginning balance [3E] \times 0.02.
3G	Excess Carryover Account (ECO)—Transfers to / from	Total of water transferred to the Annual Account. Desalter account includes 400,000 AF of SAR inflow based on Basin Re-operation as approved in Peace II documents.
3H	Excess Carryover Account (ECO)—From Local Supplemental Storage	Total of water transfers from Local Supplemental Storage.
3I	Excess Carryover Account (ECO)—From Under Production	Total of water transferred from the Annual Account due to under production.
3J	Excess Carryover Account (ECO)—Ending Balance	The current balance in each ECO account. [3E] + [3F] + [3G] + [3H] + [3I].
3K	Local Supplemental Storage Account—Carryover Beginning Balance	The beginning balance in the Local Supplemental Storage account. This number carries forward from the ending balance in previous period Assessment Package.
3L	Local Supplemental Storage Account—2% Carryover Storage Loss	Local Supplemental Storage account beginning balance [3K] \times 0.02.
3M	Local Supplemental Storage Account—Transfers to / from	General transfers to the Local Supplemental Storage account.
3N	Local Supplemental Storage Account—MZI 6,500 Eligible for Storage	Total MZI amount eligible for storage \times percent share of safe yield [2].
3O	Local Supplemental Storage Account—Transfer to Excess Carryover	Local Supplemental Storage water transferred to the ECO account.
3P	Local Supplemental Storage Account—Ending Balance	The current balance in each Local Supplemental Storage account. [3K] + [3L] + [3M] + [3N] + [3O].
3Q	Combined—Combined Storage Account Balance	The combined amount in all storage accounts [3D] + [3J] + [3P].

Assessment Package References and Definitions

REPORT REFERENCE	NAME	DESCRIPTION
4A	Recharged Recycled Storage Account—Carryover Beginning Balance	The beginning balance in each Partner's account. This number carries forward from the ending balance in the previous period Assessment Package.
4B	Recharged Recycled Storage Account —2% Carryover Storage Loss	Carryover beginning balance [4A] \times 0.02.
4C	Recharged Recycled Storage Account —Current Recharges	Total recharges for each partner for the period.
4D	Recharged Recycled Storage Account —Transfers from Excess Carryover Account	Total transfers from the Excess Carryover Account for each partner for the period.
4E	Recharged Recycled Storage Account —Ending Balance	The current balance in each partner's account. [4A] + [4B] + [4C] + [4D].
4F	Recharged Recycled Water Accounting—Carryover Beginning Balance	The beginning balance in each Partner's account. This number carries forward from the cumulative balance in the previous period Assessment Package.
4G	Recharged Recycled Water Accounting —Current Recharges	Same as [4C]. Total recharges for each partner for the period.
4H	Recharged Recycled Water Accounting —Production and Exchanges	For parties participating in the recycled water program, their current year production from [2K].
4I	Recharged Recycled Water Accounting —Recycled Water Production	Calculated partner share of allowable recycled water.
4J	Recharged Recycled Water Accounting —Ending Balance	The current balance in each partner's recharged recycled water account. [4F] + [4G] + [4I].

Assessment Package References and Definitions

REPORT REFERENCE	NAME	DESCRIPTION
5A	Water Transactions—Assigned Rights	Total of assignment transactions for this period.
5B	Water Transactions—General Transfer	Total of water transfers between parties for this period. Transfers in this column include the annual transfer of 10-percent of the Non-Ag OSY to the seven Appropriator parties, as stated in Peace II.
5C	Water Transactions—Transfer from ECO Account	Water transferred from ECO Account [3G], excluding Desalter transfer.
5D	Water Transactions—Recharged Recycled Water	Recycled water recharged during the period, as allocated to IEUA parties based on EDUs.
5E	Water Transactions—Total Water Transactions	Total water transactions. [5A]+ [5B] + [5C] + [5D].
5F	Recharged Recycled Water Accounting—Carryover Beginning Balance	The beginning balance in each Recharged RW account. This number carries forward from the ending balance in the previous period Assessment Package. This section is used for the MWD/LRP agreement only.
5G	Recharged Recycled Water Accounting—Current Year Recharged RW	Copied from [4D]. This section is used for the MWD/LRP agreement only.
5H	Recharged Recycled Water Accounting—Maximum Allowable Recharged RW	This section is used for the MWD/LRP agreement only.
5I	Recharged Recycled Water Accounting—Recharged RW Production	This section is used for the MWD/LRP agreement only.
5J	Recharged Recycled Water Accounting—Carryover Next Year/ Ending Balance	This section is used for the MWD/LRP agreement only.

REPORT REFERENCE	NAME	DESCRIPTION
6A	% Share of Operating Safe Yield	The Party's yearly percentage of operating safe yield as delineated in the judgment. Copied from [2A].
6B	Reallocation of Agricultural Pool Safe Yield—32,800 AF Early Transfer	The Party's percent share of operating safe yield [2A] multiplied by 32,800.
6C	Reallocation of Agricultural Pool Safe Yield—Land Use Conversions	Total land use conversions claimed (as verified by each party on their Water Activity Report).
6D	Reallocation of Agricultural Pool Safe Yield—Potential for Reallocation (AF)	Ag Pool early transfer [6B] <plus> land use conversions [6C].
6E	Reallocation of Agricultural Pool Safe Yield—Difference: Potential vs. Net	(Total Ag Pool Safe Yield <minus> total Ag Pool production <minus> Ag Pool early transfer [6A] <minus> land use conversions [6C]) <times> party's percent of potential for reallocation [6D].
6F	Reallocation of Agricultural Pool Safe Yield—Net Ag Pool Reallocation	Net Ag Pool reallocation to each party. [6D] + [6E].

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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);

WITNESSETH:

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)

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	Rate	Project Director	Project Manager	Engr. Manager	Project Engineer	Staff Engineer	CAD Tech	Clerical Staff	Total Hours	Total Labor	Total Expenses	Total Cost
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 Recharge Projects		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	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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CHINO BASIN WATERMASTER

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
T-08-11-01

To: **All Parties**

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

<i>Line Item Description</i>	<i>Account Number</i>	<i>Current Budget</i>	<i>Amount</i>
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

- 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 .
- 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.
- A log will be maintained by the CFO detailing the transfer.
- A fiscal year file will also be kept to hold all budget amendment forms for auditor review.

Finance Use Only

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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

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: 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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**CHINO BASIN WATERMASTER
BUDGET TRANSFERS**

Fiscal Year 2008-2009
T-08-11-02

To: **All Parties**

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

<i>Line Item Description</i>	<i>Account Number</i>	<i>Current Budget</i>	<i>Amount</i>
OBMP	6906	\$ 919,373	\$ (21,000)

Budgetary account addition

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

Should be zero

Transfer Procedure

- 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 .
- 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.
- A log will be maintained by the CFO detailing the transfer.
- A fiscal year file will also be kept to hold all budget amendment forms for auditor review.

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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.

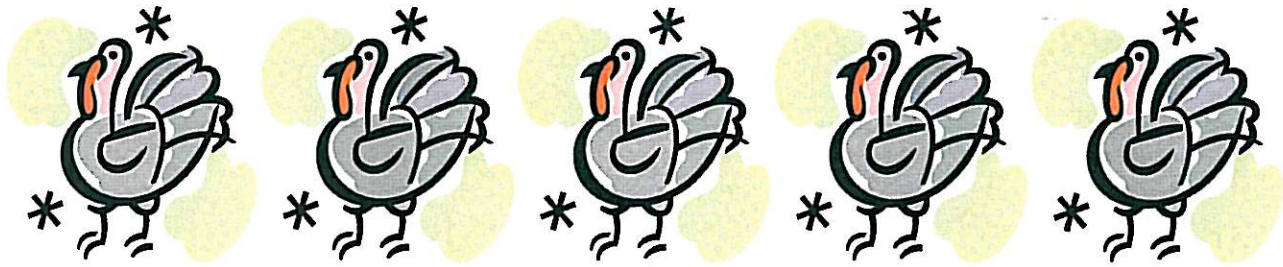
So looking forward, what can we expect in the upcoming years?

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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CHINO BASIN WATERMASTER

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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Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

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.

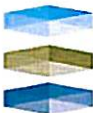
The WEI letter report recommends that the preferred alternative is to use water from the non-Western Municipal Water District reoperation account.

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.



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 Schedule¹ 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 account², 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		Balance	
				Replenishment Allocation for Desalter III	Replenishment Allocation to CDA		
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	1,286	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
Winevilla (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	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

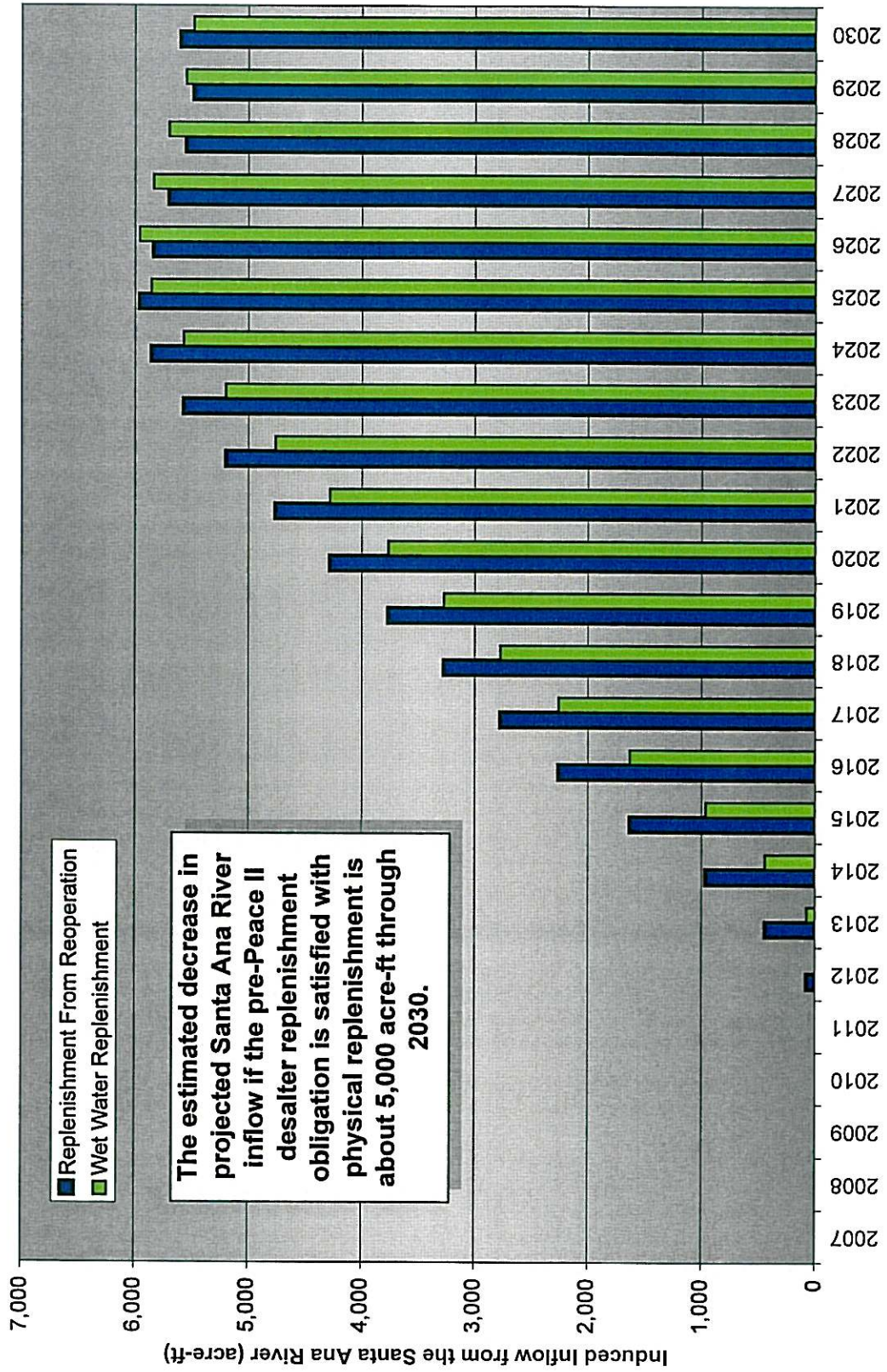
Table 5
Example of New Storm Water Recharge Calculation

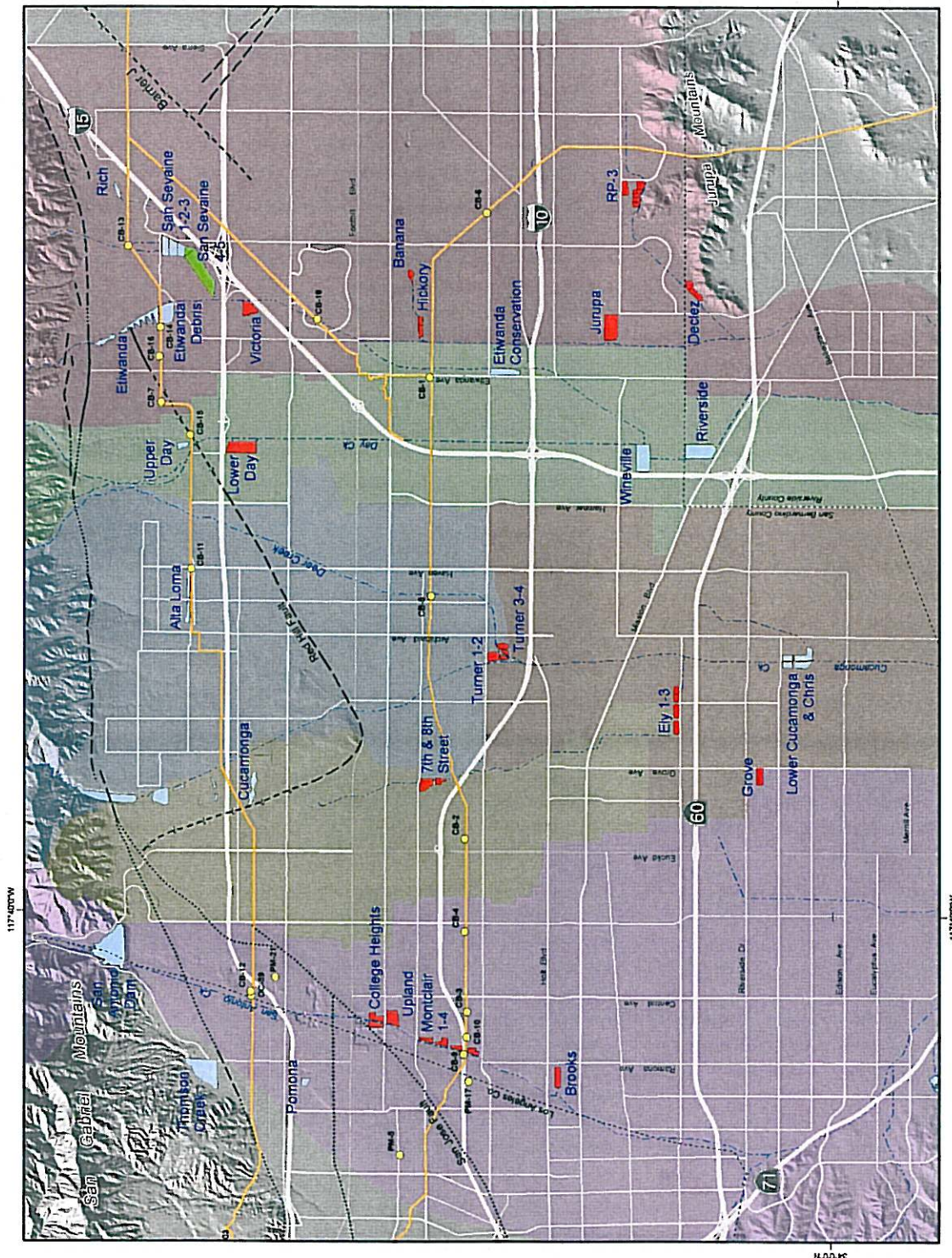
(acre-ft)

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					<u>331,600</u>
Pre Improvement Recharge				-	145,600
Over Estimate of New Recharge				-	30,000
Assumed New Recharge				=	<u>156,000</u>

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





Recharge Basins (Symbolized by Improvements)

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

Imported Water Facilities

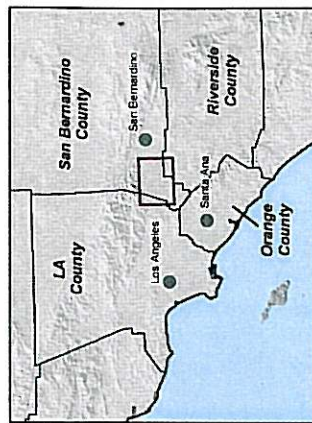
- Service Connection/Turnout
- Imported Water Pipeline

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 Elwanda Creek Systems

Other Features

- Rivers, Creeks, and Flood Control Channels
- Location Certain
- Location Approximate
- Location Concealed
- Location Uncertain



Produced by:

 WILDERMUTH ENVIRONMENTAL LLC
 21002 Barber Drive
 San Gabriel, CA 92350
 951.420.3333
 www.wildermuthenvironmental.com

Author: AGM
 Date: 20081112
 File: Figure_2.mxd

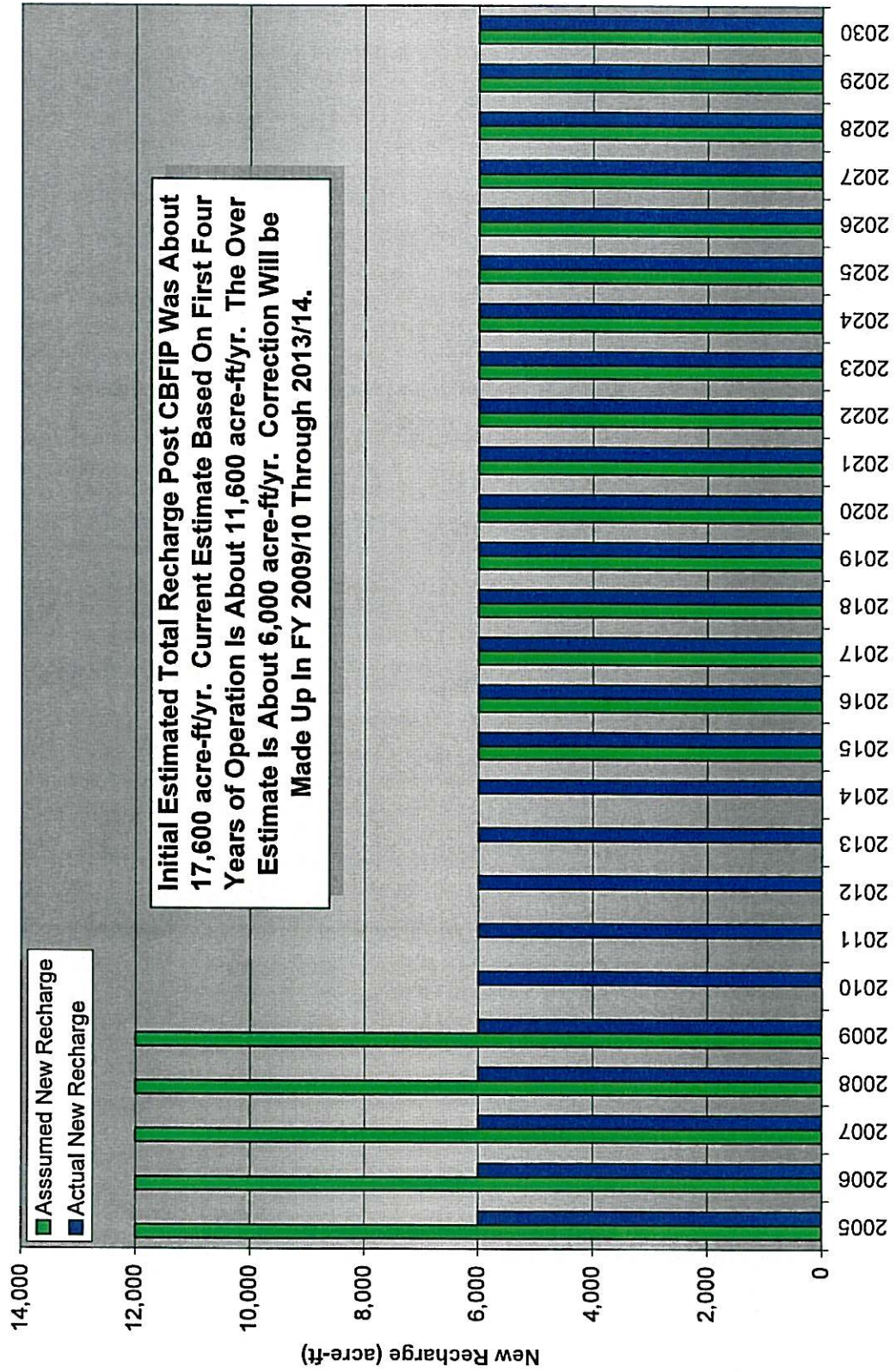
Condition Subsequent 7 Report

0 1 2 3 Miles
 0 2 4 KM

Groundwater Recharge and Imported Water Facilities

Figure 2

Figure 3
Example Comparison of Projected and Actual New Recharge



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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

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Mark N. Kinsey
GENERAL MANAGER

October 3, 2008

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

Re: Request for Waiver of Fees Assessed

Dear Ken:

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

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

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

Respectfully,

Ray L. Harton,
Manager of Finance & Administration



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

Sandra S. Rose
PRESIDENT

Maynard B. Lenhart
VICE PRESIDENT

Tony Lopez
DIRECTOR

Philip L. Erwin
DIRECTOR

G. Michael Milhiser
DIRECTOR

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

Statement

Date
7/24/2008

To:

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



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



CHINO BASIN WATERMASTER

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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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 & TVNWD
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	9,086.94	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	1,840.05	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	1,769.70	1,941.70	2,061.50	1,925.20	23,913.80
Total	17,624.96	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	4,284.72	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	16,073.85	16,577.00	11,245.53	11,850.90	6,887.33	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)	(1,840.08)	(426.23)	-	-	-	-	-	-	(5,423.17)
Change in Local Surface Water	644.82	497.88	(141.01)	(201.78)	(426.23)	66.26	-	-	-	-	-	-	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)	(11,326.53)	(10,622.72)	(12,305.08)	(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)	(1,598.06)

DRAFT CUP Certification Plan													
Actual CUP Certification	3,995.77	4,547.77	4,532.32	3,000.00	2,000.00	-	-	-	-	-	-	-	18,075.85
DRAFT CUP Certification Plan	5,359.33	6,081.64	5,845.99	4,324.06	3,630.07	3,474.79	2,307.08	1,429.88	285.00	285.00	201.00	-	32,924.00

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

Agency	(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 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. $\Sigma(A) * (B) / MWD, (A) * (F) / \Sigma(A)$)

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:

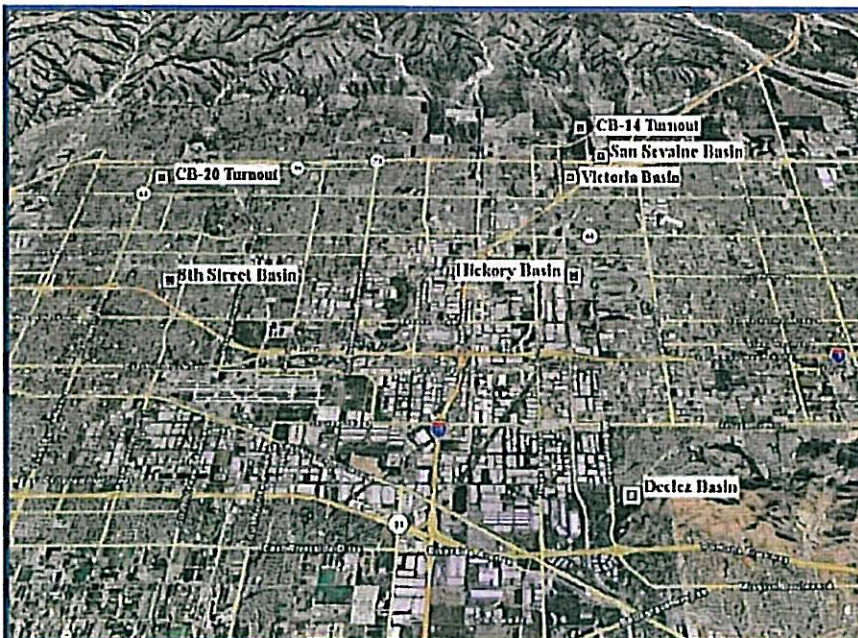
- Construction of new monitoring wells and lysimeters to monitor recycled water recharge operations
- Upgrading the capacity of MWD turnout CB-14 on the Rialto Feeder for imported recharge water
- Construction of a new turnout on the Rialto Feeder (CB-20) to provide imported water to 8th Street Basin
- 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

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

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

Phase 2F – Montclair Basin Inlet

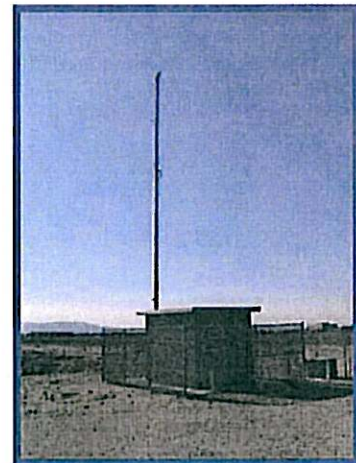
The design evaluation of constructing an inlet structure in the San Antonio Channel near Montclair Basin did not prove to provide immediate benefits. Current recharge operations and the above SCADA Improvements will provide the ability to increase recharge flow. This improvement will be deferred when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

- Phase 100% Complete
- Design Evaluation completed

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



Proposed Communication Tower



Valve installed at CB-14



Construction Concrete Spillway at Declez



Construction of Berm No. 1 at Declez

Project Financing

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

Project Budget Summary

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, Declerz 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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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; Perdue 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.deltavision.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 perchlorate 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:

<i>Device Name</i>	<i># of Rebates Issued</i>	<i>Cumulative Total Installed Since FY 02/03</i>
Ultra Low-Flush and High Efficiency Toilets	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.

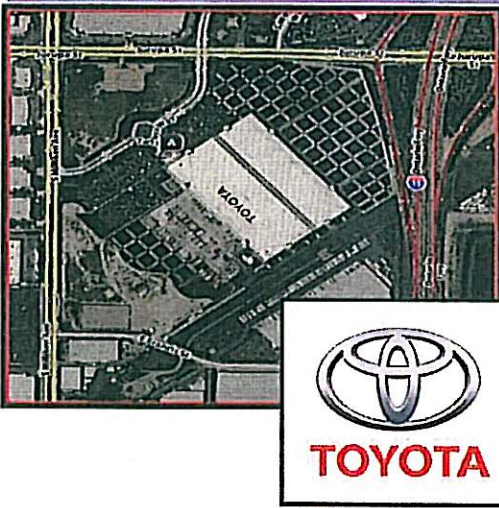
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Highlights:

- 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 CWVD
- 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 CWVD
- 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 Training8:00am-12:00pm, December 11th 2008 at IEUA

Program Description & Financial Status

The 3 Year Business Plan

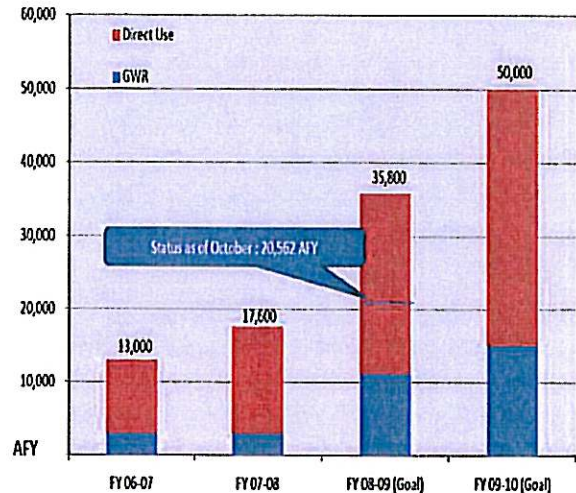
The Recycled Water Three Year Business Plan (Plan), adopted by the IEUA Board of Directors on December 20, 2007, is currently being updated.

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

FUNDING DEVELOPMENTS

Funding Status Update:

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



Monthly Recycled Water

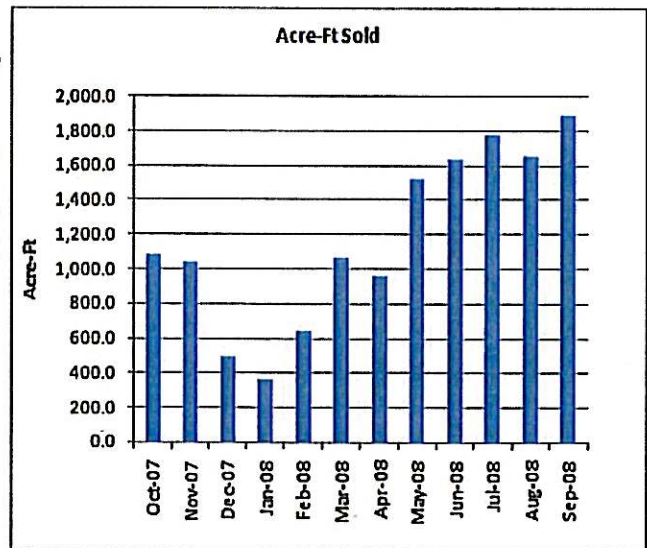
September Direct & Recharge:

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

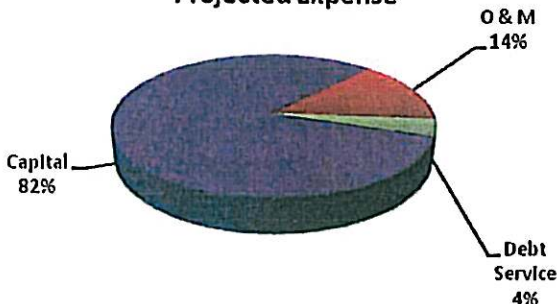
RECYCLED WATER PROGRAM BUDGET FY 08/09

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.

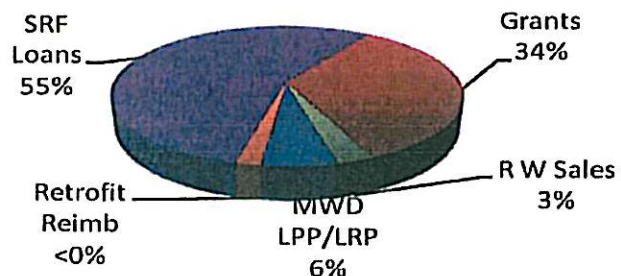
The Agency is also pursuing other grants from SWRCB in conjunction with the SRF Loans for the capital projects. The total revenue and sources of funds for the RW program is \$38 - \$47 M, which is consistent with the Business Plan to be a self funding program.



FY 08/09 Projected Expense



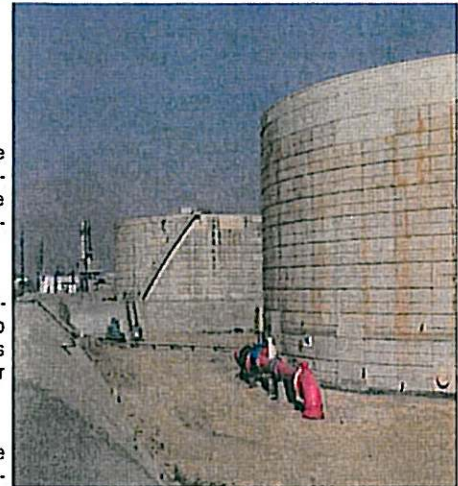
FY 08/09 Projected Revenues



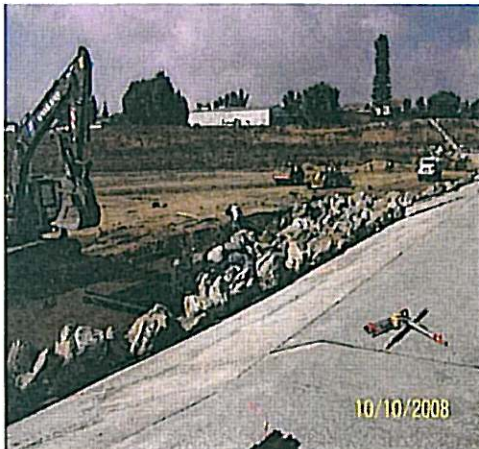
CAPITAL PROJECTS SUMMARY

PROJECTS IN DESIGN AND CONSTRUCTION

- **1630 East Segment A Pipeline**- The project includes the construction of a 36-inch pipeline from the 1630 E. Pump Station to the Victoria and San Sevalne 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 Sevalne 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.

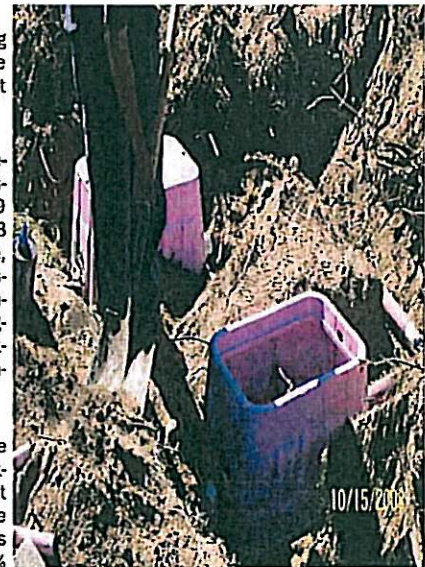


San Antonio Channel Pipeline, Segment B



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.



Ontario and MVWD Public Schools Retrofit

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

- **North Etiwanda Pipeline**- The project includes the construction of 42-inch pipeline on Etiwanda Avenue from Whittram Avenue to Arrow Route. The pipeline has been completed as of the end of September 2008 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	[Progress bar showing completion through late October]				
2	RP-4 Pump Stations	[Progress bar showing completion through late October]				

CUSTOMER CONNECTIONS

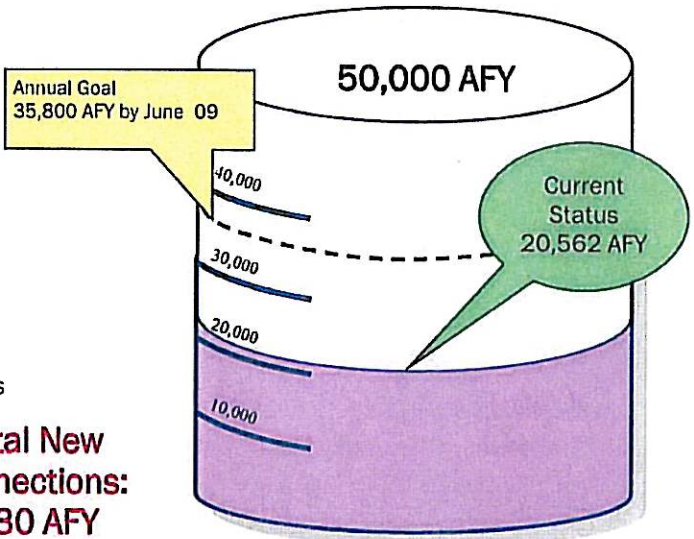
Recent Connections:

- 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**

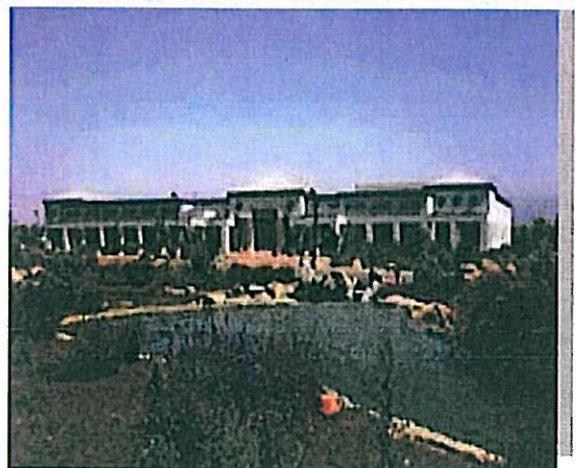


CUSTOMER CONNECTIONS—Projected Direct Use for 2008

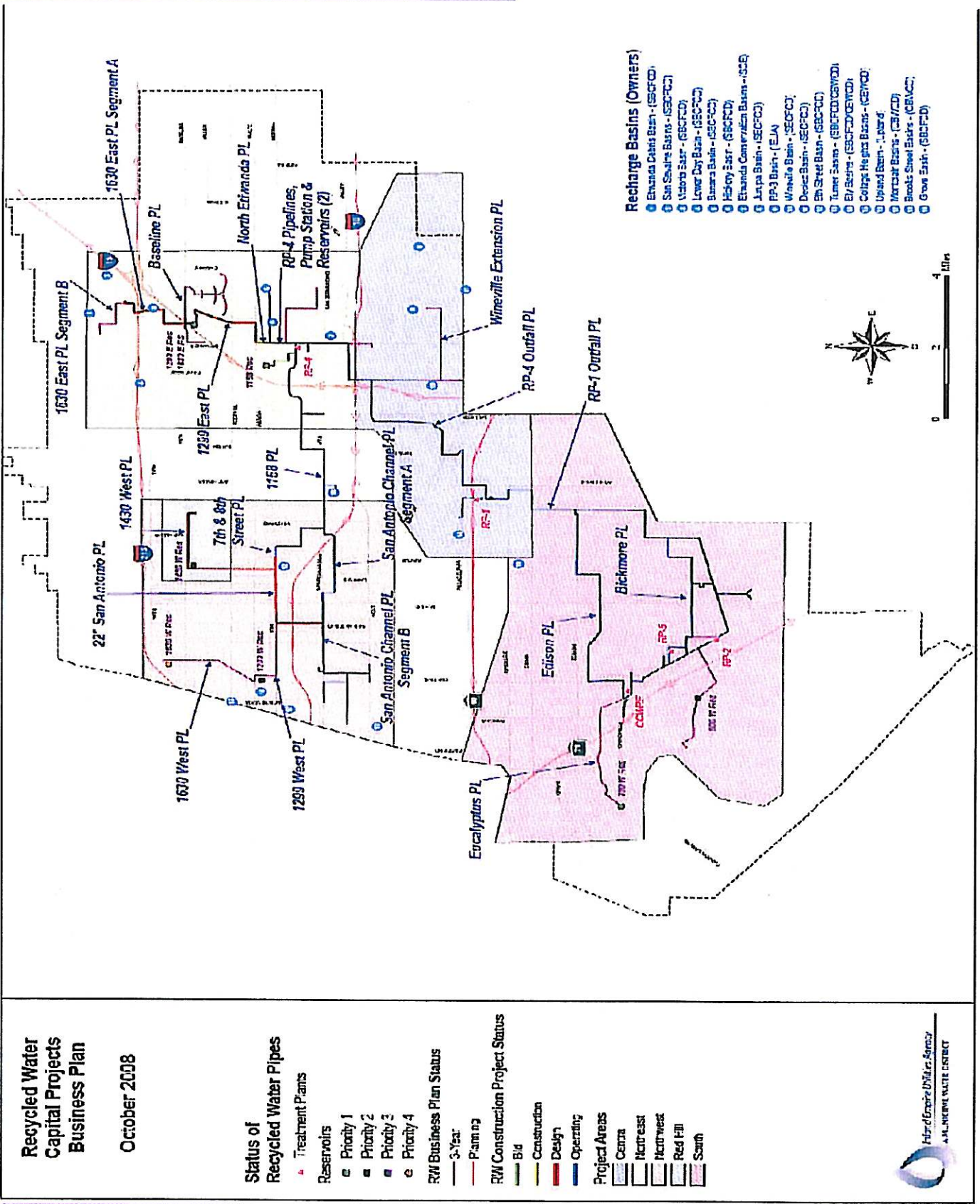
	Projected Direct Use Connections (AFY)					
	Nov-08	Dec-08	Jan-08	Feb-08	Mar-08	Total
Chino				150		150
Chino Hills		66				66
Ontario	589	1,000	727	571	429	3,316
MVWD				252	27	279
CVWD				55	29	84
Total (AFY)	896	1,999	571		429	3,895

PROJECTS IN PLANNING

- **Northwest Project Area:** The Projects are on schedule to deliver recycled water to Victoria and San Sevaire 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		Lake Oroville
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%	

- **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.

- o **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.
- o **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:

<i>Device Name</i>	<i># of Rebates Issued</i>	<i>Cumulative Total Installed Since FY 00/01</i>
High-Efficiency Clothes Washers	6	463
Multi-Family High-Efficiency Clothes Washers	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

- o **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:

<i>Device Name</i>	<i># of Installations in Sept. '08</i>	<i>Cumulative Total Installed Since FY 06/07</i>
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:

<i>Device Name</i>	<i># of Rebates Issued</i>	<i>Cumulative Total Installed Since FY 02/03</i>
Ultra Low-Flush and High Efficiency Toilets	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

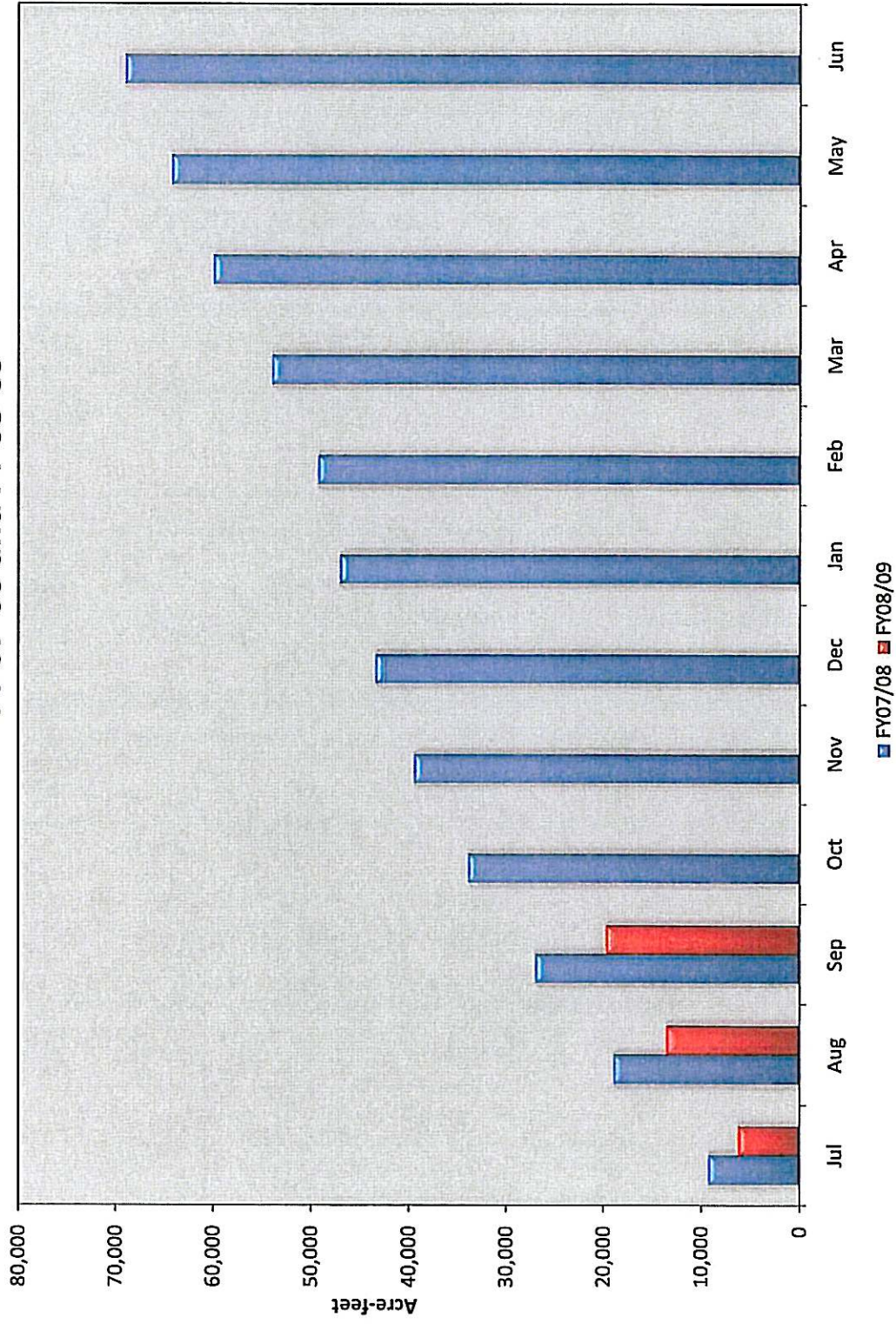
- **Water Education Water Awareness Committee (WEWAC)** – The WEWAC committee held a successful Project Wet workshop on October 2nd at IEUA. Many teachers were pleased with the information provided. All EduGrant applications have been distributed to IEUA's service area. Two application shave been turned 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”.

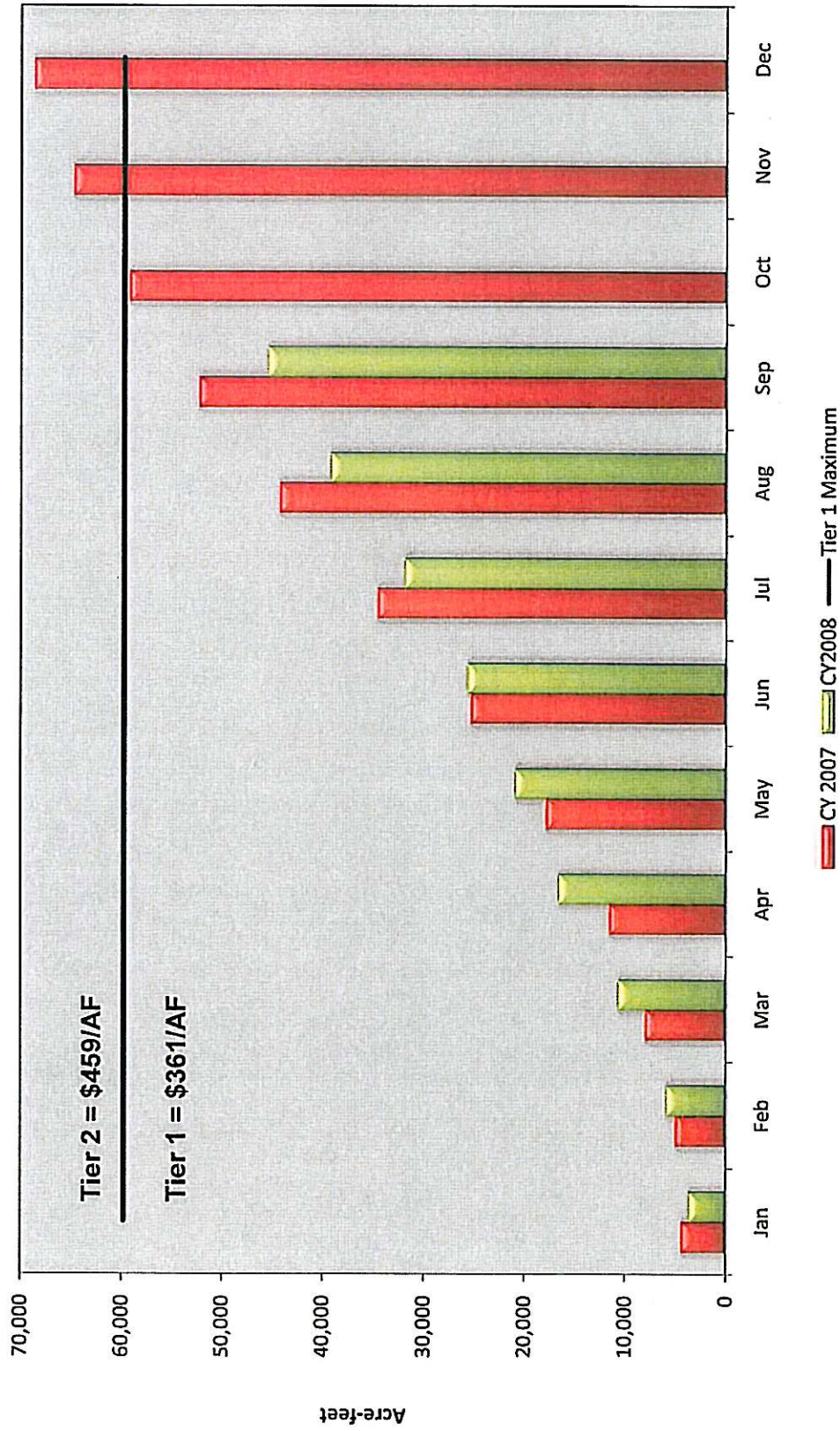
CALENDAR

October 2, 2008	Project WET Workshop, Events Center, 8:00 a.m. – 3:00 p.m.
October 2, 2008	1 st 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	1 st 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, 4 th 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**

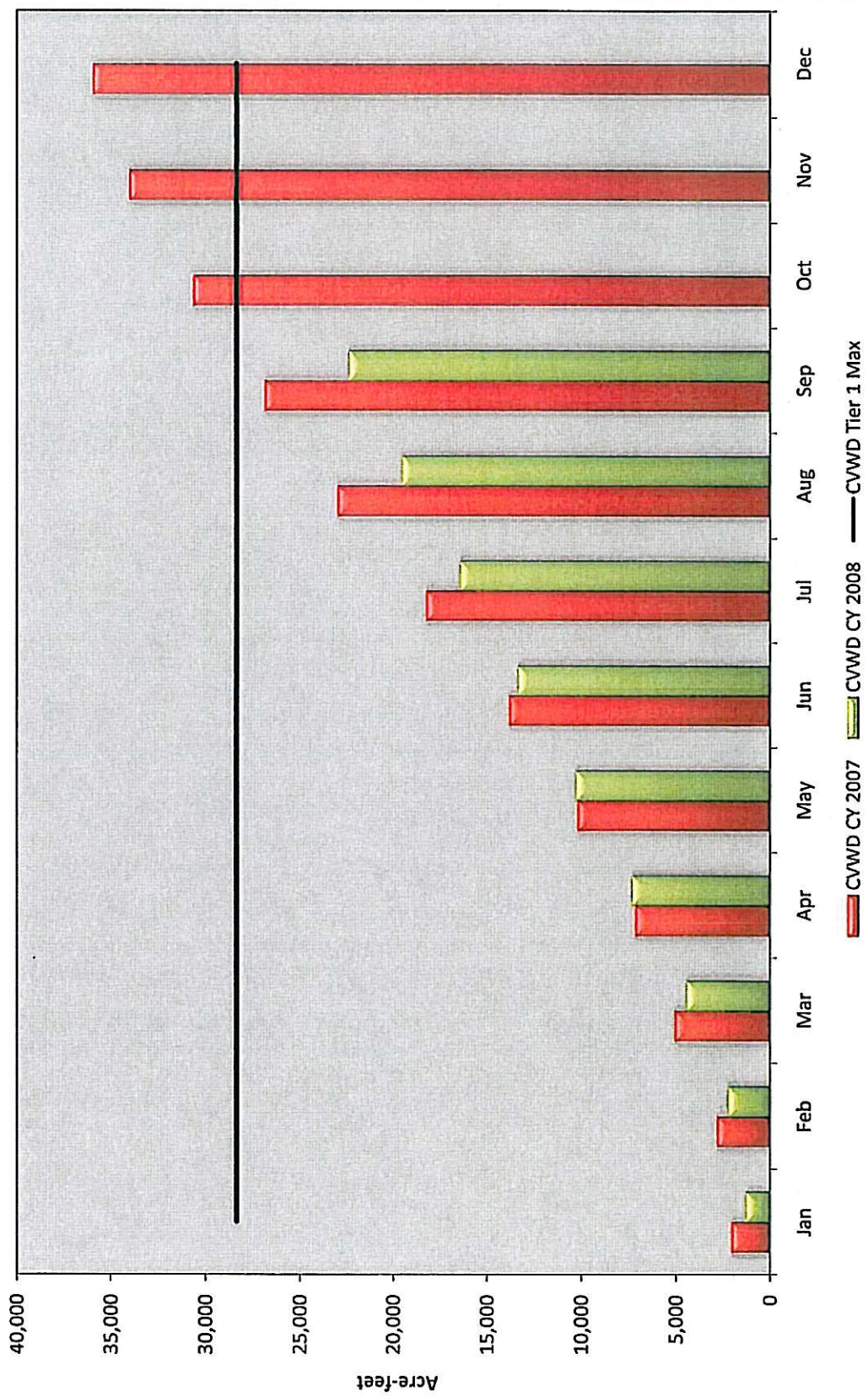


**IEUA
Cumulative Monthly Full Service Imported Water Deliveries
Calendar Year 2007 and Calendar Year 2008**



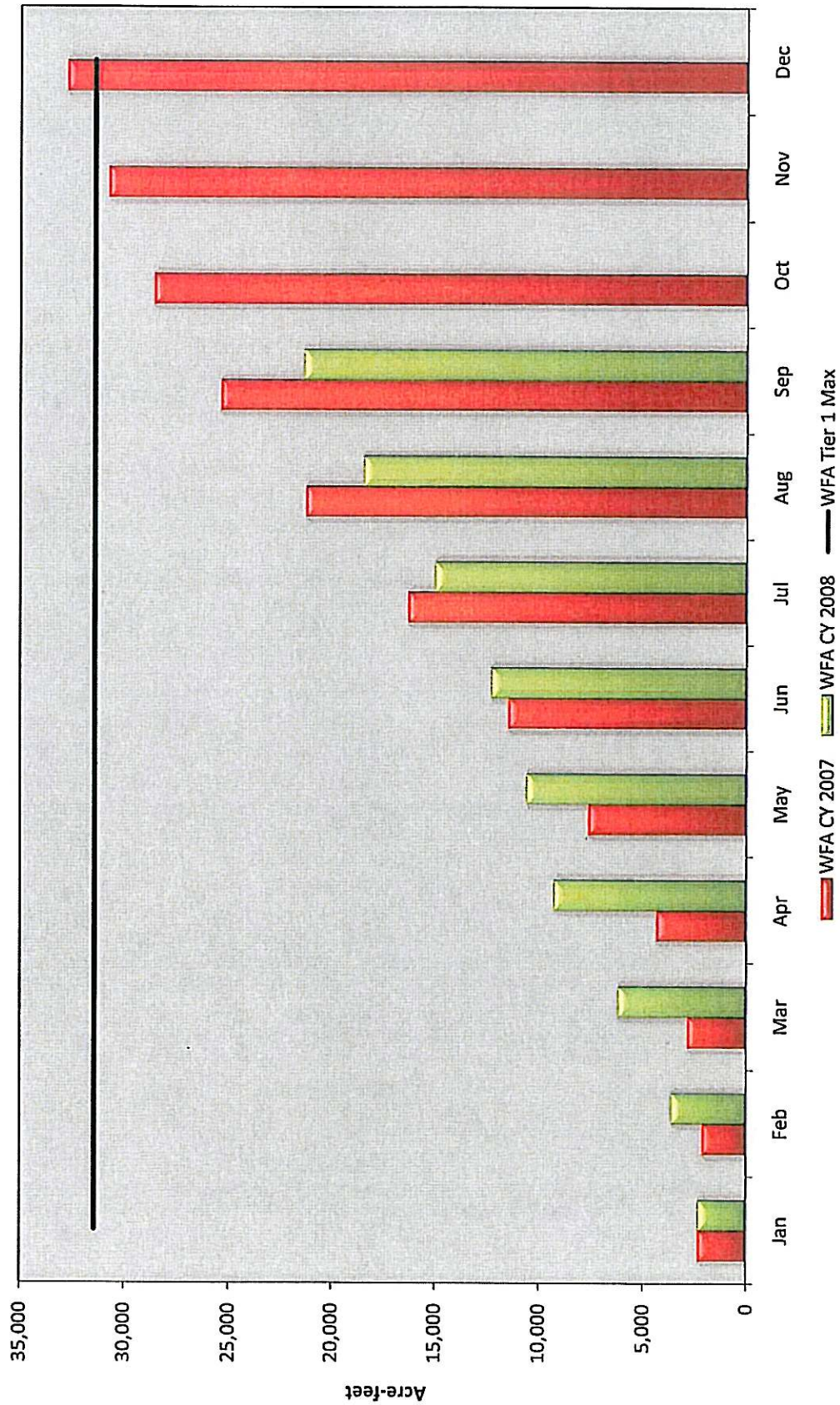
CUCAMONGA VALLEY WATER DISTRICT

Cumulative Monthly Full Service Imported Water Deliveries Calendar Year 2008



WATER FACILITIES AUTHORITY

Cumulative Monthly Full Service Imported Water Deliveries Calendar Year 2008



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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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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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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

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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
(MMT CO₂E in 2020)

Measure No.	Measure Description	Reduction
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 ⁽¹⁾

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.



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.

Innovative Federal Strategies LLC

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.



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.

RWA:MD

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Agricultural Resources

635 Maryland Avenue, N.E.
Washington, D.C. 20002-5811
(202) 546-5115
(202) 546-4472-fax
agresources@erols.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 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. WaterReuse 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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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





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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dailybulletin.com

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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Daily Bulletin

(800) 922-0922

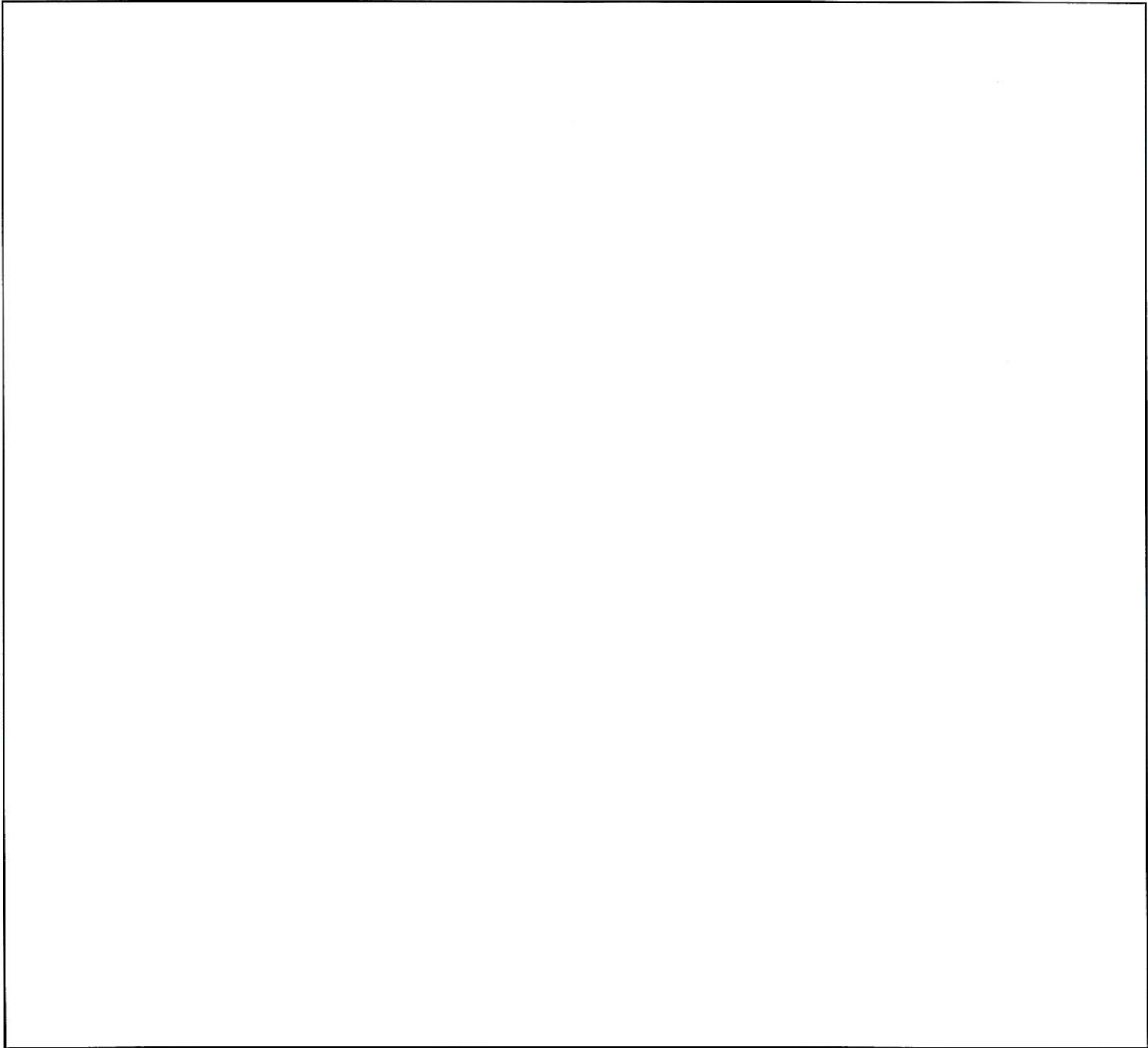
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Cucamonga Valley Water District endorses saving paper and water

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

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Inland Empire Utilities Agency to launch solar power project in Chino

Wes Woods II, Staff Writer

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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.

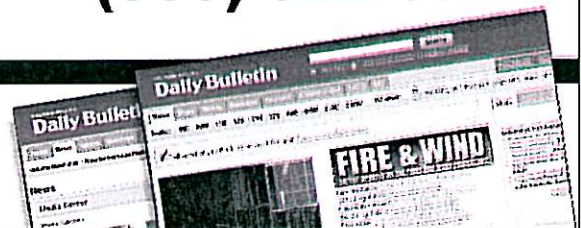
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