



## CHINO BASIN WATERMASTER

### III. REPORTS / UPDATES

#### D. INLAND EMPIRE UTILITIES AGENCY

4. MWD Board Letter, 2009 Water Supply Allocation
5. Summary State/MWD Conservation Requirements, Calendar Year 2010 Rates
6. Summary State/MWD Conservation Requirements for Grant Funds
7. Monthly Water Conservation Programs and Imported Water Deliveries/DYY Report
8. Recycled Water Newsletter
9. State and Federal Legislative Report
10. Community Outreach/Public Relations Report
11. Peace II EIR Timeline



**CHINO BASIN WATERMASTER**

**ADVISORY COMMITTEE**

**January 22, 2009**

**AGENDA**

**INTERAGENCY WATER MANAGERS' REPORT**

**Chino Basin Watermaster**

**9641 San Bernardino Road**

**Rancho Cucamonga, CA 91730**

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**Discussion Items:**

- MWD Drought Update
- MWD Proposed 2010 Rate Increase
- State/MWD Conservation Requirements for Grant Funds

**Written Items:**

- MWD Board Letter, 2009 Water Supply Allocation Plan Status
- MWD Board Letter, Water Revenue Requirements, Calendar Year 2010 Rates
- Summary State/MWD Conservation Requirements for Grant Funds
- Monthly Water Conservation Programs and Imported Water Deliveries/DYY Report
- Recycled Water Newsletter
- State and Federal Legislative Reports
- Community Outreach/Public Relations Report
- Peace II EIR Timeline

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● **Board of Directors**  
***Water Planning and Stewardship Committee***

January 13, 2009 Board Meeting

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9-3

**Subject**

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2009 Water Supply Allocation Plan Status

**Description**

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This letter provides an update of conditions and considerations that affect the decision to implement the Water Supply Allocation Plan (WSAP) and allocate limited water supplies to the member agencies.

The most significant aspect of this month's update is the water supply impacts from the recently released Biological Opinion on Delta smelt (Biological Opinion). Based on the California Department of Water Resources State Water Project (SWP) allocation study released in December, staff has determined that the Biological Opinion could impose greater restrictions on the delivery of SWP supplies for 2009 than the most restrictive flow regimes from Federal Judge Oliver Wanger's interim order on Delta smelt actions. The Biological Opinion will decrease the amount of water delivered from the SWP under dry, normal, and wet hydrologic conditions.

The impacts from the Biological Opinion are offset by December's wetter than normal conditions in Metropolitan's service area and in the Imperial and Coachella Valleys, which result in more Colorado River water available for Metropolitan under the priority system. The additional supply, combined with lower demand in the service area conditions as compared to last month's forecast, improved end-of-2008 storage conditions.

Overall, the probability of implementing the WSAP in 2009 has increased due to the impacts from the Biological Opinion, compared to the chances reported in previous months. In November 2008, the estimated chance of needing to implement the WSAP was approximately 1 in 3. Under the changed conditions detailed in this report, the chance has increased to 1 in 2. However, it is important to note that the chance of implementing the WSAP could still be significantly affected by the upcoming winter and spring hydrologies that occur in southern and northern California and in the Colorado River watershed. Staff estimates that there is a 1-in-4-chance that wetter hydrology would occur and provide sufficient supplies to refill regional storage in 2009 even under the restrictions of the Biological Opinion.

**Update of Potential Conditions in 2009**

At the December 2008 Water Planning and Stewardship Committee, staff reported on the conditions and considerations that provide a basis for recommendations to implement the WSAP. The report reiterated that, in any year, the April decision timeframe provided the most certainty about water supply and demand conditions, and that a sufficient administrative period between the declaration of an allocation and the allocation period was necessary for member agencies to enact enforcement mechanisms. At the time of the December 2008 Board Meeting, staff reported that there was a 1-in-3-chance that the WSAP would need to be implemented based on the range of conditions that could result by April 2009. Based on all of the considerations above, staff did not recommend advancing consideration of a formal allocation declaration earlier than April 2009.

Staff also reported that the final Operations Control and Plan (OCAP) Biological Opinion on Delta smelt was scheduled to be released in mid-December, and that the outcome could significantly change circumstances regarding water supplies in 2009. The Biological Opinion was released, and the California Department of Water Resources has updated its SWP allocation studies to include updated impacts. These impacts are included in this month's status report.

A description of how the significant water supply and demand factors have changed over the past three reports is provided below:

- Department of Water Resources (DWR) analysis on SWP Allocation
  - November 2008 Report – Based on DWR’s Allocation Study from October 30, 2008, a greater than 50 percent SWP allocation for calendar year 2009 under median conditions (0.95 MAF Table A available to Metropolitan). Data from this analysis was used to support DWR’s initial 2009 State Water Project allocation of 15 percent, which is based on a conservative dry-condition projection for 2009 that will be exceeded 9 times out of 10. This analysis is based on SWP yields under the most restrictive Wanger pumping restrictions due to Delta smelt.
  - December 2008 Report – No update of DWR’s Allocation Study had been released at that time. Impacts from the final OCAP Biological Opinion on Delta smelt were not yet available.
  - January 2009 Update – A new SWP allocation study, including impacts from the Biological Opinion, was released on December 19, 2008. This study continues to support DWR’s initial 2009 SWP allocation of 15 percent of Table A. Although it is still true that the 15 percent allocation is conservative and will be exceeded 9 times out of 10, the study indicated that additional water supplies that would normally result from increased precipitation and runoff will be constrained by the conditions and criteria set by the Biological Opinion. Median conditions are estimated to result in a 46 percent Table A allocation, a loss of 9 percent of Table A or nearly 200 TAF less than figures reported in November. The loss of water supply over the range of hydrologic conditions increased the probability of implementing the WSAP, and reduces the probability of maintaining or increasing storage reserves.
- A minimum storage level for Metropolitan’s total storage of 1.34 MAF at the end of calendar year 2009 (this includes Metropolitan’s emergency storage reserves)
  - November 2008 Report – Metropolitan’s total storage was projected to be 1.73 MAF at the end of 2008, allowing for the use of 0.39 MAF within calendar year 2009 to augment imported supplies to meet demands while still maintaining minimum storage levels for 2010.
  - December 2008 Report – Metropolitan’s total storage is projected to be 1.71 MAF, a decrease of 20 TAF due to increased demands in October/November.
  - January 2009 Update – There are two major updates this month.
    - Metropolitan’s total storage for the end of 2008 is estimated at 1.75 MAF, an increase of 40 TAF. The increase is due to decreased demands in the service area in November/December, the addition of the Drop 2 storage in Lake Mead to the total storage portfolio, and the removal of water classified as “Under Development” (Lake Shasta, EWA Exchange, and Hayfield Basin).
    - The minimum storage level for the end of calendar year 2009 is revised to 1.40 MAF, which accounts for changes in expected SWP supplies available in 2010 due to the OCAP Biological Opinion. This allows for the use of .35 MAF within calendar year 2009.
- Five-Year Supply Plan
  - November 2008 Report – Implementation of 0.453 MAF in equivalent water supply benefits in 2009, of which 0.215 MAF is due to conservation.
  - December 2008 Report – No change in the implementation goals or approach.
  - January 2009 Update – A net increase to 0.492 MAF, mostly due to identification of additional Colorado River Programs.

- Colorado River Aqueduct Deliveries in 2009
  - November 2008 Report – A range of 0.9 MAF to 1.0 MAF of net deliveries.
  - December 2008 Report – No change in the estimate of net deliveries.
  - January 2009 Update – No change in the estimate of net deliveries, not including the increase noted above under the Five-Year Supply Plan.
- Demands on Metropolitan in 2009
  - November 2008 Report – A range of 1.6 MAF to 2.6 MAF (before the conservation efforts included in the Five-Year Supply Reliability Program).
  - December 2008 Report – No change in the estimate of the range of demands for 2009.
  - January 2009 Update – No change in the estimate of the range of demands for 2009.

### **Recommendation on Advancing WSAP Implementation**

The Biological Opinion on Delta smelt did not change the outlook for the initial SWP allocation, but it significantly decreased the amount of water supply that would be available for delivery from the SWP as hydrologic conditions become more normal or wet. However, even under the estimated restriction of SWP supplies from the Biological Opinion, increasing water supply conditions from winter snowpack will still have a significant influence on the overall balance of supply and demand. The changes to the SWP supply outlook were offset by an increase in the end-of-2008 storage amounts from higher water supplies and lower demands in December 2008 as compared to previous forecasts. There is also potential for additional increased supplies based on end-of-year accounting on the Colorado River.

The chance of allocation in 2009 has increased to a 1-in-2-chance, primarily due to the water supply impacts from the Biological Opinion. At this time, staff recommends keeping the April timeframe for making a final decision on allocation. However, a 1-in-2-chance of allocation is significantly high, and member agencies should continue prudent actions to manage the supply challenges that the service area continues to face. Those actions include ongoing communication to customers regarding the water supply conditions and continuing to implement water ordinances enforceable at the local level to prevent wasteful uses of water and encourage reasonable outdoor landscape irrigation practices. These actions are necessary to prepare the region to effectively manage future conditions and challenges as they develop.

Although the conditions have significantly changed from last month's report, staff does not recommend advancing the declaration of a formal WSAP allocation declaration prior to April 2009.

Metropolitan staff will continue to report to the Water Planning and Stewardship Committee on these conditions as they develop and affect the potential need for a WSAP implementation in 2009. It is important to note, however, that the conclusions and analysis presented in this letter do not include potential additional curtailments of SWP supplies from regulatory actions to protect Longfin smelt and Chinook salmon. It is not clear at this time how those actions, if any, will increase the curtailments already accounted for in the Biological Opinion.

### **Policy**

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Water Supply Allocation Plan, adopted February 12, 2008.

**Fiscal Impact**

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None

  
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Debra C. Man  
Assistant General Manager/Chief  
Operating Officer

12/30/2008

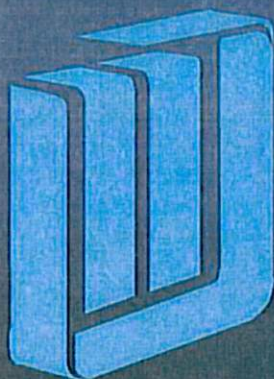
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Jeffrey Kightlinger  
General Manager

12/30/2008

Date

BLA #6397



# Water Supply Allocation Plan Implementation Update

Water Planning and Stewardship Committee  
9-3  
January 12, 2009

## Status Update

### Good News

- Storage Conditions and Targets
- Five-Year Supply Plan

### Bad News

- State Water Project
- Delta smelt Biological Opinion



## Storage Conditions

- Higher 2008 Storage Levels
- 1.75 MAF
  - Increase of 40 TAF from last month's estimate
- Wet/Cool December Conditions
  - Increased CRA supplies
  - Lower service area demands than projected

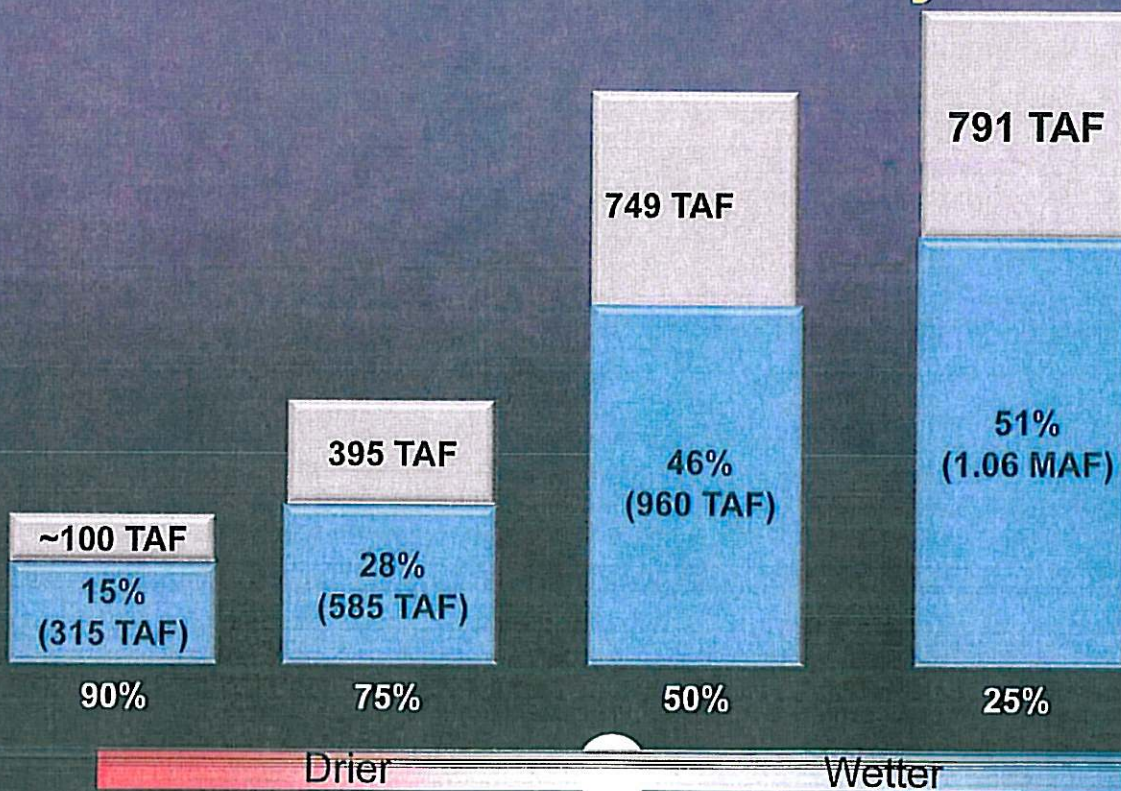
## Five-Year Supply Plan

- Increased Estimate of Programs
- 492 TAF of Low-End Estimate
  - Increase of 40 TAF from last month's estimate
- Program Increases
  - Arizona/Nevada Exchange

# State Water Project

- Delta smelt Biological Opinion
- DWR Allocation Study Update
  - Includes BiOp impacts
  - Supports current 15% Allocation
  - Provides information on available water supply under increasing hydrology
- Impacts water supply across all hydrologic conditions

## SWP Allocation Study



## Bottom Line

- **BiOp significantly lowers water supply expectations**
- **Affects Minimum 2009 Storage Target**
  - 1.40 MAF
  - 350 TAF of available reserves for 2009
- **Increases Chance of Allocation in 2009**
  - 1 in 2 Chance
- **Significant Chance of Storing Water**
  - 1 in 4 Chance
- **Figures Don't Include Additional Fisheries Impacts**

## Conclusion

- **Increased Chance of Allocation**
- **Next Few Months Are Key**
- **Agencies Should Continue to Plan and Prepare**
- **Monthly Reports/Updates**



• **Board of Directors**  
**Business and Finance Committee**

January 13, 2009 Board Meeting

8-1

**Subject**

Determine water revenue requirements; set a public hearing date; and adopt resolutions giving notice of intention to impose charges for calendar year 2010

**Description**

**SUMMARY**

Metropolitan staff has been working with the member agencies through the Long Range Finance Plan (LRFP) process to analyze different scenarios for Metropolitan's costs and revenues. In three of the last four years Metropolitan has not collected sufficient revenues to cover its costs. Instead, in an effort to mitigate rate increases, Metropolitan has been utilizing its reserves to fund expenditures. At the same time, the largest court ordered supply cutback in the history of the State Water Project (SWP) occurred in 2008. With the Delta smelt Biological Opinion issued by the U.S. Fish and Wildlife service on December 15, 2008, cutbacks are expected to continue into the future. This reduction of more than one-third of Metropolitan's SWP supplies has triggered development and acquisition of new supplies and conservation efforts at costs higher than supplies from the SWP. In light of past under-collections, projected water supply cost increases, and reductions to future water sales, staff has estimated that Metropolitan will likely need to raise rates approximately 25 to 35 percent over the next two years. Further, these cutbacks increase the likelihood that Metropolitan will need to allocate supplies in the coming years putting additional pressure on future water rates.

Metropolitan's costs are expected to increase significantly in 2009/10 primarily due to the following factors:

- a. **Purchased water cost.** Due to dry conditions and the court-imposed cutback in State Water Project deliveries from the Sacramento-San Joaquin Delta, Metropolitan has lost a substantial portion of its SWP water allocation. As a result, Metropolitan will need to acquire additional water transfers in 2009/10 and beyond. As part of the 2009/10 budget and this rate action, it is projected that 200,000 acre-feet of supplies will be purchased through the Governor's Drought Water Bank and other Northern California sources in calendar years 2009 and 2010 at approximately \$300 per acre-foot. These purchases will result in expenditures of approximately \$54 million on Drought Water Bank supplies in fiscal year 2009/10. In addition, draws on existing agreements and programs will result in higher water supply costs. These additional water supply costs in 2009/10 are estimated to be approximately \$48 million higher than in 2008/09, and almost \$88 million higher than expenditures on such water supplies in 2007/08.
- b. **Higher costs for State Water Project deliveries.** The cost payable under the State Water Contract is estimated to be almost \$53 million higher than costs in 2007/08, and about \$48 million higher than in 2008/09. These cost increases are primarily driven by increases in variable power and capital costs, as well as Metropolitan's share of the environmental work and preliminary engineering of the Delta Habitat Conservation and Conveyance Program (DHCCP).
- c. **Debt service.** The financing costs for Metropolitan's ongoing \$3.85 billion capital program will result in an increase of about \$39 million in debt service from 2008/09. A significant portion of the capital program is to improve treatment processes and to upgrade and repair Metropolitan's aging water delivery and treatment system.

In order to mitigate impacts on water ratepayers, the 2009/10 departmental operating budget will be held flat compared to the 2008/09 budget. This will be done in the face of significant increases in the cost of chemicals

used in Metropolitan's treatment processes and the Quagga Mussel Control Program. To offset these increases staff proposes a number of cost management actions to produce a flat budget, including a reduction of 31 full-time equivalent positions and maintaining an average vacancy rate equal to approximately 5.4 percent of salaries.

#### **RATE OPTIONS**

Two options have been analyzed and prepared for the Board's review and consideration:

**Option 1.** Under this option, overall rates and charges would increase by 20.7 percent, based on water sales of 2.12 million acre-feet. This rate increase, if in effect for the full fiscal year, would fully recover Metropolitan's cost of service. Implementing this rate increase on January 1, 2010, however, will require a draw on reserves of \$139 million during 2009/10 to meet expenditures. This draw on reserves accounts for the fact that only four months of the fiscal year will see revenues at the higher rates. Reserve levels are projected to end the year at \$103 million, significantly below the Board's minimum objectives. Current projections show rates increasing an additional 12 percent in 2011, followed by a 10 percent increase in 2012.

**Option 2.** This option considers water sales that are 100,000 acre-feet lower than Option 1. In order to maintain the same reserve levels as Option 1, overall rates and charges would need to increase by 35.6 percent, effective January 1, 2010.

#### **CAPITAL FINANCING AND RESERVES**

In all cases, for cost-of-service analysis, it is assumed that Metropolitan would continue to fund \$95 million of its capital program on a Pay-as-you-go (PAYG) basis from revenues. Staff will continue to evaluate different capital funding mechanisms to minimize draws on the Water Rate Stabilization Fund in the coming year. In order to preserve liquidity, it may be preferable to fund more of the CIP through bonds, with only short-lived and other small capital projects to be funded from revenues. It is currently estimated that approximately \$30 million will be spent on such projects in 2008/09 and \$40 million in 2009/10. Figure 1 shows reserve balances under Option 1, given that Metropolitan reduces PAYG funding of the CIP in 2008/09 from \$95 million down to \$30 million in order to help maintain reserve levels, but continues to fund \$95 million of its CIP through PAYG in 2009/10. Reserve balances at the end of fiscal year 2009/10 would still be below the Board's minimum targets.

#### **REVENUE REQUIREMENTS**

The revenue requirements for 2009/10 are estimated to be \$1.43 billion. As shown in Table 1, this is about \$209 million more than the estimated revenue requirements in the current fiscal year.

Costs are projected to increase from about \$1.38 billion in 2008/09 to about \$1.59 billion in 2009/10. Taxes, interest income, power, and miscellaneous income are expected to generate about \$159 million, reducing the revenue requirement from rates and charges in 2009/10 to about \$1.43 billion.

There are three main drivers causing increasing costs for 2009/10; the cost of water transfers, capital financing costs, and State Water Project payments. Supply program costs are expected to increase by approximately \$48 million in 2009/10 because of the anticipated purchase of supplies through the Drought Water Bank. The cost of financing Metropolitan's CIP is expected to increase by \$39 million as debt service increases for outstanding bonds, and additional bonds are issued to fund the ongoing CIP. The year-over-year increase shown in Table 1 is also due to the fact that the 2008/09 costs reflect a \$65 million reduction in the PAYG funding of the CIP from \$95 million down to \$30 million. Costs in 2009/10 reflect PAYG funding of the CIP at \$95 million. In addition, payments for the State Water Project are expected to increase by \$48 million due to the higher variable power and capital costs, discussed in more detail below.

**Table 1. Revenue Requirements for FY 2009/10 compared to prior year costs**

	\$ Millions			2009/10 Change from:	
	2007/08	2008/09	2009/10	2007/08	2008/09
	Actuals	Estimate	Test Year		
Departmental & Other O&M (w/o Variable Treatment)	\$ 323.7	\$ 315.6	\$ 312.0	\$ (11.7)	\$ (3.5)
Chemicals, Sludge & Power for Treatment	27.4	34.7	36.8	9.4	2.1
State Water Project (without Variable Power)	298.8	381.5	389.7	90.9	8.2
SWP Variable Power	165.5	78.2	118.3	(47.2)	40.1
CRA Power	18.9	43.7	49.8	30.9	6.1
Supply Programs paid from O&M	52.1	92.1	140.5	88.4	48.4
Demand Management	49.3	62.8	59.8	10.5	(3.0)
Debt Service	272.9	291.8	330.7	57.9	39.0
PAYGO	42.9	30.0	95.0	52.1	65.0
Change in Required Reserves	70.7	46.7	52.9	(17.8)	6.2
<b>Sub-total expenditures</b>	<b>1,322.2</b>	<b>1,377.0</b>	<b>1,585.6</b>	<b>263.5</b>	<b>208.6</b>
Revenue Offsets	195.1	159.3	159.3	(35.7)	0.0
<b>Total Revenue Requirement</b>	<b>\$ 1,127.1</b>	<b>\$ 1,217.8</b>	<b>\$ 1,426.3</b>	<b>\$ 299.2</b>	<b>\$ 208.6</b>

Totals may not foot due to rounding

A more detailed description of the major assumptions and cost drivers follows.

#### MAJOR ASSUMPTIONS - REVENUE REQUIREMENTS FOR FY 2009/10

##### Water Sales

**2.12 million acre-feet**

Cash year water sales (including Tier 1, Tier 2, agricultural, and wheeling) are projected to be about 2.12 million acre-feet in fiscal year 2009/10. This forecast is based on expected demands under average weather conditions. If water sales are less than anticipated, reserve levels will decrease more rapidly. Treated water sales are expected to be about 1.27 million acre-feet or 60 percent of total sales. About 1.74 million acre-feet are expected to be sold at the Tier 1 rate, 0.21 million acre-feet are expected to be sold at the higher Tier 2 rate, 0.08 million acre-feet will be sold through the Interim Agricultural Water Program. Replenishment sales are expected to be curtailed through 2010.

##### State Water Project (including SWP power)

**\$508 million**

Total costs for 2009/10 under the State Water Project are estimated to be approximately \$508 million, including about \$118 million for variable power costs, net of projected credits. Costs for OMP&R and capital are expected to be \$8.2 million higher than in 2008/09. Variable power costs for the State Water Project are expected to be \$40.1 million higher than in 2008/09, due to a higher projected power rate on the State Water Project. Cost estimates are based on projected water pumping of about 1.25 million acre-feet in 2009/10. Supplies delivered through the SWP include contract deliveries, increases and decreases in storage accounts, and the use of water transfers. State Water Contract costs in 2009/10 also include \$14.4 million to fund Metropolitan's share of the environmental work and preliminary engineering of the DHCCP.

##### Colorado River Power Costs

**\$49.8 million**

The revenue requirement incorporates costs associated with pumping approximately 1.04 million acre-feet from the Colorado River in 2009/10. Power from Metropolitan's share of Hoover and Parker, plus energy under the contract with Southern California Edison will not be sufficient to move these supplies. It is expected that around \$27.2 million of power from the open market will be procured in 2009/10. Costs for pumping are estimated to be about \$49.8 million.

##### Supply and Storage Programs

**\$140.5 million**

Total expenditures for water transfer and storage programs are estimated to be about \$140.5 million in 2009/10. Colorado River Supply Program expenditures include \$25.6 million for the Palo Verde Irrigation District (PVID) Program, \$9.7 million for the Imperial Irrigation District/Metropolitan Conservation Program, and \$17.1 million for various other supply programs. Supply program costs along the State Water Project total \$77.1 million and include approximately \$53.5 million in Drought Water Bank purchases, \$5.8 million for the Arvin-Edison Water Storage

Program, \$2.8 million for the Kern Delta Program, \$14.5 million for the Semitropic Water Storage Program and \$0.5 million for the San Bernardino Program. An additional \$11 million will be used to fund ongoing operating costs for in-basin supply projects including conjunctive use programs within Metropolitan's service area.

Drought Water Bank costs reflect expenditures for transfers that will be delivered in both calendar years 2009 and 2010. It is anticipated that 200 thousand acre-feet of transfer water will be purchased through the Drought Water Bank for calendar year 2009. Payments for these transfers will be split between fiscal years 2008/09 and 2009/10. Approximately \$38.5 million of the projected \$53.5 million in Drought Water Bank expenditures in 2009/10 will be for water delivered in calendar year 2009. The remaining \$15 million represents the initial deposit to the California Department of Water Resources for transfer purchases in calendar year 2010.

#### **Demand Management Programs**

**\$59.8 million**

Demand management program payments made to the member agencies in support of local resources development and active conservation efforts are expected to total \$59.8 million in 2009/10. This reflects incentive payments, but does not include other costs associated with these programs, including labor, administration, and public information and outreach costs of almost \$17.8 million, which are included in O&M estimates. Recycling and groundwater recovery projects supported by Metropolitan are expected to increase annual production by about 43 thousand acre-feet over current year estimates of about 184 thousand acre-feet. Projected expenditures reflect Metropolitan's ongoing commitment to water conservation, local recycling, and groundwater cleanup. These estimates are consistent with efforts to develop local water supplies in cooperation with the member agencies and other local agencies based on the Integrated Resources Plan.

#### **Capital Financing Program**

**\$425.7 million**

Capital Financing Program costs include \$267 million of water revenue bond debt service payments on approximately \$4.2 billion of outstanding Water Revenue Bond debt as of December 31, 2008. This represents an increase of approximately \$39 million above 2008/09 projected payments, due in part to the issuance of water revenue bonds in 2008/09 and 2009/10 to finance the ongoing CIP.

Additional capital financing costs include \$48.5 million of general obligation bond debt service which are paid by ad valorem property taxes, \$14.7 million for debt administration expenses for remarketing broker-dealer and administrative costs associated with Metropolitan's variable rate debt program and State Revolving Loan payments, and \$95 million in PAYG funding of the CIP from revenues.

#### **Operations and Maintenance**

**\$348.8 million**

The revenue requirement includes \$348.8 million for operations and maintenance, including labor and benefits, professional services, chemicals, power, and solids handling. This estimate is \$1.4 million or 0.4 percent lower than projected 2008/09 costs. A detailed breakdown of departmental budgets is provided in the 2009/10 Budget.

#### **Adjustments in Reserves**

**\$52.9 million**

Required reserve balances are estimated to increase by \$52.9 million from June 30, 2009 to June 30, 2010 in accordance with board policies contained in Metropolitan's Administrative Code for the State Water Contract Fund, and Revenue Remainder Fund, and in accordance with bond covenants for the Operations and Maintenance Fund, and Revenue Bond Reserve Funds.

#### **Other Revenues**

**\$159.3 million**

To determine the rates and charges revenue requirement, the total estimated obligations of \$1.59 billion are reduced by revenue from ad valorem property taxes, interest income, hydropower revenues, CRA power sales and miscellaneous revenues. Ad valorem property taxes levied at the current tax rate of 0.0043 percent of assessed valuations are estimated to be \$90.4 million. Annexation charges are expected to provide \$1 million. Power recoveries, interest on investments and miscellaneous revenue are expected to produce \$67.9 million in 2009/10. Based on the projected expenditure estimates described above, total revenues required from rates and charges in 2009/10 are projected to be \$1.43 billion.

**RECOMMENDED RATES AND CHARGES FOR FY 2009/10**

Metropolitan Water District Administrative Code Section 4304 requires the General Manager to present recommendations for water rates and charges for the next calendar year based on the Business and Finance Committee's determination of revenue requirements, and for the Business and Finance Committee to set a time for a hearing at which interested parties may present input on the recommended rates to the Committee. The cost-of-service analysis supporting the recommended rates and charges is detailed in Attachment 1, "Metropolitan Water District of Southern California, Fiscal Year 2009/10 Cost of Service", and is consistent with the cost-of-service process used since the Board adopted the current rate structure in 2002.

The General Manager's recommended alternatives for water rates and charges for the coming fiscal year are shown in Table 2, "Recommended Alternative Rates and Charges." Under Option 1, the overall increase in the effective rate is estimated to be 20.7 percent. However, this rate increase does not go into effect until January 1, 2010, and thus is not sufficient to recover the revenue requirements in 2009/10. As a result reserves are expected to decrease to \$103 million. Revenue bond coverage is estimated to be just under 1.5 times, while fixed charge coverage will be approximately one times in 2009/10. The rates and charges for 2009/10 were determined based on a total revenue requirement of \$1.43 billion. The existing rates, which are effective through December 31, 2009, and the rates under the 20.7 percent option, which are effective January 1, 2010, would generate combined revenue of \$1.27 billion. This assumes total sales of 2.12 million acre-feet. Given the rates and sales assumptions it is estimated that about \$139 million would be withdrawn from reserves to meet obligations during 2009/10. Due to the continuing need to acquire water transfers, Metropolitan will maintain the Water Supply Surcharge to fund these purchases. It is anticipated that the Water Supply Surcharge will be in effect at least through 2010. The Water Supply Surcharge can be expected to decrease over time if a near-term Delta solution is realized which results in increased SWP deliveries, however, any drop in the water supply surcharge may be offset by an increase in supply rates to pay for the costs of near-term Delta improvements.

**Water Supply Allocation Contingency**

Metropolitan's Board adopted the Water Supply Allocation Plan (WSAP) in February 2008. Metropolitan staff has been working with its member agencies to develop a process to implement the WSAP if necessary. Analysis of conditions in 2009 suggests a potential need to declare an allocation in April 2009. If a supply allocation is declared in 2009, water sales will likely be lower than the 2.12 million acre-feet projected under Option 1. In the event that an allocation is declared, it is possible that an additional rate increase would be required to collect fixed costs which are not recovered due to the reduction in sales caused by the allocation. Option 2 illustrates the need for a greater rate increase, effective January 1, 2010, if water sales are 100 thousand acre-feet lower than projected. It is conceivable, however, that dry conditions and Delta pumping constraints due to regulatory action to protect species could force Metropolitan to declare an allocation, effective July 1, 2009, resulting in significant demand reductions. As an example, if sales dropped to 1.8 million acre-feet, then it may not be feasible to wait until January 1, 2010 to implement a water rate increase. In order to maintain the same reserve levels as Option 1, then Metropolitan could implement a rate increase that would be effective in conjunction with the water supply allocation. A mid-year rate increase of 14.4 percent effective on July 1, 2009, followed by a second increase of 14.2 percent on January 1, 2010 would generate enough revenues to leave reserves at \$103 million at the end of 2009/10, consistent with Option 1. This total rate increase would be 28.6 percent, but a large portion of the increase would occur on July 1, 2010, resulting in higher revenues for all but two months of fiscal year 2009/10. While staff does not expect water sales of 1.8 million acre-feet, this example illustrates the potential impact of low water sales that could result from a water supply allocation.



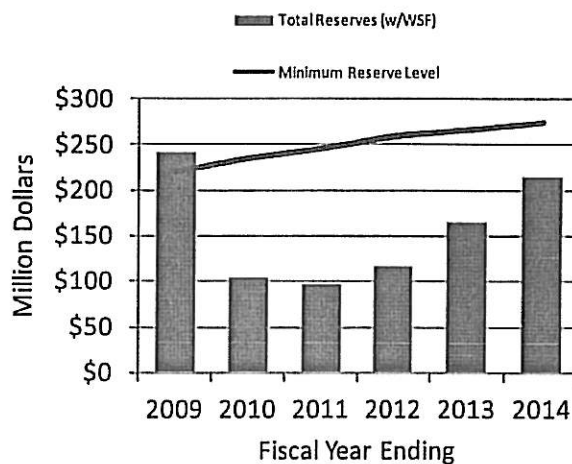
**Table 2. Recommended Alternative Rates and Charges**

	Effective January 1, 2009	Option 1 January 1, 2010	Option 2 January 1, 2010
Tier 1 Supply Rate (\$/AF)	\$109	\$135	\$155
Tier 2 Supply Rate (\$/AF)	\$250	\$300	\$300
Water Supply Surcharge (\$/AF)	\$25	\$25	\$25
System Access Rate (\$/AF)	\$143	\$180	\$205
Water Stewardship Rate (\$/AF)	\$25	\$38	\$43
System Power Rate (\$/AF)	\$110	\$125	\$142
Full Service Untreated Volumetric Cost (\$/AF)			
Tier 1	\$412	\$503	\$570
Tier 2	\$528	\$643	\$690
Replenishment Water Rate Untreated (\$/AF)	\$294	\$385	\$452
Interim Agricultural Water Program Untreated (\$/AF)	\$322	\$435	\$502
Treatment Surcharge (\$/AF)	\$167	\$192	\$214
Full Service Treated Volumetric Cost (\$/AF)			
Tier 1	\$579	\$695	\$784
Tier 2	\$695	\$835	\$904
Treated Replenishment Water Rate (\$/AF)	\$436	\$552	\$641
Treated Interim Agricultural Water Program (\$/AF)	\$465	\$609	\$698
Readiness-to-Serve Charge (\$M)	\$92	\$111	\$121
Capacity Charge (\$/cfs)	\$6,800	\$7,400	\$8,100

The detailed cost-of-service discussion and support for rates and charges are included in Attachment 1 – Fiscal Year 2009/10 Cost-of-Service.

Figure 1 shows the projected reserve levels under Option 1. Reserve fund balances include the Revenue Remainder Fund, the Water Rate Stabilization Fund, and the Water Stewardship Fund.

**Figure 1. Option 1 – Reserve Fund Balances**



## SUMMARY AND RECOMMENDATIONS

This letter requests that the Board determine water revenue requirements, set a time for a public hearing of the Business and Finance Committee at which interested parties may present their views regarding the General Manager's recommendations for rates and charges, and that the Board adopt resolutions of Metropolitan's intention to: (1) impose the Readiness-to-Serve Charge (including the Water Standby Charge) for 2010; and (2) impose the Capacity Charge for 2010.

### Policy

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Metropolitan Water District Administrative Code Section 4304: Apportionment of Revenues and Setting of Water Rates and Charges to Raise Firm Revenues

### California Environmental Quality Act (CEQA)

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CEQA determination for Options #1, #2, and #3:

The proposed actions are not defined as a project under CEQA, because they involve continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed actions are not subject to CEQA because they involve the creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed actions are not subject to CEQA pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

### Board Options

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#### Option #1

Adopt the CEQA determination and

- a. Determine that revenues required from rates and charges during FY 2009/10 should not be less than \$1.43 billion, and use this determination in establishing water rates and charges to be effective January 1, 2010;
- b. Set a time for a public hearing of the Business and Finance Committee at which interested parties may present their views regarding the General Manager's recommendation for rates and charges to be effective January 1, 2010; and
- c. Adopt the following resolutions:
  1. Resolution of intention to impose the Readiness-to-Serve Charge in the form shown as Attachment 2 to this letter, declaring the Board's intention (i) at its March 10, 2009 meeting to consider and act upon the General Manager's recommendation to impose a Readiness-to-Serve Charge and (ii) at its May 12, 2009 meeting to consider and act upon the General Manager's recommendation to impose standby charges within the service territories of member agencies that have requested that charge as a means of collecting all or a portion of their RTS Charge.
  2. Resolution of intention to impose a Capacity Charge in the form shown as Attachment 3 to this letter, declaring the Board's intention at its March 10, 2009 meeting to consider and act upon the General Manager's recommendation to impose a Capacity Charge.

**Fiscal Impact:** Revenues from rates and charges of \$1.27 billion in 2009/10, and an increase in the effective rate of 20.7 percent if the rates and charges are adopted as recommended.

#### Option #2

Adopt the CEQA determination and

- a. Determine that revenues required from rates and charges during FY 2009/10 should not be less than \$1.43 billion, and use this determination in establishing water rates and charges to be effective January 1, 2010;

- b. Set a time for a public hearing of the Business and Finance Committee at which interested parties may present their views regarding the General Manager's recommendation for rates and charges to be effective January 1, 2010; and
- c. Adopt the following resolutions:
  - 1. Resolution of intention to impose the Readiness-to-Serve Charge in the form shown as **Attachment 2** to this letter, declaring the Board's intention (i) at its March 10, 2009 meeting to consider and act upon the General Manager's recommendation to impose a Readiness-to-Serve Charge and (ii) at its May 12, 2009 meeting to consider and act upon the General Manager's recommendation to impose standby charges within the service territories of member agencies that have requested that charge as a means of collecting all or a portion of their RTS Charge.
  - 2. Resolution of intention to impose a Capacity Charge in the form shown as **Attachment 3** to this letter, declaring the Board's intention at its March 10, 2009 meeting to consider and act upon the General Manager's recommendation to impose a Capacity Charge.

**Fiscal Impact:** Revenues from rates and charges of \$1.27 billion in 2009/10, and an increase in the effective rate of 35.6 percent if the rates and charges are adopted as recommended.

### Option #3

Adopt the CEQA determination and

- a. Determine that revenues required from rates and charges during FY 2009/10 should not be less than \$1.43 billion, and direct the General manager to revise the recommended rates and charges as appropriate;
- b. Set a time for a public hearing of the Business and Finance Committee at which interested parties may present their views regarding the General Manager's recommendation for rates and charges to be effective January 1, 2010; and
- c. Adopt the following resolutions:
  - 1. Resolution of intention to impose the Readiness-to-Serve Charge in the form shown as **Attachment 2** to this letter, declaring the Board's intention (i) at its March 10, 2009 meeting to consider and act upon the General Manager's recommendation to impose a Readiness-to-Serve Charge and (ii) at its May 12, 2009 meeting to consider and act upon the General Manager's recommendation to impose standby charges within the service territories of member agencies that have requested that charge as a means of collecting all or a portion of their RTS Charge.
  - 2. Resolution of intention to impose a Capacity Charge in the form shown as **Attachment 3** to this letter, declaring the Board's intention at its March 10, 2009 meeting to consider and act upon the General Manager's recommendation to impose a Capacity Charge.

**Fiscal Impact:** Unknown

**Staff Recommendation**

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Option #1

  
\_\_\_\_\_  
Brian G. Thomas  
Chief Financial Officer

12/30/2008  
Date

  
\_\_\_\_\_  
Jeffrey Lightlinger  
General Manager

12/30/2008  
Date

**Attachment 1 – Metropolitan Water District of Southern California, FY 2009/10 Cost of Service**

**Attachment 2 – Resolution of Intent (Readiness-to-Serve Charge)**

**Attachment 3 – Resolution of Intent (Capacity Charge)**

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**2009/10 Budget  
and  
2010 Rates and Charges**

**Budget and Finance Committee  
January 12, 2009**

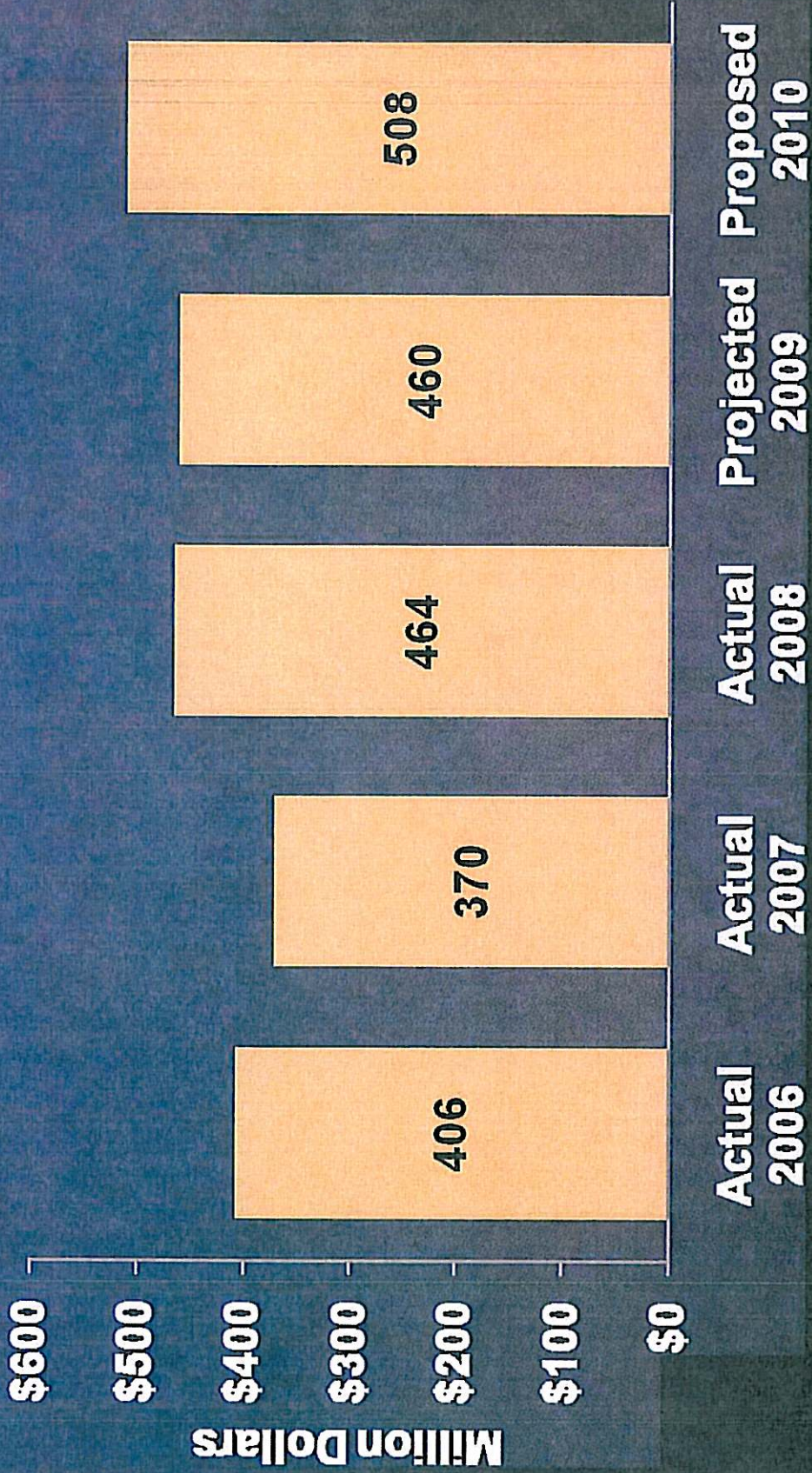
# 2009/10 Budget & Rates Schedule

- Jan 6
  - Initial Board budget workshop
- Jan 12 & 13
  - Board sets public hearing date for rates and charges
  - Board review of proposed group budgets
- January 16
  - Member agency manager meeting
- Feb 9
  - Public hearing on rates & charges
- Feb 24
  - Budget & rates workshop
- Mar 9 & 10
  - Board considers Budget , 2010 rates & charges, LRFP reserve policy

# Major Cost Drivers

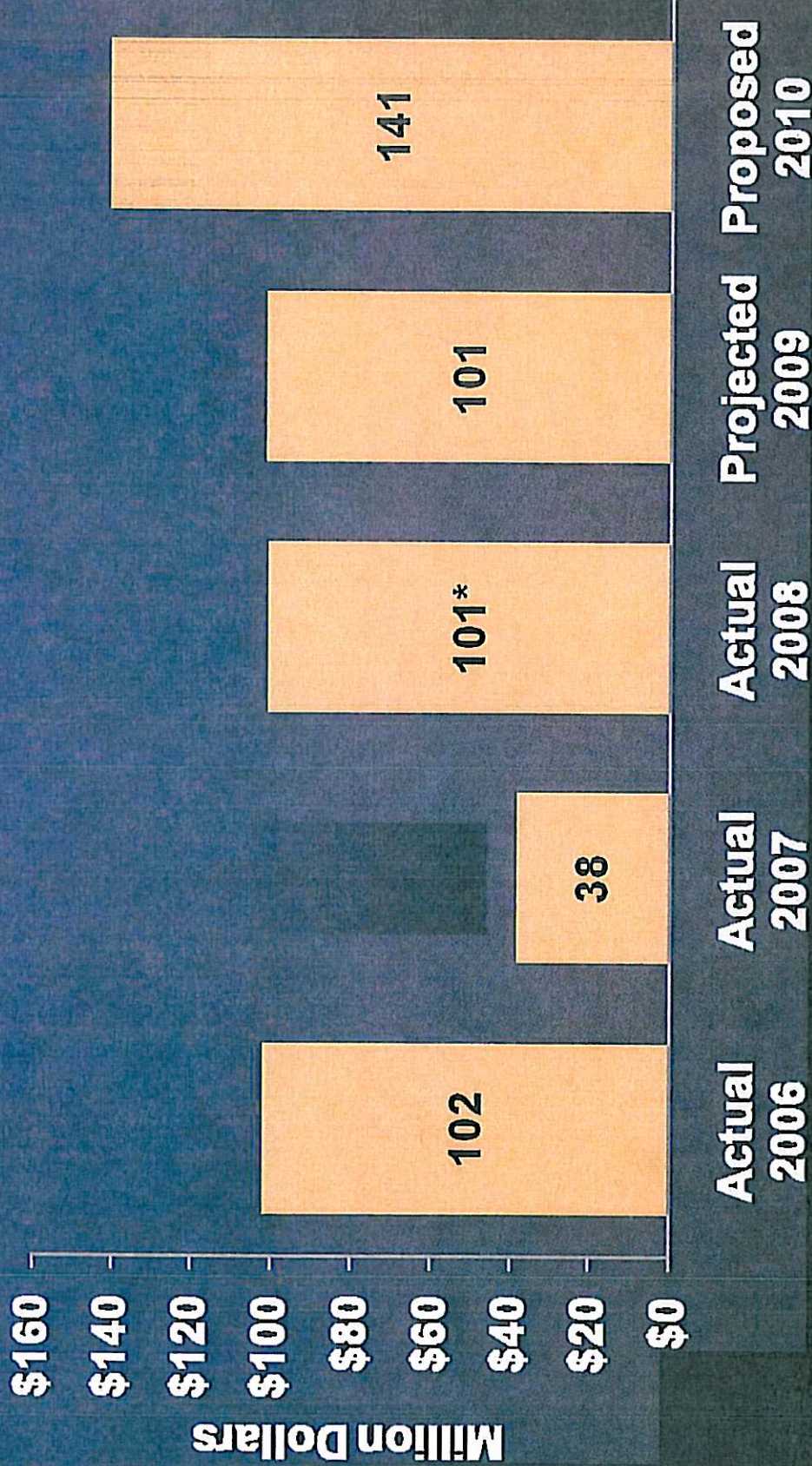


# State Water Contract



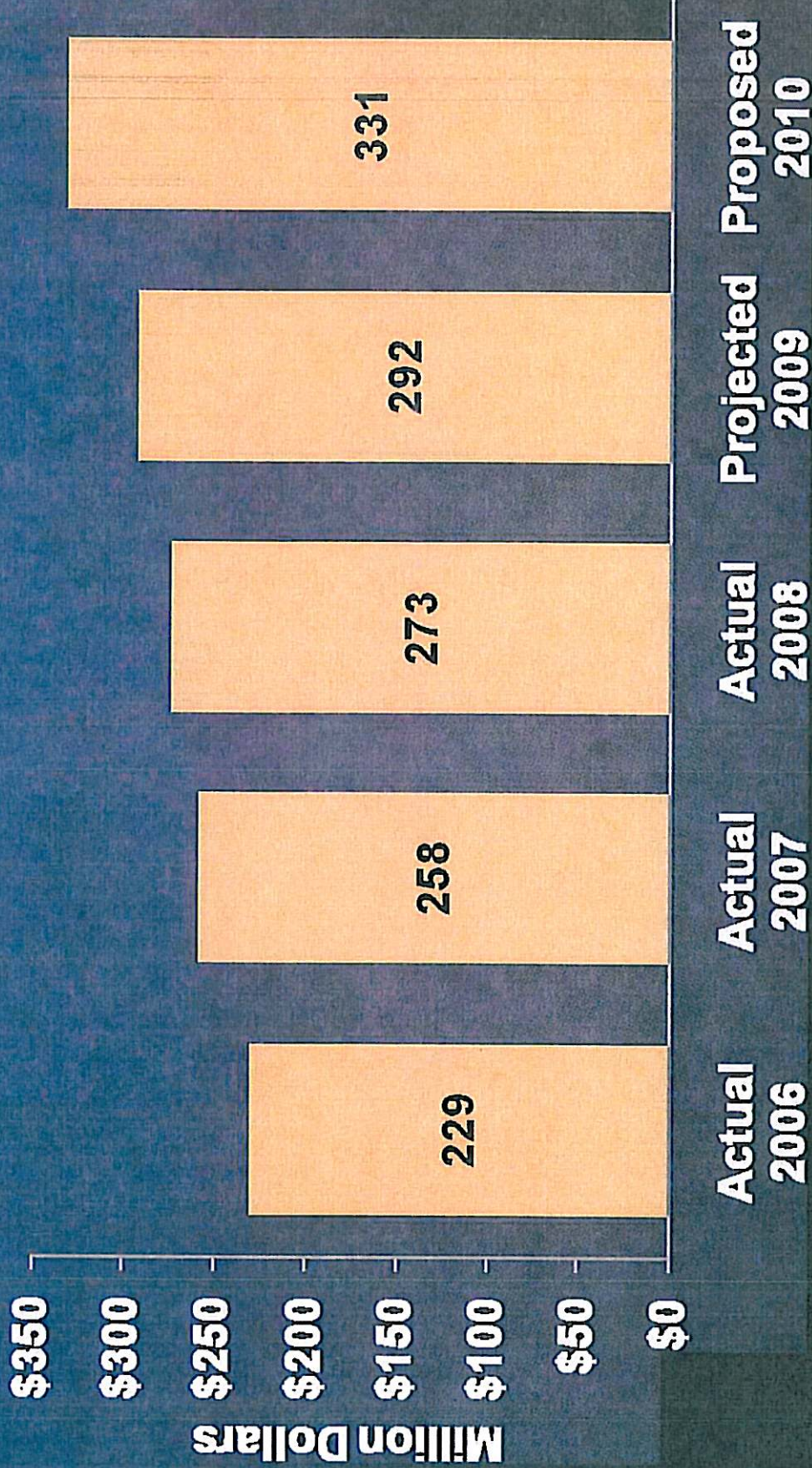
Fiscal Year Ending

# Supply Programs



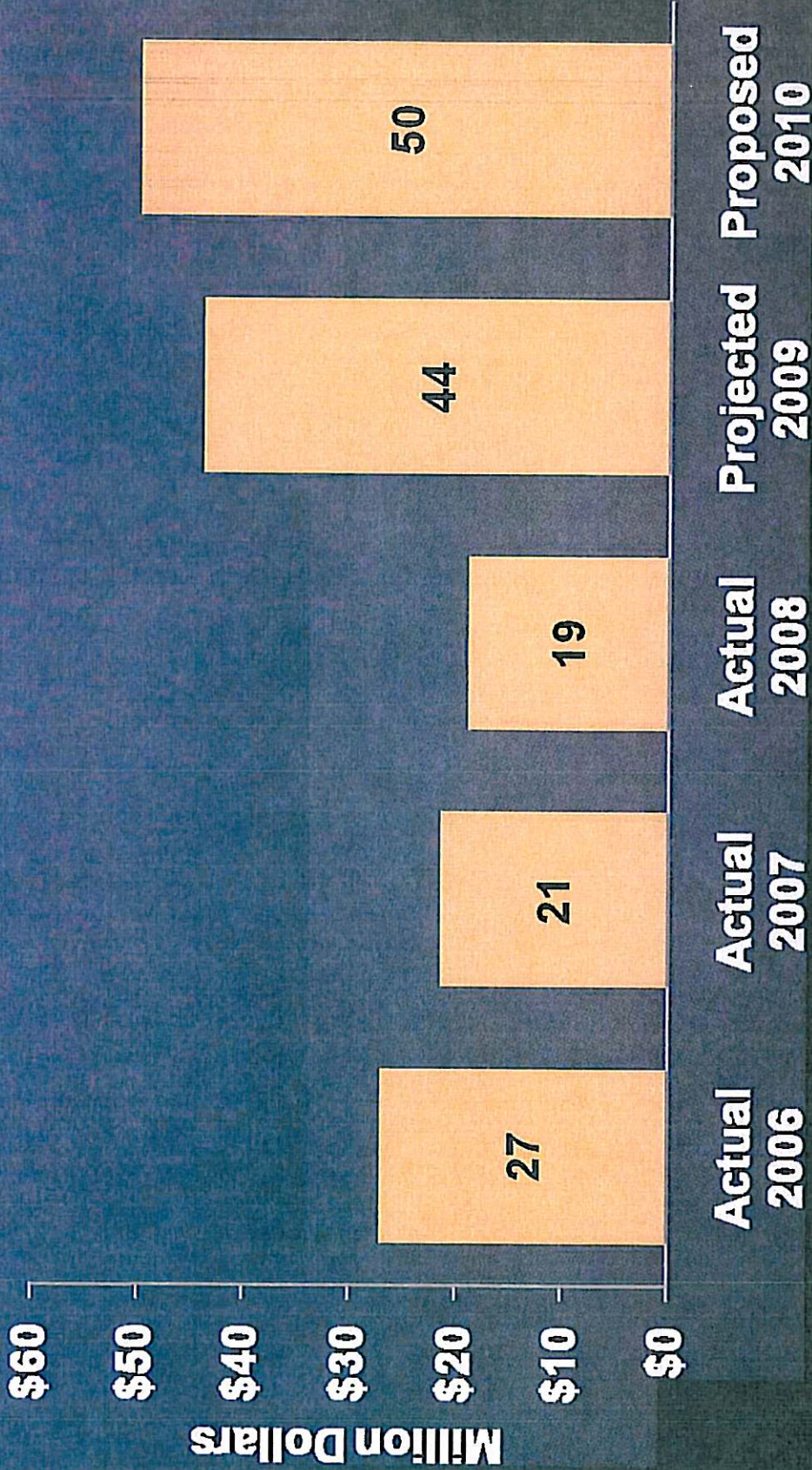
\* Includes \$28.7M for Drop 2 paid from the R&R Fund.

# Debt Service



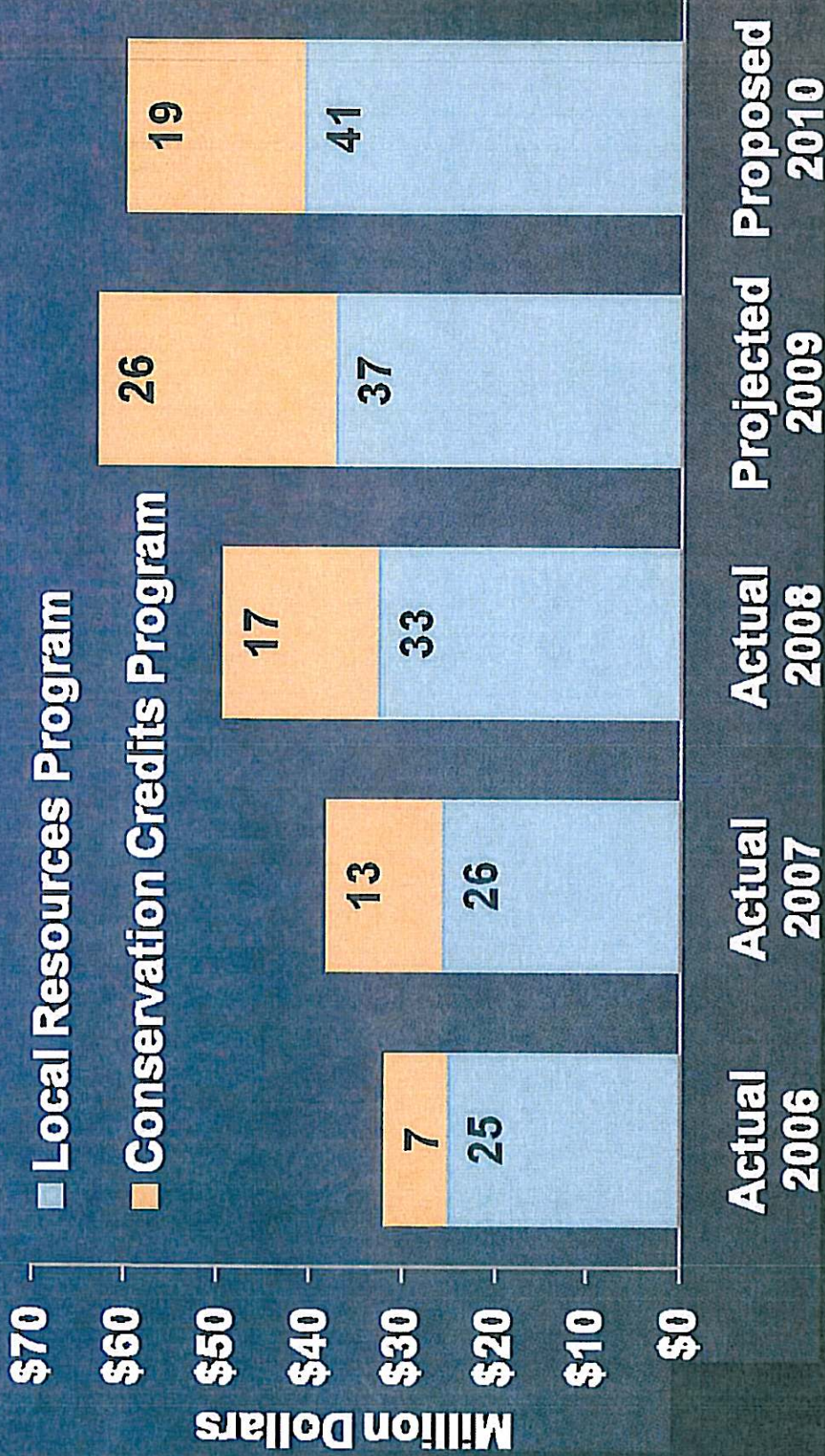
Fiscal Year Ending

# CRA Power



Fiscal Year Ending

# Demand Management



Fiscal Year Ending

# 2009/10 Proposed Budget Expenditures

Millions of Dollars	2007/08 Actual	2008/09 Budget	2008/09 Projected	2009/10 Budget	2009/10 Budget Compared to 2008/09 Budget
State Water Contract	\$464.3	\$488.6	\$459.7	\$508.0	\$19.4
Supply Programs	71.9	147.2	101.2	140.5	(6.7)
Colorado River Power	18.9	45.9	43.7	49.8	3.8
Debt Service	272.9	313.8	291.8	330.7	17.0
Demand Management	49.3	53.7	62.8	59.8	6.2
O&M	351.1	349.0	350.3	348.9	(0.1)
<b>Subtotal Expenditures</b>	<b>\$1,228.4</b>	<b>\$1,398.2</b>	<b>\$1,309.5</b>	<b>\$1,437.7</b>	<b>\$39.5</b>

Totals may not foot due to rounding.

# 2009/10 Proposed Revenue Requirement

Millions of Dollars	2007/08 Actual	2008/09 Budget	2008/09 Projected	2009/10 Budget	2009/10 Budget Compared to 2008/09 Budget
State Water Contract	\$464.3	\$488.6	\$459.7	\$508.0	\$19.4
Supply Programs	71.9	147.2	101.2	140.5	(6.7)
Colorado River Power	18.9	45.9	43.7	49.8	3.8
Debt Service	272.9	313.8	291.8	330.7	17.0
Demand Management	49.3	53.7	62.8	59.8	6.2
O&M	351.1	349.0	350.3	348.9	(0.1)
Inc. in Req. Reserves	28.7	20.9	35.0	38.8	17.9
PAYG Funding of CIP	42.9	95.0	30.0	40.0	(55.0)
<b>Gross Revenue Req.</b>	<b>\$1,228.4</b>	<b>\$1,514.1</b>	<b>\$1,374.5</b>	<b>\$1,516.5</b>	<b>\$2.4</b>

Totals may not foot due to rounding.

Office of the Chief Financial Officer

# 2009/10 Proposed Budget Other Revenues (1)

Millions of Dollars	2007/08 Actual	2008/09 Budget	2008/09 Projected	2009/10 Budget	2009/10 Budget Compared to 2008/09 Budget
Taxes & Annexation	\$100.4	\$96.9	\$97.1	\$91.4	\$(5.5)
Interest	46.5	43.0	32.6	33.7	(9.3)
Power & Misc	48.2	42.3	29.6	34.2	(8.1)
<b>Total Rev. Offsets</b>	<b>\$195.1</b>	<b>\$182.2</b>	<b>\$159.3</b>	<b>\$159.3</b>	<b>\$(22.9)</b>

Totals may not foot due to rounding.

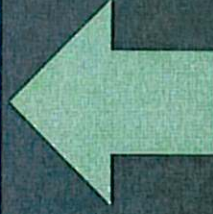
(1) Revenues other than rates and charges



# 2009/10 Proposed Budget Net Revenue Requirement

Millions of Dollars	2007/08 Actual	2008/09 Budget	2008/09 Projected	2009/10 Budget	2009/10 Budget Compared to 2008/09 Budget
Gross Rev. Req.	\$1,228.4	\$1,514.1	\$1,374.5	\$1,516.5	\$2.4
Less Rev. Offsets	195.1	182.2	159.3	159.3	(22.9)
Net Revenue Req.	\$1,033.3	\$1,331.9	\$1,215.2	\$1,357.2	\$25.3

Totals may not foot due to rounding.



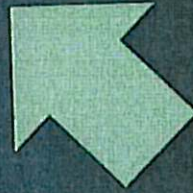
Must be generated from  
rates and charges or  
draws from reserves.

# Revenues from Rates and Charges

## No Rate Increase in 2009/10

Millions of Dollars	2008/09 Budget	2008/09 Projected	No Inc. 2009/10	2009/10 Compared to 2008/09 Budget
Water Sales Rev.	\$1,022.1	\$1,016.6	\$1,085.0	\$62.9
Fixed Charges	119.7	119.6	125.2	5.5
Rates/Charges Rev.	\$1,141.8	\$1,136.2	\$1,210.2	\$68.4

Totals may not foot due to rounding.



Assumes no rate increase in 2010.

Generates \$147M less than needed

# Receipts From Rates and Charges

Millions of Dollars	2008/09 Budget	Previous 2009/10	No Inc. 2009/10
Water Sales Rev.	\$1,022.1	\$1,199.6	\$1,085.0
Fixed Charges	119.7	125.2	125.2
Rates/Charges Rev.	\$1,141.8	\$1,324.8	\$1,210.2

Totals may not foot due to rounding.

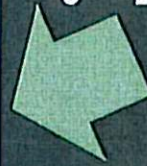
2009/10 was projected to have higher sales. This would have generated a \$183M increase in revenue just holding rates flat

Lower sales in 2009/10 reduces expected revenue by \$115M

# Impact of Rate Increase With 2.1 MAF of Sales

Millions of Dollars	No Inc.	20.7% 1/1/2010	Diff.
Water Sales Rev.	\$1,085.0	\$1,138.5	\$53.5
Fixed Charges	125.2	135.3	10.1
Rates/Charges Rev.	\$1,210.2	\$1,273.8	\$63.6
Revenue Shortfall	(147.0)	(83.4)	

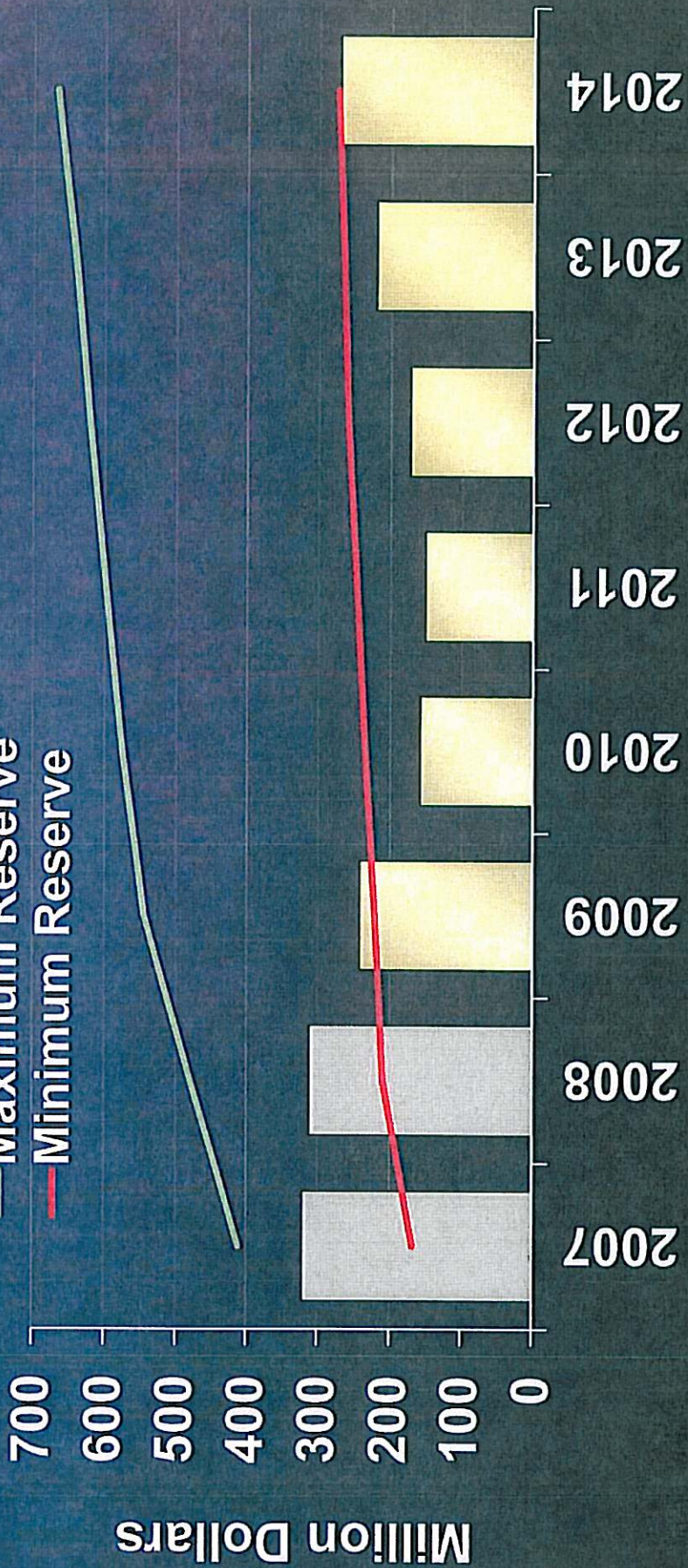
Totals may not foot due to rounding.



- Rate increase affects four months of sales
- Generates an additional \$63.6M

# Forecast of Reserves

- Reserves
- Maximum Reserve
- Minimum Reserve



Fiscal Year Ending								
Avg Rate Increase	3%	6%	14%	21%	12%	10%	7%	3%
PAYGO, \$M	95	45	30	40	95	125	125	150

# Proposed 2010 Rates & Charges

	2009	2010	Increase
Tier 1 Supply Rate	\$109/af	\$135/af	\$26/af
Tier 2 Supply Rate	\$250/af	\$300/af	\$50/af
Water Supply Surcharge	\$25/af	\$25/af	-
System Access Rate	\$143/af	\$180/af	\$37/af
Water Stewardship	\$25/af	\$38/af	\$13/af
System Power	\$110/af	\$125/af	\$15/af
Treatment Surcharge	\$167/af	\$192/af	\$25/af
Readiness-to-serve	\$92M	\$111M	\$19M
Capacity Charge	\$6,800/cfs	\$7,400/cfs	\$600/cfs

# Proposed 2010 Rates & Charges

	2009	2010	Increase
<b>Untreated Rates</b>			
Full Service Tier 1	\$412/af	\$503/af	\$91/af
Full Service Tier 2	\$528/af	\$643/af	\$115/af
Replenishment	\$294/af	\$385/af	\$91/af
IAWP	\$322/af	\$435/af	\$113/af
<b>Treated Rates</b>			
Full Service Tier 1	\$579/af	\$695/af	\$116/af
Full Service Tier 2	\$695/af	\$835/af	\$140/af
Replenishment	\$436/af	\$552/af	\$116/af
IAWP	\$465/af	\$609/af	\$144/af

# Proposed Rate Increase

- 21% average increase in Rates & Charges
- Generates an additional \$63.6M, based on collections for four months in 2009/10
- Draw on reserves of \$83M with \$40M PAYG
- Draw on reserves of \$138M with \$95M PAYG
- Collects full cost of service based over a full twelve months
- Assumes sales of 2.12 MAF
  - 100 TAF drop in sales requires increase of more than 35% to have similar draw on reserves
  - Revenues from four months



# 2009/10 Budget & Rates Schedule

- Jan 6
  - Initial Board budget workshop
- Jan 12 & 13
  - Board sets public hearing date for rates and charges
  - Board review of proposed group budgets
- January 16
  - Member agency manager meeting
- Feb or Mar
  - Public hearing on rates & charges
- Feb 24
  - Budget & rates workshop
- Mar or Apr
  - Board considers Budget, 2010 rates & charges, LRF reserve policy

## New Funding Requirement Guidelines

### State Agencies and MWD Programs

**AB 1420**-Requires consideration of water agency implementation of water demand management practices identified in the Urban Water Management Planning Act and California Urban Water Conservation Council (CUWCC) MOU regarding Urban Water Conservation in all grant and loan funding considerations.

- Effective January 1, 2009, all urban water suppliers must be in compliance with all Foundational Best Management Practices as certified by the CUWCC. Those practices include:
  - BMP 3-System Water Audits, Leak Detection and Repairs
  - BMP 4-Metering by Commodity Rates for All New connections and retrofit of existing connections
  - BMP 7-Public Education
  - BMP 8-School Education
  - BMP10-Wholesale Agency Assistance Programs
  - BMP 11-Conservation Pricing
  - BMP 12-Conservation Coordinator
  - BMP 13-Water Waste Prohibitions
- Agencies who are not in full compliance with AB 1420 may apply for grants and loans to assist agencies in implementing the water demand management measures.
- Agencies not applying for grants or loans for assistance in BMP implementation will still require a budget, schedule, and work plan to come into compliance, 2) Implementation process must commence within 12 months contract execution, 3) Can demonstrate BMP is not cost effective.

#### MWD Ordinance and Implementation Requirements for Extraordinary Conservation Programs:

- Applies to Phase II-Public Sector Program, Turf Buyback Program, and MWD Conservation Grants Program eligibility.
  - Prohibited water uses (**Ordinance must include**)
    - No washing down of hard or paved surfaces
    - Fix leaks within reasonable time
  - Outdoor irrigation practices (**Ordinance must include**)
    - Irrigation restrictions
    - No excessive water flow or runoff
  - Enforcement and penalty mechanisms; one or more of the following (provisions may be addressed by implementation practices separate from the ordinance): (Suggestive)
    - Administrative penalties
    - Civil fines
    - Flow restrictors
    - Disconnection of service
    - Misdemeanor
    - Escalating retail water rates
    - Water allocation and penalties for exceeding allotment
- A member agency would be submit a written statement attesting to an alternative method or strategy that a local jurisdiction would use to achieve at least five percent of additional water conservation savings over calendar year 2008 levels. This would represent a proportionate share of the 200,000 acre-feet per year objective of new savings sought as a result of ordinance implementation.

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# EXHIBIT VII

## AB 1420 ELIGIBILITY REQUIREMENTS FOR 2008 URBAN WATER USE EFFICIENCY GRANTS

### Introduction

This exhibit applies to urban water suppliers who may receive funds through this Proposal Solicitation Package (PSP). Urban water suppliers (suppliers) that may receive funds through this PSP are subject to urban water management plan (UWMP) requirements as explained in the PSP. Suppliers must demonstrate eligibility for grant funds per AB1420 by meeting demand management measure implementation requirements before a grant agreement can be executed. This exhibit presents information on AB 1420 eligibility requirements, the process to demonstrate eligibility with implementation of AB1420 and the impacts of AB1420 on the grant agreement between DWR and the grantee.

### Definitions

**Urban Water Supplier** – a supplier, either publicly or privately owned, providing water for municipal purposes either directly or indirectly to more than 3,000 customers or supplying more than 3,000 acre-feet of water annually. An urban water supplier includes a supplier or contractor for water, regardless of the basis of right, which distributes or sells for ultimate resale to customers (CWC § 10617).

**Demand Management Measure (DMM)** – refers to water conservation measures, programs, and incentives that prevent the waste of water and promote the reasonable, beneficial, and efficient use and reuse of available supplies. Specifically those DMMs in CWC § 10631 (f) (1) (A – N).

**Best Management Practice (BMP)** – refers specifically to the BMPs defined in the California Water Conservation Council's (CUWCC) Memorandum of Understanding (<http://www.cuwcc.org/memorandum.lasso>). These BMPs are consistent with the DMMs of CWC § 10631 (f) (1) (A – N). The BMPs provide details on what constitutes implementation, implementation coverage, implementation schedule, and measurement or monitoring of the BMP, so BMPs provide more implementation structure than the corresponding DMM.

For the purpose of this WUE PSP, DWR equates DMMs with the Urban BMPs.

### AB1420 Eligibility Requirements

Under Water Code Section 10631.5, Suppliers who are applicants, co-applicants or cooperators of projects submitted for a water management grant or loan, must demonstrate implementation of DMMs as an eligibility requirement before an agreement will be executed pursuant to a funding solicitation. In this PSP DWR will use BMPs as defined by the CUWCC MOU as the acceptable level of DMM implementation.

### "Foundational" BMPs

The "foundational" BMPs are the minimum level of implementation required to meet the eligibility requirements for water management grants and loans. For the purposes of this grant program:

- The retail supplier "foundational" BMPs are:

- BMP 3, System Water Audits, Leak Detection and Repair
  - BMP 4, Metering with Commodity Rates for All New connections and Retrofit of Existing Connections
  - BMP 7 Public Information
  - BMP 8, School Education
  - BMP 11, Conservation Pricing
  - BMP 12, Conservation Coordinator
  - BMP 13 Water Waste Prohibitions
- The wholesale supplier "foundational" BMPs are:
    - BMP 3, System Water Audits, Leak Detection and Repair
    - BMP 7, Public Information
    - BMP 8, School Education
    - BMP 10, Wholesale Agency Assistance Programs
    - BMP 12, Conservation Coordinator

Eligibility is established by submitting documentation for each of the foundational BMPs that satisfies one of the following requirements:

- Fully implement "foundational" BMPs – Suppliers that, at a minimum, meet the CUWCC MOU for BMPs, including the "foundational" BMP implementation schedule and coverage requirements must provide documentation for the most recent two year reporting period (2005-2006) that meet the format, coverage, implementation schedule and content reporting requirements contained in the MOU.
- Cost-Effectiveness Exemption – Supplier may include documentation that a specific DMM is not locally cost effective.
- CWC Section 10631.5(a)(3) states that a Supplier is considered eligible for a grant, even if they are not implementing all the BMPs, if the supplier has submitted to the department for approval a schedule, financing plan, and budget, to be included in the grant or loan agreement, for the implementation of a BMP. This work may be part of the scope of work for funding within the bounds of the particular funding program.  
In certain cases, DWR may require Suppliers that are not in compliance with provisions of the AB 1420 to add tasks to a grant or loan Scope of Work to assist the grantee/borrower to come into compliance with the provisions of AB 1420. Applicant must determine cost share per the PSP.

### **Compliance**

A retail supplier may demonstrate foundational BMP compliance with any one of the three eligibility requirements on an individual supplier or on a regional basis. As an individual supplier the supplier's efforts and documentation alone establish compliance. Suppliers may implement one or more BMPs through a regional water conservation effort. Such regional water conservation efforts can be used to demonstrate compliance with the AB 1420 requirements. Regional compliance shall require participation in a regional water conservation program consisting of two or more suppliers that achieves the level of conservation or water efficiency savings equivalent to the amount of conservation or savings achieved if each of the participating suppliers implemented the "foundational" BMPs. Pursuant to CWC § 10631.5 (b) (2) (A) (ii) the urban water supplier administering the regional program shall provide participating urban water suppliers with data to demonstrate that the regional program achieves the level of

conservation or water efficiency savings equivalent to the amount of conservation or savings achieved if each of the participating suppliers implemented the "foundational" BMPs. If one or more participants in a regional water conservation effort fail to meet eligibility requirements related to any BMP other than those related to the regional effort, that participant's failure will not preclude other participants from receiving grant or loan funds.

A wholesale water supplier may directly implement a "retail supplier foundational BMP" by providing services to residents of its service area without the active participation of a retail water supplier. If this implementation meets the schedule and coverage requirements for full implementation as described in the CUWCC MOU or is at least as effective as these requirements, then the implementation obligations of the retail supplier will be deemed to be met for this BMP. However, retail suppliers that do not have complete UWMPs or do not meet eligibility requirements for other foundational BMPs as described in the eligibility requirements are not eligible to receive funds or directly benefit from the wholesale supplier's program until, or unless, the retail suppliers come into compliance. A wholesale water supplier that meets eligibility requirements for the wholesale supplier foundational BMPs is eligible to receive grants or loans even if one or more of the wholesaler's retail suppliers do not meet eligibility requirements for retail supplier foundational BMPs.

#### **1. Urban Water Suppliers that ARE in Compliance with Foundational BMP Implementation:**

The supplier(s) must submit documentation to DWR to establish eligibility for grant funding that consists of a summary table and supporting documentation.

Supporting Documentation:  
Implemented BMPs:

- Suppliers that are CUWCC members and are fully implementing the foundational BMPs must submit BMP reports that provide sufficient documentation for the most recent two year period. The reports may be submitted by DWR to the CUWCC for verification.
- Suppliers that are not CUWCC members that are fully implementing the foundational BMPs must submit reports that provide sufficient documentation for the most recent two year period that meet the format and reporting requirements contained in the CUWCC Memorandum of Understanding (MOU) for BMP reports.

Suppliers may submit copies of annual reports and other relevant documents to assist DWR in determining whether the urban water supplier is implementing or has scheduled the implementation of BMPs. DWR may ask for additional information as it determines necessary.

Suppliers that do not have current, complete, reports on file with the CUWCC are strongly advised to submit reports to the CUWCC now in order to identify information that will be necessary to meet the reporting requirements. Suppliers that are not signatories are encouraged to become signatories of the MOU.

#### Cost-Effective Exemption:

Documentation for a cost-effective exemptions consists of a full cost-benefit analysis, performed in accordance with the principles set forth in Exhibit 3 of the MOU (<http://www.cuwcc.org/memorandum.lasso>), demonstrating that either:

- o The program would not be cost-effective overall when total program benefits and costs are considered; OR
- o Would not be cost-effective to the individual urban water supplier even after the urban water supplier has made a good faith effort to share costs with other program beneficiaries.

#### Submitting Documents:

Urban Water suppliers that Are in compliance with Foundational BMP implementation and reporting are eligible for grant funds under PSP Criteria. They must complete and submit:

- a. Table 1: AB 1420 Foundational BMP Compliance (Information in the Table regarding Foundational BMPs establishes eligibility for Prop 50 grant funds).
- b. Table 2: AB 1420 Quantifiable BMP Implementation Status (For informational purposes with no effect on funding decision)
- c. Step 1 and Step 2 Application as described in the PSP

#### **2. Urban water Suppliers that ARE NOT in Compliance with BMP Implementation:**

Urban water suppliers that are not in compliance with BMP Implementation may apply for grant funds under AB 1420 Criteria and that does not require going through Step 1 and Step 2 of PSP.

Urban Water supplier must identify all BMPs it intends to implement, provide description of the project for implementation, budget, level of coverage, and an implementation and reporting schedule for each of identified BMPs.

#### **Submitting Documentation:**

Urban Water suppliers that are not in compliance with BMP Implementation must complete and submit:

- a. Table 3: AB 1420 Foundational and Quantifiable BMPs Project Description, Benefits, and Schedule for Implementation
- b. Table 4: AB 1420 Foundational and Quantifiable BMP Compliance Implementation Schedule, Finance Plan, and Budget
- c. Table 5: AB 1420 Foundational BMP Implementation Status for BMPs Where No Funds Are Requested

An Urban Water Supplier must demonstrate that these remaining BMPs that for which no funds are requested are exempt, already implemented, being implemented, or the Urban Water Supplier must commit, at its OWN COST, to commence implementation within 12 months of signing the contract. These costs may be

included in AB 1420 Table 4 as the Urban Water Supplier's cost-share for each BMP.

- d. Table 6: AB 1420 Quantifiable BMP Implementation Status for BMPs Where No Funds Are Requested – (For Informational Purposes Only)

### **DWR Review Process**

DWR will review the implementation documentation, any cost-effectiveness exemptions, and any schedule, financing plan and budget documentation for completeness. The implementation schedule must meet the format, coverage, implementation schedule and content reporting requirements contained in the MOU for BMP reports.

Regarding cost-effectiveness exemptions, DWR shall notify an urban water supplier that is implementing the BMPs within 60 days from the date information is received by DWR whether the implementation is in compliance with the AB 1420 requirements. DWR shall notify the urban water supplier within 120 days from the date information is received by DWR from the funding agency whether the documentation satisfies the requirements for an exemption and will include in that notification a detailed statement to support the determination.

### **Grant or Loan Agreement Requirements**

Retail and wholesale suppliers who are not currently implementing their respective foundational BMPs will commence implementation of the "foundational" BMPs in the first year of the agreement.

Grant and loan agreements will include provisions that allow the Funding Agency to stop payment and require repayment of State funds if a grantee/borrower fails to fully comply with the grant or loan agreement. All water suppliers that do not continue implementation of BMPs or do not begin implementation of BMPs must repay all grant or loan funds received.

Periodic DMM Implementation Reports must demonstrate adherence to the coverage commitments and implementation schedule. DMM Implementation Reports specific to AB 1420 compliance will be required to be included in the grant agreement in addition to the periodic Progress Report required by the PSP.

### **Future Compliance Requirements**

Although not an eligibility requirement at this time, "quantifiable" BMPs or their equivalent will be a compliance requirement by July 2009. Suppliers are therefore asked to complete Table 2: AB 1420 Quantifiable BMP Implementation Status (For Informational Purposes With No Effect on Funding Decision) and Table 6: AB 1420 Quantifiable BMP Implementation Status For BMPs Where No Funds Are Requested - (For Informational Purposes Only).

### **"Quantifiable" BMPs**

The "quantifiable" BMPs describe a reasonable minimum level of conservation effort for retail urban water suppliers. Implementation of these BMPs or alternative programs that are at least as effective as these BMPs is not an eligibility requirement at this time. In the future, urban water suppliers should expect that full implementation of these BMPs or alternative programs that are at least as effective as these BMPs *will be included as an eligibility requirement.*



- The "Quantifiable" BMPs for retail suppliers are:
  - BMP 1, Water Survey Programs for Single-Family Residential and Multi-Family Residential Customers
  - BMP 2, Residential Plumbing Retrofit
  - BMP 5, Large Landscape Conservation Programs and Incentives
  - BMP 6, High-Efficiency Washing Machine Rebate Programs
  - BMP 9, Conservation programs for Commercial, Industrial, and Institutional (CII) Accounts
  - BMP 14, Residential ULFT Replacement Programs

In addition to the current AB1420 compliance language, suppliers should be prepared to see language similar to the following added to future solicitations:

The "quantifiable" BMPs describe a reasonable minimum level of conservation effort for retail urban water suppliers. The "quantifiable" BMPs for retail suppliers used to determine eligibility will be those listed above unless the CUWCC has revised and adopted alternative BMPs by June 30, 2009. The CUWCC is currently developing a process for revision of the BMPs.

The MOU provides Suppliers that are not implementing a BMP with two options:

- Implement alternative measures that are "at least as effective as" the BMP or,
- File a cost-effectiveness exemption if the BMP is not: cost-effective, within the legal authority of the Supplier or if the Supplier does not have the financial ability to implement the BMP.

On or after July 1, 2009, Suppliers that are not implementing the "quantifiable" BMPs may submit a cost-effectiveness exemption for a specific DMM/BMP with an application for a water management grant or loan. The supplier may submit documentation with an application for a water management grant or loan that supports implementation of a specific At Least as Effective measure together with a draft schedule, financing plan and budget.

- **Board of Directors**  
**Water Planning and Stewardship Committee**

January 13, 2009 Board Meeting

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9-4

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**Subject**

Conservation ordinance prerequisite procedures for participation in the Phase II Public Sector, Turf Removal and Enhanced Conservation Programs

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**Description**

Staff has developed administrative procedures to meet conservation ordinance requirements adopted by the Board in November 2008 as a prerequisite for participation in the extraordinary conservation programs, the new Phase II Public Sector Program, the new Turf Removal Pilot Program and the revised Enhanced Conservation Program. **Attachment 1** summarizes each program.

In partnership with the member agencies, Metropolitan has developed an array of core residential, commercial and industrial conservation programs that provide a solid foundation for expanding conservation activities. The core programs are based on an incentive rate of \$195 per acre-foot of savings. The core programs would continue under existing procedures and would not be affected by the ordinance prerequisites. The extraordinary conservation programs provide incentives above Metropolitan's standard incentive rate of \$195 per acre-foot saved and serve as opportunities to achieve extraordinary conservation while emphasizing outdoor water use efficiency.

The objective of the ordinance prerequisite is to help spur immediate and widespread efficiency practices by the general public to achieve at least 200,000 acre-feet per year of near-term conservation savings to help contend with current water supply shortages. This strategy is consistent with Metropolitan's Five-Year Supply Plan and represents about a 5 percent reduction in regional retail demand. Staff will measure success by periodically making estimates of the water savings based on a statistical approach that considers impacts due to weather, growth, and other pertinent factors. Similar approaches were used to measure public response to calls for increased conservation in the past.

**Administrative Procedures**

Member agencies are expected to provide copies of ordinances and confirm active local efforts to reduce water use as the fundamental prerequisite. **Attachment 2** lists the basic ordinance provisions. Recognizing member and retail agency concerns that achieving full coverage is a formidable task, a stepped process will be implemented with three alternative approaches to qualify in the first year. Starting immediately, staff will prioritize applications and process incentive payments where an agency has a conservation ordinance and implementation plan in place, or where the member agency provides written notice that it is working with its constituent jurisdictions to achieve that goal by January 1, 2010. As part of that commitment, the member agency will submit an action plan for working with its local jurisdictions, including dates for meeting the following milestones:

- Inform all local jurisdictions of need for conservation ordinance and implementation
- Each jurisdiction secure commitment from its governing body to begin drafting ordinance and implementation plan
- Develop draft ordinance and implementation plan
- Receive public input on draft ordinance and implementation plan
- Governing body adopt ordinance

- Enact ordinance
- Submit adopted ordinances and implementation plans to Metropolitan

Member agencies will need to report status on progress of the action plan to Metropolitan on April 1, 2009, August 1, 2009 and December 1, 2009. The action plan milestones must be completed by January 1, 2010 in order for that jurisdiction to remain eligible for the extraordinary conservation programs.

As a third approach, in lieu of the ordinance prerequisite, member agencies may submit a written statement attesting to an alternative method or strategy that will achieve at least 5 percent of additional water conservation savings over calendar year 2008 levels, which would represent a proportionate share of the 200,000 acre-feet per year of new savings sought as a result of ordinance implementation. Included in the statement would be an explanation of the approach and how it would achieve the target savings. Member agencies electing to pursue this option would provide reports on actual savings on April 1, 2009, August 1, 2009, December 1, 2009, and annually thereafter.

Staff would inform the Board this summer of local agency progress in developing ordinances and implementation plans and participation in the extraordinary conservation programs. After January 1, 2010, incentives would only be provided for sites for which conservation ordinances and implementation plans are in place or a written statement by member agencies attesting to alternative methods to achieve at least 5 percent of new water conservation savings is submitted to Metropolitan.

While **Attachment 2** lists basic minimum ordinance and implementation requirements, examples of many other preferred provisions have also been provided to member agencies in the form of model ordinances. In December, staff provided a report to the Water Planning and Stewardship Committee on the development of model ordinances under a variety of governance structures. Several workshops were also held with member and retail agencies to provide information and receive feedback.

#### **Review Process**

To initiate the process, staff will request that member agencies provide conservation ordinances for cities, counties, and water agencies within their respective service areas. Staff will rely on written member agency assessments stating that water efficiency requirements are publicly communicated and enforced, recognizing local choice in the methods of doing so. There is no expectation that a member agency must adopt an ordinance for its wholesale water functions when its constituent municipal, county or retail water agencies have already done so. Conservation ordinances received would be added to Metropolitan's local water conservation ordinance library, which is available as a resource to member agencies.

After January 1, 2010, the list of local jurisdictions that have met the conservation ordinance prerequisite or the equivalent effective approach will be used to qualify applications for the extraordinary conservation programs.

#### **Implementation Schedule**

The key implementation milestones are summarized as follows:

January 2009	Participating member agencies must provide one of the following: <ol style="list-style-type: none"> <li>1. Copy of conservation ordinance and written description of the implementation plan that meets the basic requirements; or</li> <li>2. Written pledge to develop an action plan and to work with its constituent jurisdictions (to be listed) to adopt conservation ordinances and implementation plans; or</li> <li>3. A written statement attesting to and describing an alternative method or strategy that will achieve at least 5 percent of additional water conservation savings in a local jurisdiction over calendar year 2008 levels.</li> </ol>
April 2009	Participating member agencies submit progress reports on ordinance and implementation plan development and adoption within their respective jurisdictions. Reports must include progress toward the milestones listed above. Agencies choosing an alternative

method or strategy must provide a written report on water savings achieved over 2008 levels.

June 2009

Metropolitan staff report to Board on service area progress.

July 2009

New fiscal year funding of \$5 million available for Phase II Public Sector Program.

August 2009

Participating member agencies submit progress reports on ordinance and implementation plan development and adoption within their respective jurisdictions. Reports must include progress toward the milestones listed above. Agencies choosing an alternative method or strategy must report on water savings achieved over 2008 levels.

December 2009

Member agencies must submit one of the following:

1. Copy of conservation ordinance and description of implementation plan to meet the basic requirements; or
2. A written statement attesting to and describing an alternative method or strategy that will achieve at least 5 percent of additional water conservation savings in a local jurisdiction over calendar year 2008 levels.

January 2010

Ordinance prerequisite or alternative method or strategy required to participate in the extraordinary conservation programs.

**Policy**

By Minute Item 46472, dated December 13, 2005, the Board authorized the Enhanced Conservation Program.

By Minute Item 47205, dated August 21, 2007, the Board authorized the Public Sector Program.

By Minute Item 47705, dated November 18, 2008, the Board authorized the Phase II Public Sector Program, the Turf Removal Pilot Program, and the requirement that ordinances be enacted to participate in extraordinary conservation programs.

**Fiscal Impact**

None

  
 \_\_\_\_\_ 12/19/2008  
 Stephen N. Arakawa Date  
 Manager, Water Resource Management

  
 \_\_\_\_\_ 12/29/2008  
 Jeffrey Kightlinger Date  
 General Manager

**Attachment 1 – Extraordinary Conservation Programs Information**

**Attachment 2 – Basic Ordinance and Implementation Requirements for Extraordinary Conservation Programs**

BLA #6425

### Extraordinary Conservation Programs Information

In partnership with the member agencies, Metropolitan has developed over the years an array of core residential, commercial and industrial conservation programs that provide a solid foundation for expanding conservation activities. The following extraordinary conservation programs provide incentives above Metropolitan's standard incentive rate of \$195 per acre-foot saved and serve as opportunities to achieve extraordinary conservation while emphasizing outdoor water use efficiency.

#### **Phase II Public Sector Program (\$15 million)**

The Public Sector Program was created in August 2007 with the goal of motivating public agencies to demonstrate conservation. The program provides incentives of up to \$500 per acre-foot saved which is more than Metropolitan's standard incentive rate of \$195 per acre-foot saved. Cities, counties, state and federal facilities may participate in three ways:

1. Water audits (completed under Phase I resulting in the backlog of applications for enhanced incentives)
2. Enhanced incentives
3. Recycled water hook-ups

For the Phase II Public Sector Program, a significant number of applications have already been received and are on hold. These applications will be processed beginning in January in the order they were received after meeting all application requirements. Staff will manage the program to budget over a three-fiscal-year-period with about \$5 million to be spent each year. The first fiscal year's funding of \$5 million is expected to be used for applications currently on hold. Public agencies will continue to be eligible for conservation incentives at our standard rates, based on \$195 per acre-foot saved, through the regional commercial program if the ordinance prerequisite is not met.

#### **Turf Removal Program (\$7 million)**

The Turf Removal Program includes a state \$2-million grant. The program pays \$1 per square foot of removed turf, which is about four times Metropolitan's standard conservation incentive rate. Each qualified applicant will be preapproved and provided an incentive payment upon completion of the turf removal. The following guidelines will be used to start the program and may be adjusted as the program is implemented:

- Open to all property types
- Maximum and minimum square footage limits to allow participation of about 2,000 homes and 300 commercial sites to participate
- Area to be converted must be turf irrigated with potable water. Sites irrigated with recycled water are not eligible.
- Upon completion, converted area eligible for incentives must meet the following conditions:
  - No turf
  - Exposed soil must be covered to avoid erosion
  - No impermeable surfaces to avoid runoff and allow for percolation
  - No invasive species
  - No synthetic turf (required per state grant agreement)
- Recommendations:
  - Replant with California Friendly plants
  - Retrofit irrigation system to low volume or hand watering
- Customer must agree to maintain landscape for a minimum of five years, in accordance with grant requirements
- Customer is responsible for compliance with municipal codes and covenants, conditions and restrictions on the property

- Member/retail agencies providing additional incentives may require more restrictive conditions on converted area
- Pre- and post-verification inspections to be performed on a sample basis

**Enhanced Conservation Program (\$2 million)**

The Enhanced Conservation Program provides funding for trial runs and assessments of new programmatic approaches that increase water savings. The program provides incentives of up to \$250 per acre-foot of water saved which is more than Metropolitan's standard incentive rate of \$195 per acre-foot saved. Member agency proposals are solicited through a competitive Request for Proposals on an annual basis. Results are expected to identify new or improved conservation approaches for consideration. Proposals will be evaluated by an independent review committee and selections made in early 2009. Due to the time involved to receive and evaluate proposals, contracts will likely be executed in mid-2009. As part of contract negotiations, Metropolitan may reduce the scope and funding to comply with meeting the conservation ordinance prerequisite, budget constraints, or regional objectives.

### **Basic Ordinance and Implementation Requirements for Extraordinary Conservation Programs**

The objective of the ordinance prerequisite is to achieve immediate and widespread efficiency practices by retail water users and achieve water savings to contend with recent and potential further water supply reductions to the region. Ordinance provisions are expected to be complemented with public communication on the need for water-use efficiency and how to achieve it. Examples of ordinance provisions have been provided to member agencies in the form of model ordinances. Any local governmental entity that adopts and implements Metropolitan's model water conservation ordinances would satisfy the basic requirements.

The measures described below are identified as basic requirements that would meet the criteria for conservation ordinances and implementation:

1. Prohibited water uses
  - No washing down hard or paved surfaces
  - Fix leaks within reasonable time
2. Outdoor irrigation practices
  - Irrigation restrictions
  - No excessive water flow or runoff
3. Enforcement and penalty mechanisms; one or more of the following (these provisions may be addressed by implementation practices separate from the ordinance):
  - Administrative penalties
  - Civil fines
  - Flow restrictors
  - Disconnection of service
  - Misdemeanor
  - Water allocation and penalties for exceeding allotment
  - Escalating retail water rates

### **Alternative Compliance**

A member agency would submit a written statement attesting to an alternative method or strategy that a local jurisdiction would use to achieve at least 5 percent of additional water conservation savings over calendar year 2008 levels. This would represent a proportionate share of the 200,000 acre-feet per year objective of new savings sought as a result of ordinance implementation.

# Ordinance Requirements

- **Prohibited water uses**
  - No washing down hard or paved surfaces
  - Fix leaks within reasonable time
- **Outdoor irrigation practices**
  - Irrigation restrictions
  - No excessive water flow or runoff
- **Enforcement and penalties**
  - May be external to ordinance
- **Complemented by public communications**





# Three Compliance Options

in January 2009

1. Ordinance and implementation plan including:
  - Public communication
  - Enforcement
2. Written pledge by member to develop ordinances for listed communities
3. Alternative action to achieve 5% reduction in water use attested by member agency



# Progress Reports

in April, August, and December 2009

- **Ordinance and implementation plan:**
  - Inform local jurisdictions
  - Commitment from governing body
  - Develop draft
  - Receive public input
  - Adoption by governing body
  - Enact
  - Submit to Metropolitan
- **Alternative action:**
  - Water savings achieved over 2008 level

# Timeline

- **January 2009:**
  - Member agencies submit documentation on three options
  - Programs begin
- **April, August and December 2009:**
  - Member agencies report progress
- **June 2009:**
  - Staff progress report to Board
- **January 2010**
  - Demonstrate compliance with one of two options

# Phase II Public Sector Program Implementation

- **Additional \$15 million over three years**
  - \$5 million in January 2009
  - \$5 million starting July 2009
  - \$5 million starting July 2010
- **Current backlog over \$9 million**

## Next Steps

- Letter to member agencies requesting ordinances
- Develop list of jurisdictions that have met prerequisite
- Begin implementation of extraordinary conservation programs

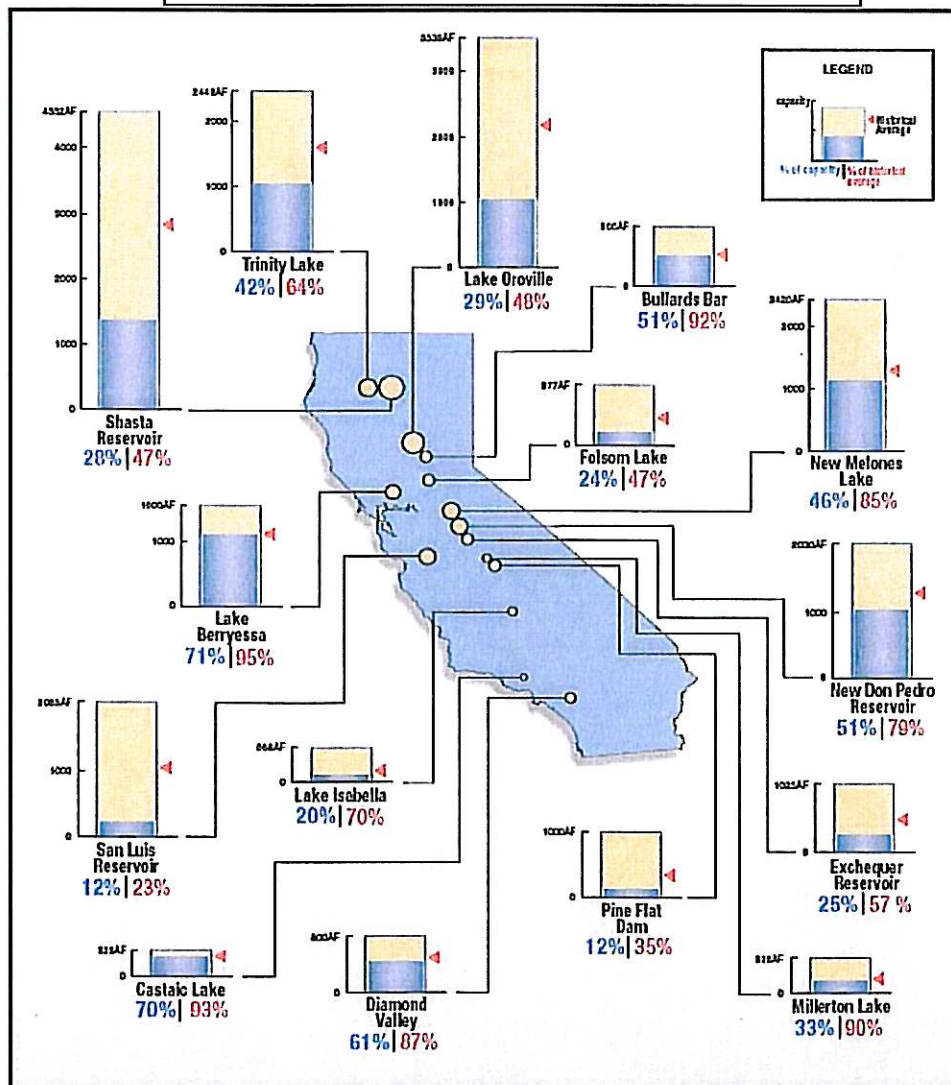
**INLAND EMPIRE UTILITIES AGENCY  
Water Resources and Conservation Programs  
Monthly Report**

**December 2008  
(Reporting November 2008 Activities)**

**California Water Supply Conditions**

- On December 15, federal wildlife officials issued a Biological Opinion intended to protect the Delta Smelt. The possible impacts of this decision are being evaluated.
- The results of recent precipitation have not yet been reflected in the Department of Water Resources (DWR) State Water Project (SWP) allocation, which remains at 15%. Current reservoir conditions are summarized below.

**Current Reservoir Conditions (November 2008)**



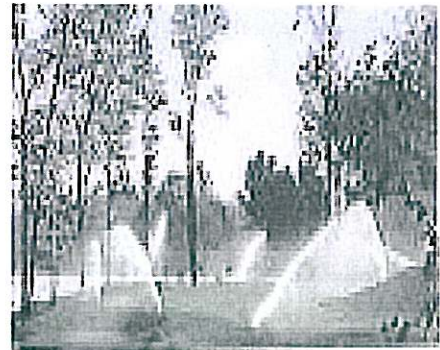
## MWD and IEUA Drought Actions

- According to the current Water Supply Allocation Plan (WSAP), MWD will decide in April whether or not to allocate water supplies effective July 2009.
- If the SWP allocation is 35% or greater, MWD anticipates that it will not implement the WSAP this coming year.
- MWD forecasts that there is a 2 out of 3 chance that the WSAP will not be implemented this coming year.
- A Draft IEUA "Strawman" Drought Plan has been prepared and reviewed by member agencies. During the past month the "Strawman" proposal was discussed at a Special TAC Workshop held at WFA on 12/4 and at the Water Supply Strategy meeting held at IEUA on 12/12.
- It is anticipated that the final version of the IEUA Drought Plan will be presented to the Board in March or April, in coordination with the MWD schedule
- MWD is applying for 300,000 acre-feet from the DWR Drought Water Bank. This water will be part of 800,000 AF of "new" water supply that is being developed through efficiency programs, local water supply projects and Bay-Delta improvements.
- MWD has launched its process to update the region's Integrated Regional Plan (IRP). The IRP will consider changed conditions and emerging trends, such as Delta conditions, climate change, water transfers and local supply/demand management. IEUA is participating in the IRP process. The new IRP is scheduled completion of the IRP in June 2009.

## IEUA WATER SUPPLY PROGRAMS

### Dry Year Yield Program (DYY)

- IEUA retail agencies are on track to meet their DYY Program obligations
- MWD imported water deliveries have been reduced by 19,840 AF (64% of IEUA's obligation of 31,000 AF).



### DYY Program Expansion

- On December 17, the IEUA Board approved the DYY Program Expansion CEQA document
- Under the proposal, existing DYY Program from 100,000 AF to 150,000 AF of groundwater storage capacity and increase in Program production capacity from 33,000 acre-feet/year to 50,000 acre-feet/year. Program participants include IEUA's retail agencies, Three Valleys Water District (city of Pomona), Western Municipal Water District, and Jurupa Community Services District.

### Recycled Water Program

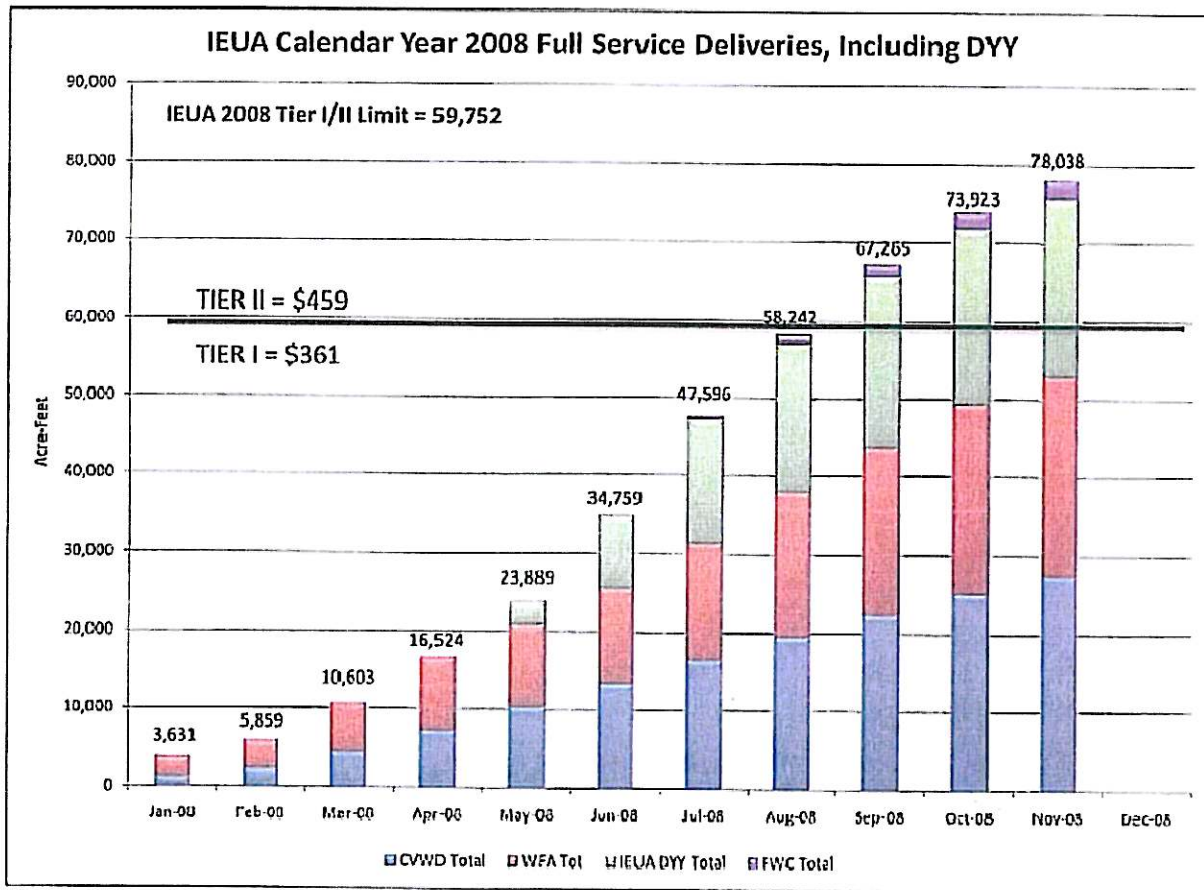
- IEUA is currently implementing a 3-Year Recycled Water Business Plan that will increase recycled water connected capacity to 50,000 acre-feet per year by 2010. The current status, as of November, is 21,123 acre-feet per year of connected capacity.

**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. As of November, the CDA produced 2,168 acre-feet of water (of which 1,204 acre-feet is delivered to IEUA retail agencies).

**Imported Water Deliveries**

- For the current calendar year, IEUA has purchased 78,038 AF, including 22,603 AF in certifications submitted by the agencies for their DYY purchases (see figure below). The calendar-year limit for Tier 1 purchases is 59,752 AF.
- For the current fiscal year, IEUA has purchased 43,279 AF of imported water, including 13,478 AF of certifications for DYY purchases.





## CONSERVATION ACTIVITIES

### MWD Programs

- **Phase II-Public Sector Programs** – MWD Board approved \$15 million additional funding over a three year period for the Public Sector Program on November 18<sup>th</sup>. This funding is available on a first come, first serve basis and is conditioned on a conservation ordinance requirement that MWD expects to approve at its January 2009 meeting. With over \$9 million in pending applications, MWD is expected to review the available funding and whether more money will be released within the first year of the program.
- **MWD Turf Replacement Program** - The MWD Board approved \$7 million for a region wide pilot turf replacement program on November 18<sup>th</sup> (includes \$2 million DWR drought grant award). The new program is under development with the proposed rebate set at \$1,00 per square foot with a 2,500 square foot limit for residential and commercial landscapes. Program initiation is pending MWD approval in January of conservation ordinance requirement.
- **MWD Innovative Conservation Grant Program (ICP)** – The RFP is ready for release pending MWD board approval of the conservation ordinance requirement at its January meeting. The ICP and the Enhanced Conservation Grant Program (ECP) have been combined and are now referred to as the ICP Grant.

### Inland Empire Landscape Alliance

- The draft Regional Water Efficient Landscape Model Ordinance was completed by the Technical Committee and presented to the Landscape Alliance Board on December 12<sup>th</sup>. The final model ordinance will be brought back to the Alliance Board on at the February 12<sup>th</sup> Board meeting for endorsement.
- On November 13, a “Breakfast in the Garden” workshop was held at the Maloof Residence on water conservation rebates and educational programs offered throughout IEUA’s service area.
- DWR released its revised Model Landscape Ordinance on November 26. Comments must be submitted to the DWR by December 30. A meeting between the Landscape Alliance Technical Committee and the DWR was held December 18<sup>th</sup>.

### Native Plant Workshops

- On November 15, Greenlee Nursery held a workshop on efficient irrigation techniques. The workshop was attended by 10 residents and was followed by a tour of the Greenlee Nursery.

### Water Wise Residential Landscape Program

- The cumulative area of landscape retrofitted since program inception is 80,432 sq ft, representing an annual water savings of 11.3 AFY. The number of applications completed and rebated so far is 68, of which 48 were in the last month. IEUA is working closely with MWD to ensure a smooth transition from IEUA’s current program to MWD’s new pilot turf rebate program. All rebate applications receive by IEUA through December 31<sup>st</sup> 2008 will receive the \$2 per square foot rebate. After December 31<sup>st</sup>, IEUA will reduce the rebate to \$1 per square foot to be consistent with the MWD program.

### **Landscape Audit Program**

- **Phase III Landscape Audit Program**

CBWCD has completed 84 landscape audits with a potential savings of 397 acre feet per year since the program began in January 2009. Monte Vista Water District has seen a 10% reduction in usage among their participating customers to date and the City of Chino has seen a 2% reduction in usage among their participating customers. CBWCD will hold California Friendly Landscape Training Classes in January and February in both English and Spanish.

### **California Urban Water Conservation Council (CUWCC) BMP Revision Process**

- The CUWCC approved the BMP's revisions on December 10<sup>th</sup>. Central Basin Municipal Water District hosted a BMP Revision Roundtable Workshop on November 12th to discuss the proposed BMP revisions prior to the CUWCC Plenary meeting.

### **Conservation Legislation**

- A water conservation spot bill, AB 39, was introduced in November.. This bill is expected to be the primary vehicle for conservation legislation in the coming year.
- The Santa Ana Watershed Project Authority, Irvine Ranch Water District, Western Municipal Water District, MWD, IEUA and several other agencies reviewed concepts for proposed water efficiency legislation.,

### **Water Use Efficiency Outreach**

- IEUA staff prepared a water use efficiency presentation for the Community Association Institute Association of HOA Manager luncheon held on November 12, 2008 and presented by Gerry Foote from Chino Basin Water Conservation District.
- IEUA staff prepared and presented a water use efficiency presentation for the City of Fontana's new employee orientation class on November 18, 2008.
- IEUA staff prepared a water/energy nexus presentation on the Carbon Footprint of Water delivered by the Water Resources Institute staff at the SAWPA 20 X 2020 Workshop held on November 24, 2008.

### **Water Education Water Awareness Committee (WEWAC)**

- WEWAC received and is reviewing 15 applications for its EduGrant program.
- The Chino Basin Water Conservation District is offering Landscape Water Management & Plant classes and technical training for irrigation specialists.

### **Regional Landscape and Water Conservation Fair**

- Staff met with Water Conservation Fair sponsors. The October Fair was declared a success and the 2009 fair will be held again in conjunction with the Chino Basin Water Conservation District's Landscape Fair in October.

### **Major Conservation Rebate Programs-Private Sector**

- **Private Sector Programs-** Table I below summarizes 3 major rebate programs sponsored by MWD for the private sector. Overall, 47,746 devices/rebates were issued since program inception, for an annual water savings of 3,250 acre-feet per year.

**TABLE I—MWD Private-Sector Rebate Programs**

Device Name	Current Fiscal Year through November		Since Program Inception	
	# Devices Installed	Equivalent Annual Water Savings (AFY)	Cumulative # Devices Installed	Equivalent Annual Savings (AFY)
<b>Commercial, Industrial, Institutional Program</b>				
High-Efficiency Clothes Washers	7	0.59	464	39.25
Multi-Family High-Efficiency Clothes Washers	2	0.17	3	0.25
Cooling Tower Conductivity & pH Controllers	2	1.29	26	16.74
Ultra-Low-Flush Toilets	0	0	1,894	657.22
ULFT Flushometers	0	0	4	0.29
High-Efficiency Toilets	598	25	3,019	128.31
Zero Water Urinals	58	7	1,084	132.79
High-Efficiency Urinals	0	0	8	0.49
Weather-Based Irrigation Controllers	1	0.65	10	6.50
Rotating Nozzles for Pop-Up Spray Heads	43	0.17	140	11.84
Synthetic Turf for CII (# Rebates)	0	0	5	4.69
High-Efficiency Nozzles for Large Rotary	0	0	0	0
Dry Vacuum Pumps	0	0	0	0
Steam Sterilizer Retrofits	0	0	0	0
Pre-Rinse Spray Head (PRSH)	31	7.9	33	8.44
Water Broom	3	0.46	699	107.23
X-Ray Recirculation Units	0	0	11	35.2
<b>Subtotal</b>	<b>745</b>	<b>44</b>	<b>7400</b>	<b>1149</b>
<b>Multi-Family Direct-Install Program</b>				
Ultra Low-Flush Toilets	0	0	14,283	495.6201
High-Efficiency Toilets	585	24.8625	1345	57.1625
<b>Subtotal</b>	<b>585</b>	<b>25</b>	<b>15,628</b>	<b>553</b>
<b>Residential Program</b>				
Ultra Low-Flush and High Efficiency Toilets	92	3.1924	12,159	421.9173
High-Efficiency Clothes Washers	335	28.341	9,977	844.0542
Weather-Based Irrigation Controllers	8	5.2	397	258.05
Rotating Nozzles for Pop-Up Spray Heads	15	0.06	2,190	8.76
Synthetic Turf Retrofit (# Rebates)	41	0.00574	103	4.40398
Water-Wise Residential Landscape Retrofit Program (# Rebates)	48	0.00672	68	11.26048
<b>Subtotal</b>	<b>539</b>	<b>36.80586</b>	<b>24,894</b>	<b>1548.44596</b>
<b>TOTALS</b>	<b>1869</b>	<b>105</b>	<b>47,746</b>	<b>3250</b>

**Major Conservation Rebate Programs-Public Sector**

- **MWD Public Sector Rebate Program to Promote Water Efficiency--** Table II below summarizes MWD's Region-wide Public Sector Rebate Program. Total MWD funding received by public agencies within the IEUA service area has been \$2,612,227. Overall, 906 devices have been funded, representing an annual water savings of 575 acre-feet per year, or a savings of 5,702 acre feet over the lifetime of the devices. Funded devices include weather-based irrigation controllers, centralized computer irrigation controllers, toilets and urinals, and water brooms.

<b>TABLE II---MWD Public Sector Rebate Program</b>						
<i>Customer</i>		<i>Device Quantity</i>		<i>Award</i>	<i>Annual Water Savings</i>	<i>Lifetime Water Savings</i>
City of Ontario		72		\$445,540.02	95.77	956.9
Chino Valley Unified School District (Cities of Chino, Chino Hills, Ontario)		277		\$561,575.50	123.53	1200
Cucamonga School District		10		\$10,547.13	7.67	76.86
Central School District		32		\$31,619.94	11.93	119.28
Etiwanda School District		39		\$125,206.58	32.18	321.76
Chaffey Joint Union School District (City of Ontario, CVWD, MVWD)		86		\$222,832.50	45.50	434.33
Monte Vista Water District		6		\$2,356.46	0.42	8.30
Alta Loma School District		22		\$36,538.62	16.67	166.73
City of Fontana		9		\$94,087.50	18.82	188.18
Upland Unified School District (Cities of Chino, Chino Hills, Ontario)		51		\$84,497.74	23.47	234.65
City of Chino Hills		302		\$997,425.00	199.49	1994.85
<b>TOTALS</b>		<b>906</b>		<b>\$2,612,226.99</b>	<b>575.44</b>	<b>5,702</b>

~~**CALENDAR OF UPCOMING EVENTS**~~

January 5, 2009	Regional Messaging and Newspaper Ads @ MVWD, 10:30 am—12:00 pm
January 6, 13, 20, 27, 2009	Landscape Water Management for Professionals (English) Series @ CBWCD, 9 am--12:30 pm
January 7, 2009	MWD PAC Meeting @ MWDOC, 9:30 am—3:00 pm
January 7, 14, 21, 28, 2009	Landscape Water Management for Professionals (Spanish) Series, CBWCD (9 a.m.-12:30 p.m.)
January 13, 2009	Water/Energy-USBR PAC Mtg@ MWD-LA, 9:00 am—3:00 pm
January 15, 2009	MWD Monthly WUE Meeting @ MWD-LA, 9:00 am – 2:00 pm
January 22, 2009	MWD Education Coordinators' Meeting, 9:00 am – 11:30 am
January 22, 2009	Landscape Alliance Technical Committee @ IEUA, 1:00 am—3:30 pm
January 29, 2009	Inland Empire Landscape Alliance Water Site Awareness Tour of Best Management Practices in Rancho Cucamonga
February 3, 2009	IEUA Conservation Workgroup Meeting @ CVWD, 9:00 am—11:00 am
February 3, 10, 2009	Plant Class (English) Series for Professionals @ CBWCD
February 4, 11, 2009	Plant Class (Spanish) Series for Professionals @ CBWCD
February 4, 2009	MWD PAC Mtg, Location TBD, 9:00 am—3:00 pm
February 9, 2009	MWD IRP Conservation WG @ MWD-LA, 9:30 am—12:30 pm
February 12, 2008	Landscape Alliance Board Meeting @ IEUA, 3:00 pm—4:00 pm
February 21, 2009	Garden in Every School 09/10 workshop, IEUA Event Center 8:00-12:00 pm
February 19, 2009	MWD Monthly WUE Mtg @ MWD-LA, 9:30 am—2:15 pm
February 25, 2009	Wetlands Day at Chino Creek Wetlands and Educational Park from 3:30 pm to 5:30 pm
April 22, 2009	Earth Day at Chino Creek Wetlands and Educational Park from 3:30 pm to 6:30 pm

**IEUA & TVMWD**  
**FY 2007-08 Monthly Retail Demand by Source of Supply & FY 2008-09 DRAFT DYI 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	8,148.31	9,225.60	9,555.93	9,077.09	7,785.52	7,266.47	5,922.67	4,223.07	3,716.06	3,968.32	5,111.68	6,620.29	80,621.01
Imported Water (MWD)	6,994.40	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	4,953.30	5,796.83	80,264.75
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
Desalator Water (CDA)	1,270.92	1,224.60	1,244.86	1,338.76	1,335.52	1,351.42	1,239.02	1,246.53	1,255.53	1,163.06	1,267.11	1,250.46	15,187.89
<b>Total</b>	<b>17,618.53</b>	<b>20,148.74</b>	<b>22,544.71</b>	<b>22,463.87</b>	<b>19,007.46</b>	<b>16,817.42</b>	<b>13,757.71</b>	<b>9,494.08</b>	<b>8,829.04</b>	<b>8,073.49</b>	<b>12,329.19</b>	<b>14,673.69</b>	<b>240,984.05</b>

**FY 2008-09 - DRAFT DYI Operating Plan**

IEUA	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Total
Chino Groundwater	8,012.97	8,649.33	9,168.46	8,542.68	6,876.89	6,610.93	5,206.43	919.71	-	-	-	-	53,987.39
Imported Water (MWD)	5,296.27	6,101.21	6,592.80	7,412.17	6,418.15	6,148.97	4,234.24	2,483.36	-	-	-	-	44,687.15
Other Groundwater	1,841.71	2,367.74	1,168.49	1,127.89	1,128.56	977.51	597.69	206.73	-	-	-	-	9,416.32
Local Surface Water	928.90	746.12	388.50	293.38	261.37	296.55	244.94	-	-	-	-	-	3,159.77
Desalator Water (CDA)	1,310.11	1,264.72	1,308.28	1,377.09	1,351.26	835.15	875.05	-	-	-	-	-	8,321.66
<b>Total</b>	<b>16,079.85</b>	<b>17,864.40</b>	<b>17,318.25</b>	<b>17,376.12</b>	<b>14,684.96</b>	<b>14,033.95</b>	<b>10,283.29</b>	<b>3,609.80</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>159,610.42</b>

**Potable Water Demand Tracking**

Potable Water Performance	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Total
Change in Chino Groundwater	(135.33)	(576.28)	(387.47)	(534.41)	(908.64)	(655.54)	(716.24)	(1,689.83)	-	-	-	-	(3,913.90)
Change in Imported Water (MWD)	(1,698.14)	(2,321.13)	(3,621.74)	(3,398.48)	(2,537.50)	(1,462.28)	(1,803.70)	(1,689.83)	-	-	-	-	(18,532.78)
Change in Other Groundwater	(350.13)	115.18	(1,076.24)	(953.10)	(711.50)	(585.51)	(844.67)	-	-	-	-	-	(4,405.97)
Change in Local Surface Water	644.82	497.88	(141.01)	(201.78)	(164.86)	(80.14)	(109.80)	-	-	-	-	-	445.12
Change in Desalator Water (CDA)	39.19	40.12	63.42	38.33	15.64	(516.27)	(363.97)	-	-	-	-	-	(683.54)
<b>Change in Potable Demand</b>	<b>(1,499.59)</b>	<b>(2,284.34)</b>	<b>(5,226.45)</b>	<b>(5,087.76)</b>	<b>(4,322.50)</b>	<b>(2,783.47)</b>	<b>(3,474.42)</b>	<b>(1,689.83)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(26,368.35)</b>

**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	1,201.40	1,308.07	1,266.88	905.34	-	-	-	-	-	7,857.16
<b>Change in Non-Potable Demand</b>	<b>418.15</b>	<b>250.74</b>	<b>314.59</b>	<b>401.29</b>	<b>213.40</b>	<b>624.68</b>	<b>447.52</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>583.22</b>

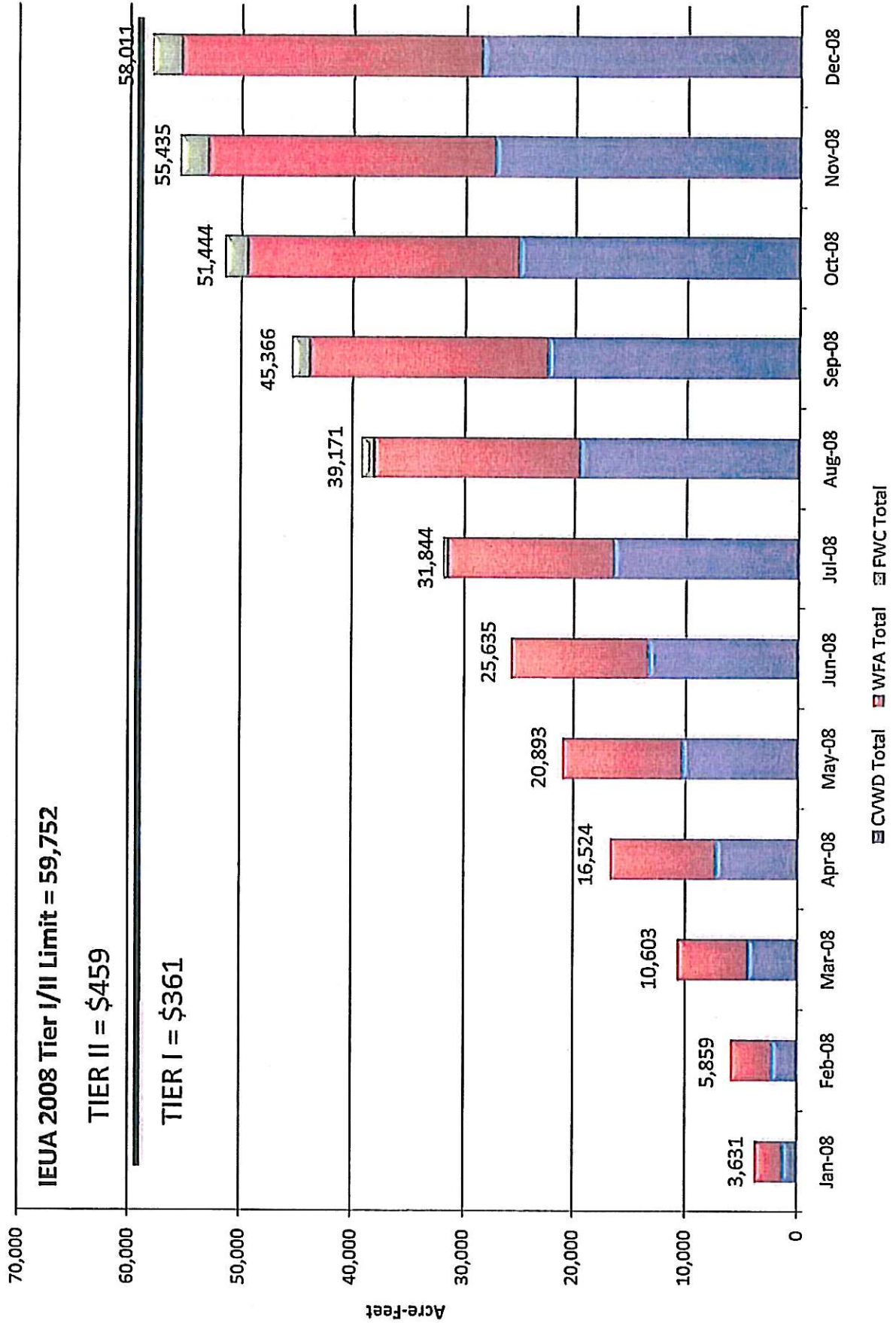
DRAFT CUP Certification Plan	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Total
Actual CUP Certification	5,369.33	6,087.84	5,845.99	4,324.06	3,630.07	3,174.79	2,307.08	1,429.38	285.00	285.00	201.00	-	32,924.00
<b>Total</b>	<b>4,041.22</b>	<b>6,246.67</b>	<b>5,812.32</b>	<b>6,499.33</b>	<b>2,826.33</b>	<b>580.04</b>	<b>119.52</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,726.96</b>

DYI Obligation = 33,000 AF

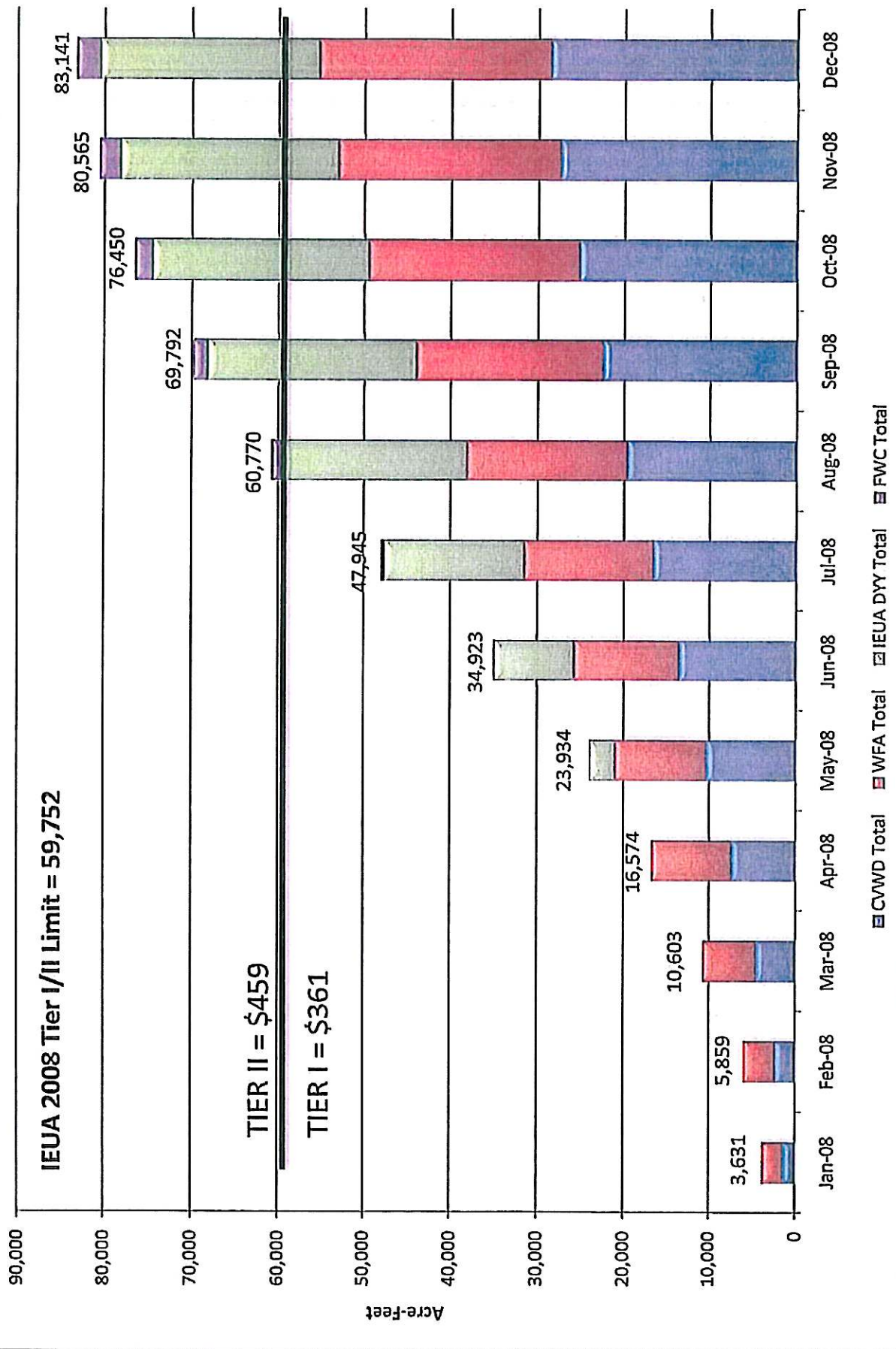
DATA IS STILL INCOMPLETE FOR LOCAL WATER RESOURCES.

prepared by Ryan Shaw  
24-Dec-08

# IEUA Calendar Year 2008 Full Service Deliveries, Excluding DYY

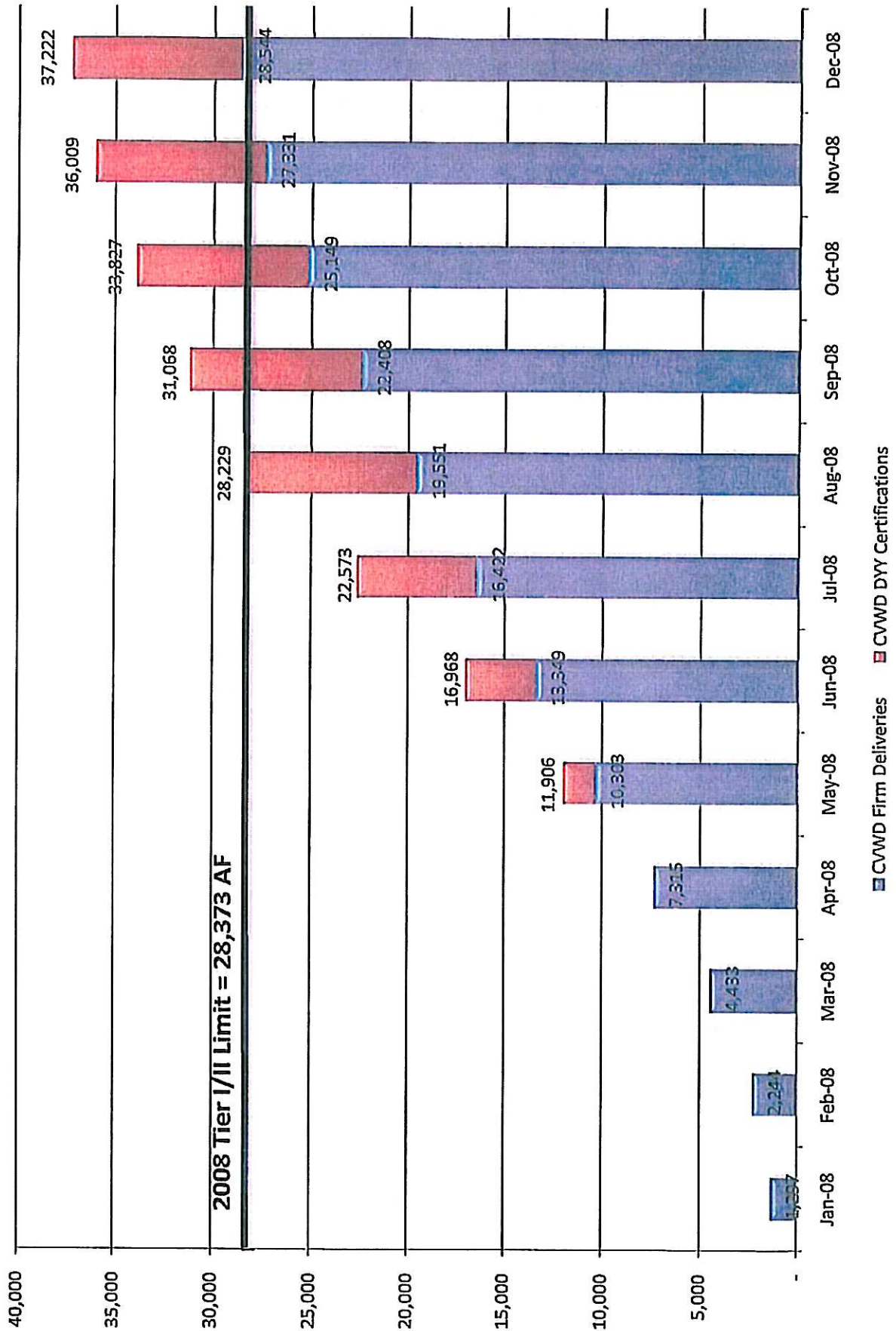


# IEUA Calendar Year 2008 Full Service Deliveries, Including DYY

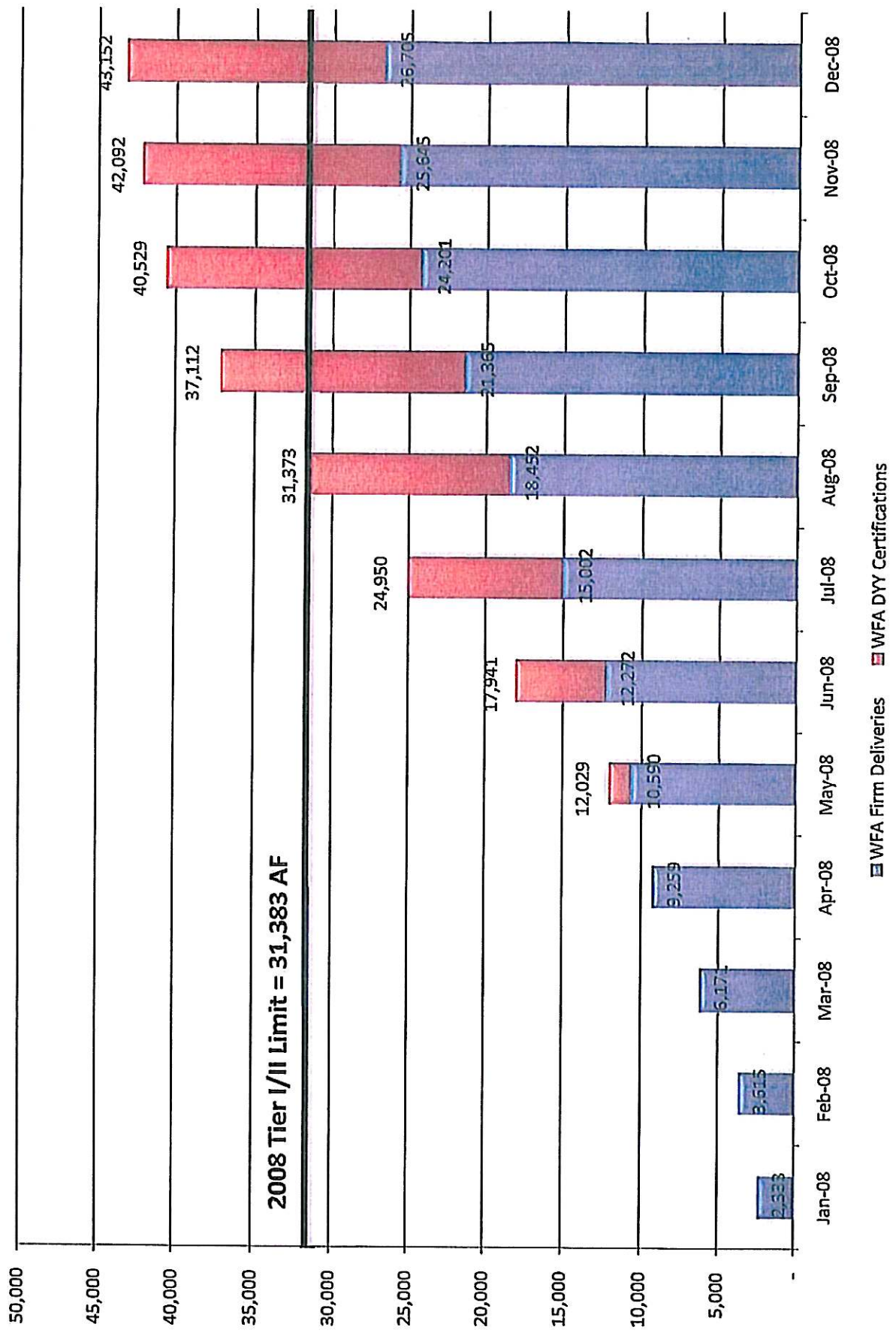




# Cucamonga Valley Water District 2008 Imported Water Totals



# Water Facilities Authority 2008 Imported Water Totals



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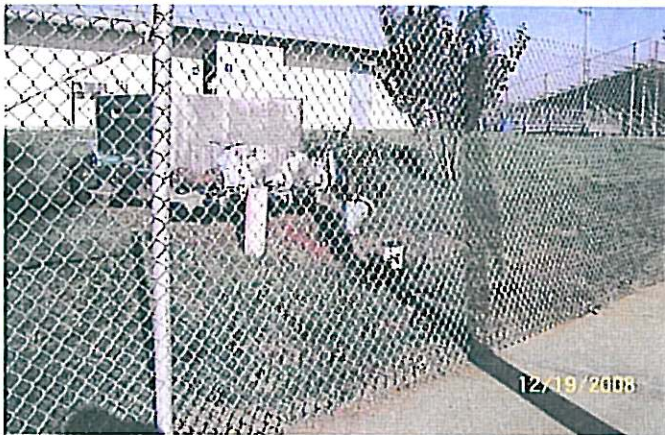


JANUARY 2009  
 RECYCLED WATER PROGRAM NEWSLETTER

**Highlights:**

- 30 AFY New Recycled Water Customers Connected.....Page 2
- IEUA approved for \$1 M DWR Grant.....Page 3
- Construction of New Recycled Water Facilities.....Page 4

**MEMBER AGENCY'S UPDATES**



**Montclair High School** - The new irrigation system has been installed and completed. The recycled water lateral was installed by Inland Empire Utilities Agency on behalf of Monte Vista Water District as part of the regional recycled water infrastructure. Recycled Water service was installed and connected to Montclair High School on December 19, 2008. Montclair High School total use is estimated to 51 AF per year, which is equivalent to 325,000 gallons of water that can feed up to 2 families of 4 for one year.



**Montclair High School**  
**Montclair Public Schools**  
 Renaissance School  
 Montclair Board of Education

**Inland Empire Utilities Agency**  
 A MUNICIPAL WATER DISTRICT

**UPCOMING EVENTS**

- Red Team Meeting (IEUA and Member Agency Implementation).....4:15pm, January 8th, 2008 at IEUA
- Day in the Park at Chino Creek Wetlands and Educational Park.....3:30pm-5:30pm, February 25th, 2009 at IEUA PARK
- Recycled Water Site Supervisor Training .....8:00am-12:00pm, March 12th, 2009 at IEUA
- Earth Day Event at Chino Creek Wetlands and Educational Park.....3:30pm-5:30pm, April 22nd, 2009 at IEUA PARK
- Recycled Water Site Supervisor Training .....8:00am-12:00pm, June 11th, 2009 at IEUA
- Recycled Water Site Supervisor Training .....8:00am-12:00pm, September 10th, 2009 at IEUA

## Recycled Water Customers and Usage Data:

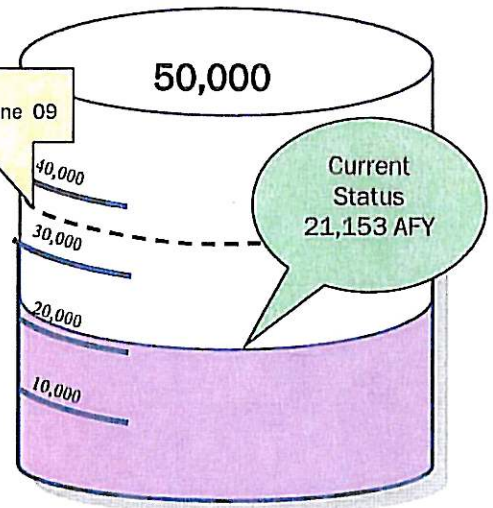
### Recent Connections:

Universal Molding Corp. (Chino, 5 AFY)  
 Preserve Master Community (Chino, 10 AFY)  
 K-8 School (Preserve) (Chino, 15 AFY)  
**Total New Connected Demand: 30 AFY**

### Upcoming Connections:

Chad Farms (Ontario, 1,605 AFY)  
 Li Farm (Ontario, 2,500 AFY)  
 San Bernardino County Guasti Park (Ontario, 240 AFY)  
 Bellevue Cemetery (Ontario, 220 AFY)  
 Kelloggs (Ontario, 120 AFY)  
 Cintas I (Ontario, 70 AFY)  
 Kaiser Hospital Cooling Towers (Ontario, 30 AFY)  
 Chaffey High School - (Ontario, 164 AFY)  
 Montclair Parks (Montclair, 85 AFY)  
**Total Upcoming Connections: 5,034 AFY**

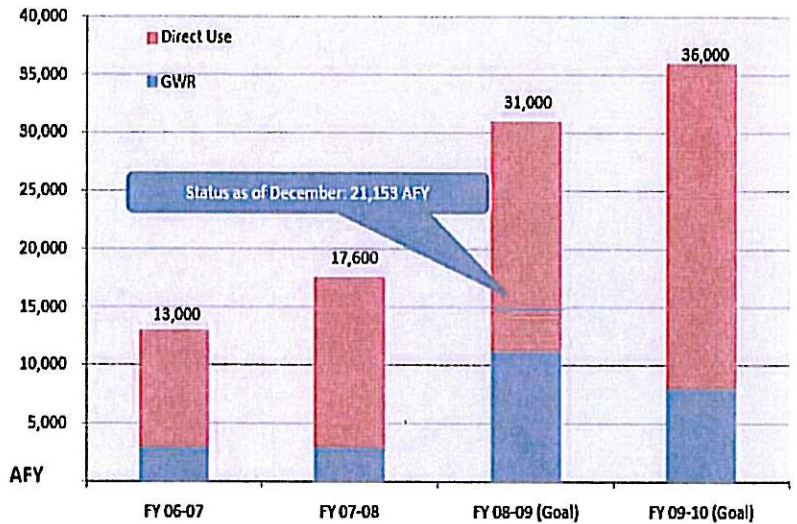
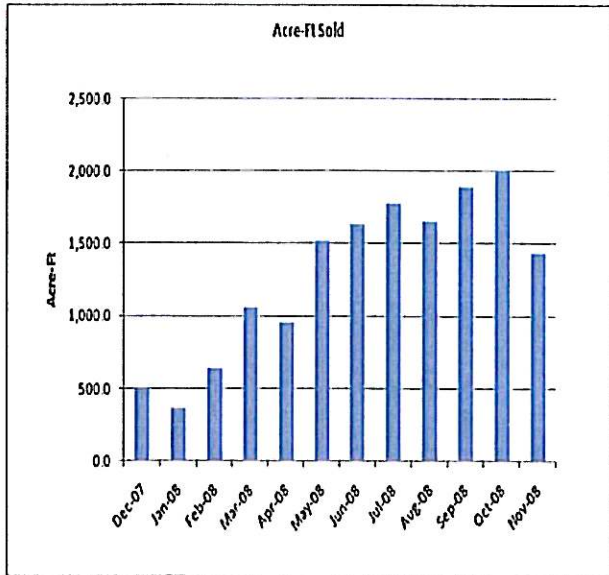
**Total New Connections: 30 AFY**



## Monthly Recycled Water Sales

### October Direct & Recharge:

- Direct Sales - 1209 AF
- Recharge - 229 AF
- Total - 1438 AF



## PROJECTED DIRECT USE

Projected Direct Use Connections (AFY)						
	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Total
Chino		150				150
Chino Hills						
Ontario	727		1,500	1,000	52	3,279
MVWD		85	27	16		128
CVWD		55	29			84
<b>Total (AFY)</b>	<b>727</b>	<b>290</b>	<b>1,556</b>	<b>1,016</b>	<b>52</b>	<b>3,641</b>

# Program Description & Financial Status

## The 3 Year Business Plan

**Summary.** The Three Year Business Plan that was adopted in December 2007 is to be updated annually. The update includes changes made to the IEUA FY 2008/09 Budget and the Ten Year Capital Improvement Plan (TYCIP). The goal is to connect 50,000 AFY by FY 2011/12.

**Discussion:** The schedule of some Capital Projects has been delayed primarily due to the current economic conditions which necessitate the funding commitments from the State Revolving Fund before the projects are awarded for Construction. The current goals are summarized as follows:

### Annual Recycled Water Connection Goals

Year		Connected Demand (AFY)
1	2007/08	17,600
2	2008/09	31,000
3	2009/10	36,000
4	2010/11	45,000
5	2011/12	50,000

## FUNDING DEVELOPMENTS: DWR Urban Drought Assistance

The Agency received the DWR Drought Assistance Grant for recycled water retrofits in the amount of \$1 Million. The disbursement strategy was approved by the Regional Technology and Policy Committee meeting held on December 4th, 2008 and by the Inland Empire Utilities Agency Board on December 17th 2008.

The following is the pro-rata share distribution for each of the Agencies.

AGENCY	RW DEMAND (AFY)	GRANT ALLOCATION (4)
Chino	137	\$57,002
Chino Hills (1)	-	\$0
CVWD	60	\$68,973
Fontana	10	\$22,832
Montclair/MVWD	97	\$157,185
Ontario (2)	393	\$275,891
Upland	548	\$164,583
IEUA Recommendation (3)	3,726	\$253,534
<b>Total</b>	<b>4,971</b>	<b>\$1,000,000</b>

- (1) did not submit projects for funding
- (2) does not include request for Temple Inland as Industrial usage is not eligible for the grant
- (3) includes Li Farms, Chad Farms, Guasti Park and Montclair High School
- (4) Pro Rata portions of ~95% to not exceed grant funding

## PROJECTS IN PLANNING

**Northeast Project Area:** The Projects are on schedule to deliver recycled water to Victoria and San Sevaine Recharge basins in fall 2009.

**Northwest Project Area:** The project will design the 1430 pressure zone pipeline pump station and reservoir in the city of upland. The project is in the preliminary design stage with anticipated design completion in summer 2009.

**Southern Project Area:** The project will design the 930 pressure zone pipeline and reservoir in the city of Chino Hills. The project is in the preliminary design stage with anticipated design completion in summer 2009.

**Central Project Area:** The second draft of the North Chino Master is being completed by IEUA and the City of Chino.

IEUA has begun the SRF loan application process for the Wineville Avenue Extension pipeline project located in the City of Fontana.

## 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 Sevaline 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. The project is anticipated to be advertised for construction in January 2009.
- **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. The project is anticipated to be advertised for construction in January 2009.
- **MW & Lysimeters at Victoria & San Sevaline 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. The project is anticipated to be advertised for construction in January 2009.
- **Ontario and Montclair Public schools Retrofit Project**– The retrofit project consists of disconnecting existing domestic water services and replacing them with new recycled water connections at public schools within the Ontario and Monte Vista Water Districts. A total of seven schools have had retrofit modifications completed. Five Schools remain to be retrofitted.
- **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 March 2008.
- **San Antonio Channel Segment B**–The regional pipelines will serve the cities of Ontario, Montclair, Monte Vista Water District and Brooks Street Basin. All piping has been installed and tested. The asphalt repair is currently underway. The project is approximately 98 percent complete with the final punch list items remaining to be completed by the end of the 2008 year.



1299 Electric Bldg, Surge Tank and Pump station



1158 Zone Reservoir upgraded pipe support Foundation



Completion of Street Restoration on Orchard St In Montclair



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Date: January 21, 2008

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (1/14/09)

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

Submitted by: Martha Davis  
Executive Manager of Policy Development

Subject: December Legislative Report from Innovative Federal Strategies, LLC

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**RECOMMENDATION**

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

**BACKGROUND**

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

**PRIOR BOARD ACTION**

None.

**IMPACT ON BUDGET**

None.

RWA:MD

Enclosure



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# *Innovative Federal Strategies* LLC

Comprehensive Government Relations

## MEMORANDUM

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

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

**Date:** December 30, 2008

**Re:** December Monthly Legislative Update

In a normal election year, the month of December in Washington, DC would be absolutely dead. This year, however, was very unusual. Not only was there a November “lame duck” session to discuss an economic stimulus package (which did not end up moving), there was a second “lame Duck” session held in December to discuss the automakers’ rescue package (which also did not result in legislation). The December buzz in the halls of Congress was all “Stimulus”, automakers’ rescue, and the finalization of fiscal year 2009 domestic appropriations.

### *U.S. Automakers Rescue Package*

In the waning days of the 110th Congress and in an unusual second “lame duck” session, the House and Senate could not agree on an automakers’ rescue package so, on December 19<sup>th</sup>, President Bush announced that a portion of the financial system bailout funding (passed in October as Public Law 110-343) would be used to help U.S. automakers stay afloat while they seek to restructure their operations. Under the deal, \$13.4 billion in loans from the \$700 billion financial sector bailout package was immediately made available to GM and Chrysler, with another \$4 billion possible in mid-February. Both GM and Chrysler have been teetering on the edge of bankruptcy but Ford has said it does not currently need any federal aid.

In return for the loans, by March 31<sup>st</sup> the companies would have to put together restructuring plans that make them viable for the long-term — including imposing, by the end of 2009, work rules and wages that are competitive with foreign car firms operating in the United States — or the government loans would have to be returned.

### *Economic Stimulus Package*

The focus when the 111th Congress convenes on January 6<sup>th</sup> will be on a massive economic stimulus package intended to help revive the U.S. economy. Congressional Democrats and representatives of President-elect Obama continue to discuss possible elements in the package, with the plan to introduce the measure shortly after Congress convenes. The hope is to quickly move it through the Congress so it is ready for Barack Obama’s signature soon after he is sworn into office on January 20<sup>th</sup>. We have heard that the package may be upwards of \$850 billion, perhaps even reaching \$1 trillion. While the package is still being drafted, we expect that it will

## *Innovative Federal Strategies LLC*

consist of a combination of spending for transportation and other infrastructure projects, aid to states and low-income assistance programs, and middle-class tax cuts.

The ever-increasing size of the package has begun to alarm Republicans and fiscally conservative Democrats and, during the past week, Republican leaders have called for at least a week of hearings and public debate before a package is brought to the full House and Senate for votes.

### *Fiscal Year 2009 Appropriations*

As mentioned in our newsletter, the House and Senate Appropriations Committee staff has been working over the last month to conference a fiscal year 2009 Omnibus Appropriations package consisting of all the remaining FY09 domestic appropriations bills. We expect that this package will include earmarks.

### *Fiscal Year 2010 Appropriations*

In early January we will need to hit the ground running preparing for fiscal year 2010 appropriations requests. While most deadlines have yet to be announced, we do know that Senator Dianne Feinstein wants all requests and the requisite paperwork to her office by February 5<sup>th</sup>, much earlier than her usual February 28<sup>th</sup> deadline. We will be in touch to finalize our requests and strategy for next year.

Happy New Year! We look forward to talking with you in 2009!



---

Date: January 21, 2009  
To: The Honorable Board of Directors  
Through: Public, Legislative Affairs, and Water Resources Committee (1/14/09)  
From: Richard W. Atwater  
Chief Executive Officer/General Manager  
Submitted by: Martha Davis  
Executive Manager of Policy Development  
Subject: December Legislative Report from Dolphin Group

---

**RECOMMENDATION**

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

**BACKGROUND**

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

**PRIOR BOARD ACTION**

None.

**IMPACT ON BUDGET**

None.

RWA:MD

Enclosure

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**December 30, 2008**

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

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

Faced with an escalating budget crisis and a second special legislative session in as many months, the Legislature and the Governor have again failed to agree on any mid-year budget corrections. While the Democrats in the Assembly and Senate approved a creative and controversial "tax neutral" mid-year budget solution without any Republican support. Governor Schwarzenegger has threatened to veto the plan unless additional "economic stimulus" provisions were also included. The Governor continues to press for labor and environmental concessions including mandatory monthly furloughs for state employees and CEQA exemptions for transportation and other infrastructure projects. Discussions continue without Republican legislative involvement, and both the Governor and Democratic leadership are hopeful some sort of agreement can be reached by early January.

Additionally, the 2009-2010 Legislative Session kicked off on December 1. Although faced with monumental budget problems, legislators have already introduced a number of measures aimed at renewable energy. Renewable energy is expected to be a hot topic at the national and state level, particularly in light of efforts to reduce greenhouse gas production.

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# Chino Basin / OBMP Coalition

## Status Report – December 2008

### ENERGY/REGULATORY

#### *CARB Approves AB 32 Scoping Plan*

On December 11, the California Air Resources Board (CARB) approved the scoping plan for the state of California to reduce its greenhouse gas emissions (GHG) to 1990 levels by 2020, an approximate decrease of 30%.

Under the plan, 85% of the reduction would come from a “cap and trade” system, which will be developed in conjunction with the Western Climate Initiative, an ad hoc group of seven western states and four Canadian provinces dedicated to establishing a regional carbon trading market. The main focus of this plan will be the energy sector.

Six specific greenhouse gas emission reduction measures have been approved 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.

The plan is a result of an 18-month planning process, stemming from the passage of AB 32 (Nuñez - 2006), the Global Warming Solutions Act of 2006. While many of the particulars remain to be determined, the plan provides the roadmap to CARB and other state agencies for adopting regulations to achieve the 30% reduction of GHG. These regulations are required to be in place by 2012.

#### *SCE Rates to Rise Again*

By March of 2009, electricity rates for Southern California Edison are expected to rise by as much as 13%. The CPUC is currently considering two major decisions that will affect energy rates for all customers of the investor-owned utility.

First, the CPUC is prepared to grant a 7-8% increase in rates as part of Edison’s General Rate Case. These costs are associated with providing services, such as distribution lines, transformers and other basic needs related to delivering electricity, and are adjusted every three years.

The second increase is related to the cost of electricity generation, and is strongly tied to the cost of natural gas, a significant portion of the Edison’s generation portfolio. This increase is expected to be approximately 5-6%. However, this cost is based on forecasted commodity prices, and given the recent drop in natural gas and other petroleum prices in the last few months, may be adjusted



downward by mid-2009. While the particulars of both increases are still awaiting final approval by the CPUC, both rate changes are expected to take full effect by March 2009.

On a parallel track, SCE is currently in settlement negotiations on the second phase of its General Rate Case, which reallocates rates and various rate component levels of every tariff it offers to customers. Any rate design changes that emerge from this process will likely become effective in late 2009, and will be in place through 2011. The Dolphin Group is actively participating in these settlement discussions.

## **STATE BUDGET UPDATE**

While California has long had a reputation as an unwieldy state to govern with perpetual budget issues, the current budget crisis appears to have far surpassed any previous problem.

The major issues are these: 1) California faces a current-year budget shortfall of approximately \$14 billion dollars. 2) The 2009-10 budgetary shortfall is expected to be approximately \$25 billion. 3) The state is expected to run out of cash needed to pay its bills by February 2009.

While these problems have been allowed to worsen for months, no deal has yet been reached to resolve any of these issues.

The Republican leadership, as well as the rank-and-file members, have remained in solidarity against any tax increases, at least until the Democratic leaders agree to a variety of economic stimulus projects and rollbacks of environmental standards. The two-thirds requirement of both houses to approve any tax increases results in a stalemate.

In response to this situation, Assembly Speaker Karen Bass (D – Los Angeles) and Senate President Pro Tem Darryl Steinberg (D – Sacramento) hatched a plan in mid-December to increase revenues using only a majority vote. The plan rolled back a variety of taxes, while increasing other tax rates to achieve “tax neutrality.” Then, various fees were increased (which require only a majority vote to implement). One such example is the per-gallon gas tax was eliminated, while a per-gallon “fee” was established at a higher rate than the current tax basis. The net result was increased revenues of nearly \$10 billion achieved by a majority party-line vote. The plan also included an array of spending cuts.

Governor Schwarzenegger immediately threatened to veto the package, but signaled that his concerns related to the fact the package didn’t adequately implement his requested economic stimulus plan, which includes rollbacks of some environmental standards for infrastructure projects.

As a result, Democratic leaders and the Governor have remained in discussions throughout December, with optimism on both sides that a mid-year budget correction agreement can be reached by early January. **The Republican leadership has been largely excluded from these discussions, and have threatened to challenge in court any agreement that raises revenues through the proposed tax-versus-fee switch.**

Meanwhile, State Treasurer Bill Lockyer (D) has declared that the state will run out of cash by February 2009. State Controller John Chiang (D) has also announced he has begun to explore other borrowing opportunities, albeit at a much higher interest rate. **State funds for infrastructure programs have also been halted, at least temporarily, impacting hundreds of projects due to the state's cash crisis.**

### LEGISLATIVE UPDATE

Given the current budget situation, many believe legislators will be preoccupied with the state's budget crisis and unable to effectively pursue other key issues. Nevertheless, two broad measures related to energy have already been introduced by legislative leaders. Also, one measure related to feed-in tariffs that failed late last year has been reintroduced into the new session.

Legislators have until January 30, 2009 to submit bill requests to the Office of Legislative Counsel. All new measures must be introduced before February 27. Policy committee hearings on all new measures are expected to begin as early as February.

The new session has also brought new leadership to the two major electricity policy committees. Assemblymember Felipe Fuentes (D – Los Angeles) will be Chair of the Assembly Utilities and Commerce Committee, while Senator Alex Padilla (D – Pacoima) will head the Senate Committee on Energy, Utilities and Communications. The two legislators are very close. They represent the same area, and Fuentes was Chief of Staff to Padilla when he served on the Los Angeles City Council.

### *Renewable Energy Production*

In the last legislative session, IEUA and DGI were heavily involved in the development of SB 1714 (Negrete-McLeod D-Chino). Although the bill ultimately failed passage, the measure would have freed up funds from the California Solar Initiative (CSI) and Self-Generation Incentive Program (SGIP) for use in the feed-in tariff programs established by AB 1969 (Yee – 2006). The author has reintroduced the measure in 2009 as Senate Bill 32.

CA SB 32	<b>AUTHOR:</b>	Negrete McLeod [D]
	<b>TITLE:</b>	Renewable Electric Generation Facilities.
	<b>INTRODUCED:</b>	12/02/2008
	<b>SUMMARY:</b>	Requires an electrical corporation to file with the Public Utilities Commission a standard tariff for the electricity purchased from an electric generation facility that is owned, leased, or rented by a retail customer of the corporation. Requires the facility to have a specified effective capacity. Requires the facility to be strategically located and interconnected to the electric grid. Requires that the tariff provide for a base payment rate utilizing a specified formula.
	<b>Position:</b>	Watch

Both Governor Schwarzenegger's Executive Order and the recently approved CARB GHG Scoping Plan have set the goal that the Renewable Portfolio Standard should be increased from its

current level of 20% by 2017 to 33% by 2020. AB 64 would codify this goal and make other changes to the RPS program.

CA AB 64      **AUTHOR:**              Krekorian [D]  
                  **TITLE:**                     Renewable Energy Resources: Generation and  
    Transmission  
                  **INTRODUCED:**        12/09/2008  
                  **SUMMARY:**  
                                Recasts the renewables portfolio standard program to require that a  
                                retail seller and a local publicly owned electric utility procure specified  
                                percentages of its electricity from renewable energy resource. Relates to  
                                tariffs filed by electrical corporations for energy purchased from  
                                small-scale renewable source facilities. Establishes the Renewable  
                                Infrastructure Authority and related fund. Provides for renewable energy  
                                designation zones and transmission corridor zones.  
                  **Position:**                      Watch

SB 14 is a broad measure authored by Joe Simitian (D-Palo Alto), and is co-authored by past Senate Energy Chair Christine Kehoe (D – San Diego), incoming Committee Chair Padilla and President Pro Tem Steinberg. This omnibus bill makes a myriad of changes to the structure of the CPUC, as well as changes to various electricity rate provisions that stem from the energy crisis of 2000-01. This bill is largely the result of a compromise between utilities and groups that represent residential ratepayers that resolves a number of their outstanding policy-related issues. Other customer groups have yet to weigh in on this broad and far-reaching measure.

CA SB 14      **AUTHOR:**              Simitian [D]  
                  **TITLE:**                     Public Utilities Commission: Renewable Energy Rates  
                  **INTRODUCED:**        12/01/2008  
                  **SUMMARY:**  
                                Relates to appointment of a President of the Public Utilities Commission  
                                (PUC), PUC meeting requirements, the recordkeeping of the PUC,  
                                dynamic pricing by electrical corporations, a program of low-income  
                                energy assistance and energy efficiency and weatherization programs,  
                                residential customer baseline energy needs and rates. Revises the  
                                Renewable Energy Resources Program and requirements under the  
                                Renewables Portfolio Standard Program. Provides funding for solar  
                                energy development in the Mojave Desert.  
                  **Position:**                      Watch

#### *Other Energy Related Legislation*

CA AB 19      **AUTHOR:**              Ruskin [D]  
                  **TITLE:**                     Greenhouse Gas Emissions: Consumer Product  
    Labeling  
                  **INTRODUCED:**        12/01/2008  
                  **SUMMARY:**  
                                Enacts the Carbon Labeling Act of 2009. Requires the State Air  
                                Resources Board to develop and implement a program for the voluntary  
                                assessment, verification, and standardized labeling of the carbon  
                                footprint of consumer products sold in this state.  
                  **Position:**                      Watch

- CA AB 45      **AUTHOR:**                      Blakeslee [R]  
**TITLE:**                              Distributed Generation: Small Wind Energy Systems  
**INTRODUCED:**                      12/01/2008  
**SUMMARY:**  
States the intent of the Legislature to encourage local agencies to support the state's renewable energy procurement requirements by developing and adopting ordinances that facilitate the installation of distributed generation small wind energy systems.  
**Position:**                              Watch
- CA AB 46      **AUTHOR:**                      Blakeslee [R]  
**TITLE:**                              Energy: Energy Conservation Assistance  
**INTRODUCED:**                      12/01/2008  
**SUMMARY:**  
Relates to existing law that provides for the State Energy Conservation Assistance Account to provide grants and loans to local governments and public institutions to maximize energy use savings, and provides that all loans outstanding as of a specified date are required to continue to be repaid until paid in full, and all unexpended funds in the account on and after that date are required to revert to the General Fund. Extends the operations of these provisions to a specified date.  
**Position:**                              Watch
- CA AB 49      **AUTHOR:**                      Feuer [D]  
**TITLE:**                              Water Conservation: Urban Water Use  
**INTRODUCED:**                      12/01/2008  
**SUMMARY:**  
Relates to water conservation measures, programs, and incentives that prevent the waste of water and promote the reasonable and efficient use and reuse of available supplies. Requires the state to achieve a reduction in urban per capita water use by a specified date.  
**Position:**                              Watch
- CA AB 51      **AUTHOR:**                      Blakeslee [R]  
**TITLE:**                              Public Utilities Commission: Demand-Side Management  
**INTRODUCED:**                      12/01/2008  
**SUMMARY:**  
Expresses the intent of the Legislature to enact legislature to enact legislation that would require the Public Utilities Commission to integrate the demand-side management programs within its jurisdiction in order to enable offerings of integrated packages that will maximize savings and efficiency of utility program overhead.  
**Position:**                              Watch
- CA SB 7        **AUTHOR:**                      Wiggins [D]  
**TITLE:**                              Renewable Energy Sources: Net Metering  
**INTRODUCED:**                      12/01/2008  
**SUMMARY:**  
Relates to the Public Utilities Act, which imposes various duties and responsibilities on the Public Utilities Commission. Relates to a standard

contract or tariff for net energy metering. Requires an electric distribution utility or cooperative, at the discretion of an eligible customer-generator to take specified action in relation to net surplus electricity produced. Provides that only part or all of the electricity needed by a consumer is eligible for monetary incentives under solar initiative programs.

**Position:** Watch

CA SB 17

**AUTHOR:** Padilla [D]  
**TITLE:** Electricity: Smart Grid Systems  
**INTRODUCED:** 12/01/2008  
**SUMMARY:**

Requires the Public Utilities Commission to determine the requirements for a smart grid deployment plan consistent with the policies set forth in federal law. Requires each electrical corporation to develop and submit a smart grid deployment plan to the Commission.

**Position:** Watch

CA SB 31

**AUTHOR:** Pavley [D]  
**TITLE:** Global Warming Solutions Act  
**INTRODUCED:** 12/02/2008  
**SUMMARY:**

Relates to the Global Warming Solutions Act of 2006. Requires that revenues collected pursuant to compliance mechanisms adopted by the State Air Resources Board be deposited in the Air Pollution Control Fund. Specifies certain uses of the revenues collected pursuant to the fee and the compliance mechanisms.

**Position:** Watch



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Date: January 21, 2009

To: The Honorable Board of Directors

Through: Public, Legislative and Water Resources Committee (1/14/09)

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

Submitted by: Martha Davis  
Executive Manager of Policy Development

Subject: December Legislative Report from Geyer and Associates

---

**RECOMMENDATION**

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

**BACKGROUND**

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

**PRIOR BOARD ACTION**

None.

**IMPACT ON BUDGET**

None.

RWA:MD

Enclosure

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BILL GEYER  
JENNIFER WEST



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

## MEMORANDUM

TO: Rich Atwater and Martha Davis  
FROM: Jennifer West  
DATE: December 23, 2008  
RE: Sacramento Legislative Report

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### **Budget Impasse Continues**

As you have read in the press, the Budget deficit in Sacramento has dominated the Legislature's attention in the last month. The deficit, for now, is a \$15 billion gap between income and outgoing this year and another \$25 billion in 2009-10. The Democratic majority, frustrated by the Republican's unwillingness to raise taxes and other revenues, passed a package of bills that contained revenue and program cuts. The Governor swiftly threatened to veto all the bills. If he had not done so, it is likely that lawsuits would have been filed claiming the bills that raised revenue were unconstitutional because they lacked a 2/3 vote. Unfortunately, the whole process further aggravated members of both parties. A day after the vote on the bills, the SWRCB sent out notices that all new grant funding requests will be denied until further notice. Then the Governor reduced all state workers' pay by 10 percent and instituted a furlough. The State Controller and Treasurer have reported that the state will completely run out of cash in February.

### **Bill Introductions**

Attached is a list of all bills introduced in December pertaining to water and some energy measures. This year we can expect many bills to be introduced related to water conservation that implement the Governor's Executive Order calling for a reduction in per capita water use by 2020. IEUA is working closely with SAWPA, Western Municipal and the Irvine Ranch Water District to craft a water conservation measure that could be implemented, while accounting for recycled water use and other existing water conservation measures. Also, many legislators are expected to introduce Delta bills implementing some components of the Final Delta Vision. There are already a number of bills introduced on this topic.

IEUA will continue to explore the possibility of reintroducing the legislation that will give local agencies, more control over salinity discharges from residential self-regenerating water softeners.



## New Bill Introductions for 2009-10 Legislative Session

### **AB 13 (Salas) Delta Conservancy**

This bill would establish the Sacramento-San Joaquin Delta Conservancy to provide policy oversight, foster implementation of, and manage funds to implement those components of, a comprehensive delta sustainability program intended to restore and manage habitat in the Sacramento-San Joaquin Delta and Suisun Marsh.

### **AB 25 (Glimore) Surface Water Storage**

This bill would state the intent of the Legislature that the department complete, by the earliest possible date, the necessary environmental documentation for the surface water storage projects identified in the Programmatic Record of Decision in order to expedite the construction of vitally needed surface water storage.

### **AB 39 (Huffman) Final Delta Vision**

This bill would declare the intent of the Legislature to enact legislation to implement the recommendations in the Final Delta Vision Strategic Plan issued by the Delta Vision Blue Ribbon Task Force and the Delta Vision Committee established pursuant to Executive Order S-17-06 and Chapter 535 of the Statutes of 2006.

### **AB 49 (Feuer) Water Conservation**

This bill would require the state to achieve a 20% reduction in urban per capita water use in California by December 31, 2020.

### **AB 55 (Jefferies) Water Supply Planning**

This bill would revise that definition of "project" to provide that specified business, commercial, hotel or motel, industrial, manufacturing, and mixed-use developments are within the scope of that definition only if the projected water demand of the development would be equivalent to, or greater than, the amount of water required by a 500 dwelling unit project, as determined by the public water system.

### **SB 7 (Wiggins) Renewable Energy: Net Metering**

This bill would require the electric distribution utility or cooperative, at the discretion of the eligible customer-generator, to either: (1) provide net surplus electricity compensation for any net surplus electricity generated in the 12-month period, or (2) allow the eligible customer-generator to apply the net surplus electricity as a credit for kilowatt hours consumed during the following, and any subsequent, 12-month periods.

### **SB 12 (Simitian) Delta**

Enacts a water bond for Delta conveyance. Establishes a Delta Conservancy through the California Coastal Commission and enacts a \$50 per acre foot fee for water pumped through the conveyance facility.

### **SB 26 (Simitian) Home Generated Pharmaceutical Waste – Recommend Support**

This bill would require the California State Board of Pharmacy to coordinate with other state agencies, local governments, drug manufacturers, and pharmacies to develop sustainable, efficient policies and programs to manage pharmaceutical wastes and the disposal of devices. The bill would authorize a pharmacy to accept the return of home-generated pharmaceutical waste and home-generated sharps waste, as defined. Would make local pharmaceutical waste disposal programs available for grant funding.



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Date: January 21, 2009

To: The Honorable Board of Directors

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

Submitted by: Sondra Elrod  
Public Information Officer

Subject: Public Outreach and Communications

---

### **RECOMMENDATION**

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

### **Calendar of Events**

#### **January 2009**

- **January 12**, Chino Basin Desalination Case Study (UCSC), Event Room, 9 AM to Noon
- **January 14**, Rancho Cucamonga State of the City Address, 11:30 a.m., Red Hill Country Club
- **January 23-24**, MWD/IEUA State Water Project Trip
- **January 29**, State of the Santa Ana River Watershed, 10:00 a.m. to 3:00 p.m., Ontario Convention Center.
- **January 29**, Fontana State of the City Address, Breakfast session at 7:30 a.m. Lunch session at 11:30 a.m. Jesse Turner Center at Fontana's new park.
- **January 30**, NRWI Workshop, Event Center, 9:30 a.m.

#### **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 4**, Ontario State of the City Address. 4:00 p.m. to 8:00 p.m., Ontario Convention Center.
- **March 16**, IEUA hosts 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 5:30 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. During the month of January, the Automatic Water Softener Removal Rebate ad will be running on our local TV channels such as Disney, Life, CNN, and Bravo. Our 2009 outreach with the Daily Bulletin will begin in February with a two page Education piece and the 8-page ad that features each of our partners.

**WATER CONSERVATION OUTREACH**

IEUA met with its conservation partners to plan its 2009 Daily Bulletin Community Outreach Conservation ads. We will be meeting with Chris Lancaster to have a few sample ads put together for the conservation partners to review.

**AGENCY TOURS**

During the past month staff provided tours of the HQ and RP-5 SHF.

**PRIOR BOARD ACTION**

None.

**IMPACT ON BUDGET**

None.

**PEACE II CEQA Anticipated Schedule (12/24/08)**

(Dates meant to be approximate)

1/1/08—TDA will finish draft Project Description for review. It will describe the project and the major issues. WEI, IEUA and CBWM are expected to provide key input.

1/15/09—TDA will provide WEI with a list of supporting exhibits needed (tables, graphs, charts, etc.)

2/1/09—TDA will release draft Initial Study and Notice of Preparation.

2/15/09—IEUA/CBWM will hold a Scoping Meeting so other agencies (water mgt agencies and regulatory agencies) will identify their concerns.

2/01/09 – 3/01/09—WEI will perform any necessary modeling, such as overlaying the Peace II and DYY models and looking at water level impacts. The parties identify mitigation measures and perform additional modeling.

3/1/09—CEQA Document released for public for review for 45 days.

4/15/09—End of 45-day public review period.

4/30/09—TDA finishes responses to comments.

5/20/09—Board adoption.

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# CHINO BASIN WATERMASTER

## VII. INFORMATION

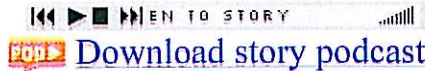
1. Newspaper Articles





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## Corona council to consider water conservation rules



10:00 PM PST on Tuesday, December 16, 2008

By ALICIA ROBINSON  
The Press-Enterprise

Corona officials are emphasizing incentives to conserve water, but new rules proposed in the city also include punishments for residents who waste the commodity.

In the face of the state's two-year drought and the threat of water rationing, government officials at all levels are encouraging people to cut water use voluntarily.

"We're going to be using a lot of programs to help people conserve, and we believe within a very short period of time we can change the way people use water," said Jonathan Daly, general manager of Corona's Department of Water and Power. "We're going to be using the carrot, not the stick."

In Corona's proposed water conservation ordinance, which the City Council will discuss tonight, the carrot is educating people, increasing use of recycled water, and installation of water-saving devices and landscaping. The city would help people take advantage of rebates on efficient appliances and landscaping. Cutting water use means lower bills.

The rule would set five levels of conservation based on the severity of the water shortage. At the lower levels, water customers might be asked to water lawns only on specific days, fix leaky sprinklers and reduce water use by a certain percentage.

Then comes the stick. During water shortages, those who over-water their yards, don't reduce water use as required or otherwise fail to conserve could receive misdemeanor citations and the city could restrict or cut off their water supply.

Daly said he believes the rules could easily spur a 10 percent reduction in the city's water use, but the target is 20 percent. That could have a big impact on how much water the city must buy and import.

The city's 44,000 water customers use about 9 billion gallons a year, and about 42 percent of that is imported, Daly said.

That imported water is a key reason for Corona's new rules. The Metropolitan Water District -- the wholesaler that sells water to local agencies that then sell it to cities -- has seen its water supplies

reduced by court orders and droughts around the West.

The water district has needed to draw from its reserves, and the possibility of restricting how much water it sells is still on the table for 2009, said Steve Arakawa, manager of the district's water resource management group.

"We need people to understand that our water comes from the Colorado River and from Northern California," he said. "This rain down here doesn't fix our problem."

Arakawa said about 85 cities in the Metropolitan Water District's six-county service area have rules similar to Corona's proposal.

Corona Councilman Eugene Montanez said most people want to conserve but may not have the tools or information they need.

"I really do think the majority of people are concerned, and I think this will just raise the awareness," he said.

*Reach Alicia Robinson at 951- 368-9461 or [arobinson@PE.com](mailto:arobinson@PE.com)*

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dailybulletin.com

## Monday's downpour brings much needed rain to IE

Mediha Fejzagic DiMartino, Staff Writer

Created: 12/15/2008 09:55:07 PM PST

**Photo Gallery:** Winter storm

Monday's downpour was a welcome change for Claremont resident Owen Keavney.

"I worry about Southern California. It needs rain," Keavney said. "Water shortage is our biggest problem."

Jim Merrill was ducking raindrops while carrying a box of pastries he just bought at Some Crust Bakery in Claremont. The change in weather didn't seem to bother him, either.

"It's great," Merrill said. "Water sustains life."

The rain rolled in Sunday night through 5 p.m. Monday. Ontario had 1.69 inches, Upland 1.95, while Chino Hills soaked up more than 2.5 inches.



A car sits partially submerged in floodwaters on Francis Street near Grove Avenue on Monday in Ontario. A winter storm hit the Inland Valley early Monday dumping up to 3 inches of rain, which caused streets to flood in some areas. (Jennifer Cappuccio Maher/Staff Photographer)

Showers are expected to continue today with highs around 54 degrees, according to Accuweather. The rain will stick around until Wednesday evening, when temperatures near freezing are expected. Thursday and Friday will be sunny and cool with patchy clouds.

Driving in the rain can be a hassle, admitted Juan Cuara, of Ontario.

"We are used to the sun, so we get spoiled," Cuara said. "As long as you drive slow and you pay attention, it should be OK."

Bryan Castleman drove into the San Gabriel Mountains on Mt. Baldy Road with his wife early Monday morning and found snow below the tunnels, just south of Mt. Baldy Village.

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The Castlemans said several abandoned cars were stuck in the snow on the side of the road. Traffic dwindled to a single lane in both directions. By noon, the road was cleared.

"It's just gorgeous here," said Susan Castleman, who works at the Mt. Baldy Lodge. "It looks like a Christmas card."

The snowfall brought a handful of skiers to Mt. Baldy's slopes.

"The bottom half of the mountain is open right now," said Pete Olson, president of Mt. Baldy Ski Lifts.

All lifts were to be open by today.

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# Fontana public works gets water rebate

Josh Dulaney, Staff Writer

Posted: 12/10/2008 09:02:19 PM PST  
FONTANA - It's the cliché that pays. The city got some greenbacks for "going green" last summer.

The Metropolitan Water District of Southern California has awarded the Public Works Department a rebate of more than \$94,000 for computer-controlled irrigation-system equipment it installed in the Southridge Community Facilities District in July.

The irrigation-system upgrades were conducted as part of a water-conservation pilot program designed to enable the department to better monitor and track water use in park and landscape areas.

The upgraded equipment will help eliminate over-watering through the use of computer-generated watering schedules based on weather conditions and other specific needs.

"It tracks humidity, wind speed and temperature, and basically the rate at which soil loses moisture," said Dan West, manager of parks and landscape.

The city will measure water use and compare it with previous years in order to evaluate equipment and upgrades, as well as improve

irrigation water use throughout the city's landscape areas.

Chuck Hays, public works director, said city officials are excited about the program's potential.

"Clearly, conserving water and lowering costs would be of tremendous benefit for our community," Hays said in a news release. "And we are thrilled that the Metropolitan Water District is supporting our efforts in this regard."

The city has about 65 community facilities districts. The Southridge district extends roughly from Jurupa Avenue between Sierra and Mulberry avenues to the edge of Riverside County, West said.

He said the city is looking next to do similar upgrades in the landscape maintenance district in the Hunters Ridge community.

For further information about the city's water-conservation pilot program, call (909) 350-6518

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## Chino water agency grows

### Western Municipal is added and pledges \$46M for work

Neil Nisperos, Staff Writer

Posted: 12/09/2008 09:32:19 PM PST

A new player is coming on board to the Chino Basin Desalter Authority, the region's water wholesaler, to help with the expansion of wells and the ability for the basin to sustain itself, officials said.

Western Municipal Water Agency joins the authority, which provides potable water to local water providers in the area. Western Municipal has pledged \$46 million toward a \$120million project to expand the Chino desalter within the next five years.

The authority's facilities remove salts of nitrates and other materials from groundwater pumped from the basin, making additional water available to its partners.

"I think this is going to enhance the longtime future of the Chino Desalter

Authority," said Ken Manning, CEO of the court-appointed Chino Basin Watermaster, which oversees regional water issues.

"I think it's going to bring a lot of strength to the CDA well into the future. This really does enhance the ability of the Chino Basin to become self-sufficient as water is becoming more and more scarce."

The authority includes Chino, Chino Hills, Ontario, Norco, the Jurupa Community Services District, the Santa Ana River Water Co., and the Inland Empire Utilities Agency as a nonvoting member. The authority represents 15 percent of the water in the Chino Basin, a large underground aquifer that serves as the region's major water source.

Earlier this year, some CDA members were concerned about the impact of authority voting power, future water supplies and cost.

"I think they came to the realization that Western was not going to dominate. Western was coming in to be equal partners. A couple of the agency members were afraid they would get rolled over by a consortium of other

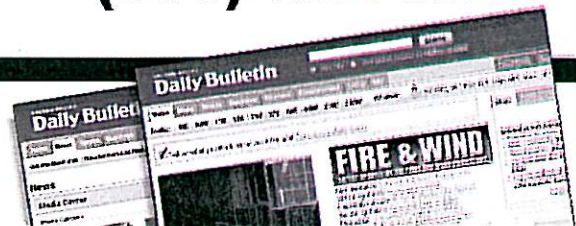
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members, but they were able to work the details out to get assurances that wouldn't happen. I'm glad they were able to work that out," Manning said.

The planned expansion project would bring an output of 35 million gallons of water annually to the authority, up from the current yield of 25 gallons.

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

Officials expect the expansion, which includes the drilling of four to six new wells, will be completed around 2012 or 2013, said Richard Atwater, CEO of the Inland Empire Utilities Agency.

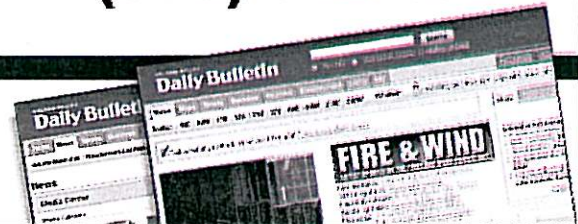
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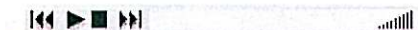


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## Perris officials vote to begin process of buying water company



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10:00 PM PST on Tuesday, November 25, 2008

By JULISSA McKINNON  
The Press-Enterprise

In hopes of purchasing its own water source, the Perris City Council voted unanimously Tuesday night to begin the eminent domain process to acquire the McCanna Ranch Water Company.

For years Perris has relied on the Eastern Municipal Water District as its sole water supplier. City officials say that buying the small water company, which currently supplies the Villages of Avalon housing tract and Amelia Court in northeastern Perris, would be a way for Perris to start achieving water independence.

"We need to look at any and every option to reduce our dependency on EMWD," Councilman Mark Yarbrough said. "Even drilling wells is not out of the question. Water is very, very political."

Yarbrough said acquiring the water company would mean long-term cost savings to the city, which could set its own rates. Perris residents would no longer be subject to water rate increases from EMWD, which often passes on the price hikes by the Metropolitan Water District of Southern California, he said.

For months Perris officials have been negotiating the purchase of the water supply with Barratt American, the company that owns all of McCanna's stock. The city has proposed paying \$11 million overall for the entire water system, which draws its water from an underground stream that receives some Lake Perris flow seeping from under the dam.

So far it appears Barratt American is interested in streamlining the eminent domain process for the city by waiving some of the notices and "procedural steps" usually involved, according to Perris City Attorney Eric Dunn.

"They would essentially be waiving the timeline," Dunn said. He explained that eminent domain, the legal process by which cities can forcibly take property for the public interest, is typically a lengthy endeavor involving multiple notices and hearings.

City officials are leaning toward acquiring the water company by eminent domain. Unlike a standard purchase, an eminent domain acquisition would not require approval from the state Public Utilities Commission, Dunn said.

"When you're talking about an approval from the Public Utilities Commission, it's not weeks or months, it's years. It's costly and there are a lot of hearings involved," Dunn said.

*Reach Julissa McKinnon at 951-375-3730 or [jmckinnon@PE.com](mailto:jmckinnon@PE.com)*

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## SB County rescues troubled water company

Lauren McSherry, Staff Writer

Created: 11/19/2008 08:43:52 PM PST

San Bernardino County officials are being praised for helping speed along the rebuilding effort in Cedar Glen by taking the first steps to take control of the financially troubled water company.

"This action finally puts to rest this albatross of debt that has been hanging over the community for years," said 3rd District Supervisor Dennis Hansberger in a statement.

Cedar Glen, a community in the San Bernardino mountains, was destroyed by the Old Fire in 2003.

More than five years later, redevelopment in the area has been hindered by a number of factors, one being the area's obsolete water system controlled by Arrowhead Manor Water Co.

During the fire, firefighters could not get enough water pressure for their hoses and the roads could barely accommodate their firetrucks.

Many of the properties cannot be rebuilt because of the poor condition of the water delivery infrastructure, a county report states.

David Stuart, executive director of Rebuilding

Mountain Hearts and Lives, hopes the situation will never be repeated now that the water company is being placed under the county's jurisdiction.

The Board of Supervisors voted Tuesday to spend nearly \$1 million to bail the water company out of an outstanding loan.

The county plans to purchase the water company for \$300,000 and replace the aging infrastructure, said John Richardson, who was appointed by the Superior Court to help resolve the situation.

"It's been a long, long, hard road," he said. "And I appreciate the county finally making it through all the hoops they had to jump through."

Stuart said the debt had been particularly unfair to ratepayers.

"Before they even began rebuilding, they had been making their payments with their rate bill thinking it had been paid," he said.

Stuart said the loan, which was well more than 20 years old, hurt redevelopment.

Fewer than 50 of the 336 houses that burned have been rebuilt, he said.

The county's intervention will help create a viable water company and will provide new water tanks for firefighters, improved roads with turnarounds and a second exit route from the community to assist emergency evacuations,

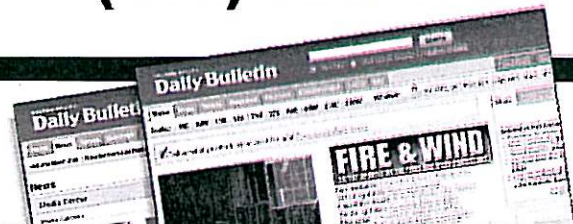
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Stuart said.

"This is one time where you have seen a politician that read his job description and looked out for his constituents," Stuart said of Hansberger, who spearheaded the effort.

Assemblyman Anthony Adams, who represents the area, sponsored and rallied support for state legislation that eliminated some debt incurred by the water company.

The bill passed in September and takes effect Jan. 1.

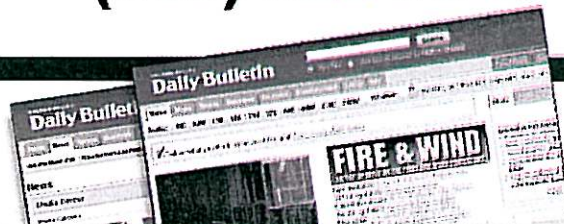
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## Western set to join Chino Desalter Authority Partnership is crucial to diversifying local water supply

RIVERSIDE, CA – November 25, 2008 – Southern California faces drought conditions that threaten the Inland Empire's economic vitality and environmental health. In response to this challenge, a partnership of cities and water agencies are joining forces to create new local water supplies.

As a first step, the Chino Basin Desalter Authority (CDA) approved Western's membership into the partnership with Jurupa Community Services District, the Santa Ana River Water Company, Inland Empire Utilities Agency, and the cities of Chino, Chino Hills, Norco and Ontario. Working cooperatively, these agencies built and operate the Chino Desalter facility that creates clean drinking water by removing salts and nitrate from otherwise non-useable groundwater.

Western's participation will accelerate creation of new water supplies at the Chino Desalter as part of a Phase 3 expansion. This \$110 million project involves construction of new wells, groundwater treatment and water distribution facilities in the lower Chino Basin. Once complete in 2013, the expanded facility will allow for the additional delivery of 10,000 acre-feet of water annually to Western and other CDA members.



Reverse osmosis equipment used in desalting facilities.

"One of the biggest challenges we face as a region is securing new sources of water as imported supplies diminish. We applaud the CDA decision to add Western to the Authority, and the subsequent expansion of the Chino Desalter facilities. Both fit together as critical elements to diversifying our local water supply," said Western General Manager John V. Rossi.

The vote to bring Western into the CDA is part of a remarkable collaborative effort among dozens of municipalities and water users in the Chino Basin. Their goal is to achieve local sustainability by cleaning up and recharging the local aquifer. "If we want to sustain America's economic growth and provide for a rapidly increasing population, we must ensure our communities have efficient and reliable access to water resources by encouraging the use of innovative technologies through water recycling and desalination," said Congressman Gary Miller. Congressman Miller sponsored the "Santa Ana River Water Supply Enhancement Act of 2008" legislation authorizing up to \$26 million in federal funding under the Bureau of Reclamation to increase groundwater desalination in the Chino Basin. The Senate Energy Committee unanimously approved the legislation in September and the bill awaits further action on the Senate floor.

The federal funding represents about 20 percent of the cost to expand the Chino I and II desalters. In addition, the bill authorizes \$10 million, from the Bureau of Reclamation, and in cooperation with Orange County Water District, to create wetlands along the Santa Ana River providing an expanded natural treatment system to purify the River before it replenishes Orange County's groundwater supply.

- more -

**Western set to join Chino Desalter Authority**  
**From page 1**

“As imported water supplies from the Colorado River and State Water Project are reduced, we have been actively seeking additional water sources. By joining the CDA, Western is taking the action necessary to expand our local water supply, and we are deeply grateful to the members who have admitted us to the CDA,” said Charles D. Field, Western board director, who also represents Western on the Chino Basin Watermaster Board.

“Western's responsible leadership in regional water resource management will help ensure our community continues to be blessed with clean, reliable water supplies for generations to come,” said Donald D. Galleano, Western board director, representing the Division 4 service area that is adjacent to Chino Basin.

In addition to expanding new water supplies, benefits of the Chino Desalter operation include: achieving hydraulic control of the Chino Groundwater Basin outflow to the Santa Ana River; increasing desalter groundwater pumping from the lower Chino Groundwater Basin to 40,000 acre-feet per year; removing salts and other impurities from the groundwater basin; and a minimum of 10 million gallons a day of additional water to Ontario, Jurupa and Western.

*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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## Inland agencies receive state grants in water conservation program

 [Download story podcast](#)

08:14 PM PST on Tuesday, November 25, 2008

By JANET ZIMMERMAN  
The Press-Enterprise

Do you have grass that's drinking up water and getting little use? You could get paid to rip it up under a state-funded rebate program aimed at stretching California's water supply through another year of drought. The state Department of Water Resources will fund programs from 53 water agencies around the state for turf removal and other water-saving measures, such as low-flow toilets and climate-sensitive irrigation controls. The \$17 million pot of money also will be used by water districts for public education, leak detection and retrofitting systems for better efficiency, spokesman Matt Notley said.

Two of the biggest single grants went to water suppliers that serve the Inland area: \$2 million to Metropolitan Water District, Southern California's largest water wholesaler, and \$1 million to the Inland Empire Utilities Agency, which serves Fontana and other cities in western San Bernardino County.

Consumers should check with their water supplier about possible rebates.

The grant money comes from a \$3.44 billion bond measure -- the Water Security, Clean Drinking Water and Coastal and Beach Protection Act -- passed by voters in 2002. The funds are going out this week, Notley said.

MWD will put its \$2 million grant toward a large-scale turf removal rebate program, the first such effort to be done on a regional basis, said Carolyn Schaffer, a project manager.

The agency will match the grant with \$5 million from its water stewardship fund, financed by fees charged to member agencies, she said.

The cash-for-grass program is expected to begin early next year for about 18 million people served by MWD's 26 member agencies. Residential and commercial customers will be eligible.

Details are still being worked out, but the plan is to pay \$1 per square foot of grass that is removed, Schaffer said.

Homeowners could reduce their water use by half or more if they replace grass with California native plants that thrive on little moisture, she said. Replacing grass with plants that can be watered with a drip

system also could reduce runoff from irrigation overspray.

Replacing 1 square foot of grass with water-saving trees, shrubs and flowers saves an average of 55 gallons of water per year, according to the Southern Nevada Water Authority, which has a similar rebate.

The program is not meant to be anti-grass, Schaffer said.

"Functional turf is very important; we're not proposing that it be removed. But if people have areas of lawn and all they're doing is mowing and watering it and they want to do something else with it, this is an incentive to do that," she said.

The Inland Empire Utilities Agency will use the cash to help businesses and the seven cities it serves connect to recycled-water pipes so they can use nonpotable water for irrigation, spokeswoman Sondra Elrod said. Beneficiaries could include parks, schools and golf courses.

The agency, which serves Fontana, Ontario, Rancho Cucamonga, Montclair, Upland, Chino and Chino Hills, already was working on the infrastructure for the connections from water treatment plants under the governor's proposal to cut back on water use by 20 percent by the year 2020, she said.

But with the grant money, "we figure what we were going to do in 10 years we're going to do in three," Elrod said.

*Reach Janet Zimmerman at 951-368-9586 or [jzimmerman@PE.com](mailto:jzimmerman@PE.com)*

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# Scientists spot La Nina: Dry year ahead

By Dan Abendschein, Staff Writer

Posted: 01/12/2009 06:02:01 PM PST  
LA CANADA FLINTRIDGE - Scientists at JPL on Monday said they've detected a La Nina oceanic effect that typically signals a warmer, drier winter.

The Pacific weather pattern that occurs every few years will bring another unusually dry winter to Southern California, said Josh Willis, a oceanographer and climatologist at the Jet Propulsion Laboratory in La Canada Flintridge.

"With weather, it is always a roulette table," he said. "But it does look like we are in for drier weather."

No storms are forecast in the National Weather Service's 10-day weather outlook, Willis added.

The early winter storms of December gave Southern California a boost, providing above-average rainfall for the season, right up until the last storm hit around Christmas, said Willis.

But conditions have dried considerably since then - now the rainfall amount is about an average for this time of year, he said.

La Nina has the opposite effect on Southern California as El Nino, a weather pattern that

brings warm ocean temperatures to the Pacific coast of South America, dry weather to the Midwest, and heavy rain to the Southwest.

With La Nina, which brings colder-than-normal ocean temperatures to the Pacific, Southern California gets dry weather, while the Midwest and the Pacific Northwest get all the rain and snow.

"Basically, it just steers the jet stream further north," Willis said.

The dry weather locally is part of a longer-term weather effect, called the Pacific Decadal Oscillation, said Willis. Right now, the country's entire Southwest is locked in a pattern of dry weather.

Of the last 10 Southern California winters, eight have been dry, with 2004 and 2005 the only two wet years.

Those years of drought have been troublesome for Los Angeles County's Metropolitan Water District, which gets most of its water from the Northern California snowpack and the Colorado River.

The MWD is already been anticipating a dry winter this year, said Bill Muir, spokesman.

More concerning for the agency, he said, is a state court ruling that mandates a cut in water use from the Sacramento River delta to protect the endangered delta smelt fish.

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Because of that ruling, MWD may have to set restrictions on county cities that purchase its water, which includes most of the cities in the San Gabriel Valley, Muir said.

Still, another dry winter doesn't help, he said.

"We've been looking at a worse-case scenario, and it looks like that is what we are facing now," said Muir.

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