



# CHINO BASIN WATERMASTER



## NOTICE OF MEETINGS

**Thursday, February 26, 2009**

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

*(Lunch will be served)*

***AT THE CHINO BASIN WATERMASTER OFFICES***

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





# **CHINO BASIN WATERMASTER**

**Thursday, February 26, 2009**

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

## **AGENDA PACKAGE**



**CHINO BASIN WATERMASTER  
ADVISORY COMMITTEE MEETING**

**WITH**

*Mr. Gene Koopman, Chair, Agricultural Pool  
Mr. Robert DeLoach, Vice-Chair, Appropriative Pool*

**9:00 a.m. – February 26, 2009**

**At The Offices Of**

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

**AGENDA**

**CALL TO ORDER**

**AGENDA - ADDITIONS/REORDER**

**I. CONSENT CALENDAR**

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

**A. MINUTES**

1. Minutes of the Advisory Committee Meeting held January 22, 2009 (*Page 1*)

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of January 2009 (*Page 15*)
2. Watermaster Visa Check Detail (*Page 17*)
3. Combining Schedule for the Period July 1, 2008 through December 31, 2008 (*Page 19*)
4. Treasurer's Report of Financial Affairs for the Period December 1, 2008 through December 31, 2008 (*Page 21*)
5. Budget vs. Actual July 2008 through December 2008 (*Page 23*)

**C. CHINO BASIN WATERMASTER INVESTMENT POLICY**

Resolution 09-01 – Resolution of the Chino Basin Watermaster, San Bernardino County, California, authorizing the Watermaster's Investment Policy (*Page 25*)

**II. BUSINESS ITEM**

**A. BUDGET TRANSFER**

Consider Budget Transfer Request T-09-02-01 relating to: OBMP, HCMP, Desalters, and Storage Program to Groundwater Level Monitoring Program, Recharge Master Plan, and MZ-3 (*Page 31*)

**III. REPORTS/UPDATES**

**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. Court Hearings
2. Dry Year Yield Agreement
3. Non-Agricultural Pool Water Auction

**B. ENGINEERING REPORT**

1. Wildermuth Environmental Engineering Update
2. Dodson Peace II EIR Update

**C. FINANCIAL REPORT**

1. Watermaster Budget

**D. CEO/STAFF REPORT**

1. Legislative Update
2. Recharge Update
3. Fontana Barrier Study

**E. INLAND EMPIRE UTILITIES AGENCY**

1. MWD Water Supply Allocation Update *(Page 35)*
2. IEUA's Draft "Strawman" Drought Allocation Plan Update *(Page 37)*
3. Dry Year Yield Expansion Update
4. Peace II CEQA Update and Draft Schedule *(Page 51)*
5. IRP Update *(Page 53)*
6. AB1420 & MWD Ordinance Requirements for Extraordinary Conservation Programs *(Page 55)*
7. Monthly Water Conservation Programs and Imported Water Deliveries/DYY Report *(Page 77)*
8. Quarterly Water Conservation Programs Update *(Page 89)*
9. Recycled Water Newsletter *(Page 105)*
10. State and Federal Legislative Reports *(Page 109)*
11. Community Outreach/Public Relations Report *(Page 133)*

**F. OTHER METROPOLITAN MEMBER AGENCY REPORTS**

**IV. INFORMATION**

1. Newspaper Articles *(Page 135)*

**V. COMMITTEE MEMBER COMMENTS**

**VI. OTHER BUSINESS**

**VII. CONFIDENTIAL SESSION - POSSIBLE ACTION**

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

**VIII. FUTURE MEETINGS**

February 26, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
February 26, 2009	9:00 a.m.	Advisory Committee Meeting
February 26, 2009	11:00 a.m.	Watermaster Board Meeting
March 10, 2009	9:00 a.m.	GRCC Meeting
March 12, 2009	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
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April 9, 2009		Chino Basin Watermaster Hearing, San Bernardino Court
<b>April 14, 2009</b>	<b>10:00 a.m.</b>	<b>Appropriative &amp; Non-Agricultural Pool Meeting</b>
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April 23, 2009	11:00 a.m.	Watermaster Board Meeting

**Meeting Adjourn**

**CHINO BASIN WATERMASTER  
BOARD MEETING**

**WITH**

*Mr. Ken Willis, Chair*

*Mr. Bob Kuhn, Vice-Chair*

**11:00 a.m. – February 26, 2009**

**At The Offices Of**

**Chino Basin Watermaster**

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

**AGENDA**

**CALL TO ORDER**

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1. Court Hearings
2. Dry Year Yield Agreement
3. Non-Agricultural Pool Water Auction

**B. ENGINEERING REPORT**

1. Engineering Update

**C. FINANCIAL REPORT**

1. Watermaster Budget

**D. CEO/STAFF REPORT**

1. Legislative Update
2. Recharge Update
3. Fontana Barrier Study

**IV. INFORMATION**

1. Newspaper Articles (*Page 135*)

**V. BOARD MEMBER COMMENTS**

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April 23, 2009	11:00 a.m.	Watermaster Board Meeting

**Meeting Adjourn**



# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### A. MINUTES

1. Annual Advisory Committee Meeting –  
January 22, 2009



***Draft Minutes***  
**CHINO BASIN WATERMASTER**  
**ADVISORY COMMITTEE MEETING**  
*January 22, 2009*

The Annual Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on January 22, 2009 at 9:00 a.m.

**ADVISORY COMMITTEE MEMBERS PRESENT**

**Agricultural Pool**

Gene Koopman, Chair	Milk Producers Counsel
Jennifer Novak	State of California Dept. of Justice, CIM
Bob Feenstra	Ag Pool – Dairy
Jeff Pierson	Ag Pool – Crops
Rob Vanden Heuvel	Milk Producers Counsel
Pete Hall	State of California, CIM

**Appropriative Pool**

Robert DeLoach	Cucamonga Valley Water District
Mark Kinsey	Monte Vista Water District
Ken Jeske	City of Ontario
Robert Tock	Jurupa Community Services District
Ron Craig	City of Chino Hills
Dave Crosley	City of Chino
Charles Moorrees	San Antonio Water Company
Raul Garibay	City of Pomona
Mike McGraw	Fontana Water Company

**Non-Agricultural Pool**

Bob Bowcock	Vulcan Materials Company (Calmat Division)
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**Watermaster Board Members Present**

Michael Camacho	Inland Empire Utilities Agency
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**Watermaster Staff Present**

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

**Watermaster Consultants Present**

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

**Others Present**

Marty Zvirbulis	Cucamonga Valley Water District
Mohamad El Amamy	City of Ontario
Jack Safely	Western Municipal Water District
Tom Crowley	Western Municipal Water District
Bill Kruger	City of Chino Hills
Terry Catlin	Inland Empire Utilities Agency
Sandra Rose	Monte Vista Water District
Rich Atwater	Inland Empire Utilities Agency
Martha Davis	Inland Empire Utilities Agency
Steven Lee	Reid & Hellyer
Eunice Ulloa	Chino Basin Water Conservation District



Chair Koopman called the annual Advisory Committee meeting to order at 9:05 a.m.

#### **AGENDA - ADDITIONS/REORDER**

No additions or reorders were made to the agenda.

#### **I. INTRODUCTIONS OF THE ADVISORY COMMITTEE OFFICERS, CALENDAR YEAR 2009**

<b><u>Gene Koopman</u></b>	Chair	(Agricultural Pool)
<b><u>Robert DeLoach</u></b>	Vice-Chair	(Appropriative Pool)
<b><u>Bob Bowcock</u></b>	Second Vice-Chair	(Non-Agricultural Pool)
<b><u>Ken Manning</u></b>	Secretary/Treasurer	(Chief Executive Officer)

#### **INTRODUCTIONS OF THE NEW BOARD MEMBERS, CALENDAR YEAR 2009**

##### **Calendar Year 2008 Pool Representation on the Watermaster Board**

Based on the Court-adopted Rotation Schedule for Representatives to the Watermaster, during calendar year 2009, the following will represent the Appropriative Pool on the Watermaster Board.

Fontana Water Company 2009-2011	New Member:	<u>Michael L. Whitehead</u>
	Alternate:	<u>Robert K. Young</u>

Returning:

Cucamonga Valley Water District 2009-2010	Member:	Jim Curatalo
	Alternate:	Kathy Tiegs

City of Upland 2009-2010	Member:	Ken Willis
	Alternate:	Tom Thomas
	Alternate:	Anthony La

#### **I. CONSENT CALENDAR**

##### **A. MINUTES**

1. Minutes of the Advisory Committee Meeting held December 18, 2008

##### **B. FINANCIAL REPORTS**

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

##### **C. LOCAL AGENCY INVESTMENT FUND**

Resolution 09-02 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF)

##### **D. LEVYING REPLENISHMENT & ADMINISTRATIVE ASSESSMENTS**

Resolution 09-03 – Resolution of the Chino Basin Watermaster Levying Replenishment and Administrative Assessments for Fiscal Year 2008-2009

##### **E. NOTICE OF INTENT**

Annual Filing of Notice of Intent Regarding the Determination of Operating Safe Yield

##### **F. INDEPENDENT FINANCIAL AUDIT**

Mayer Hoffman McCann P.C. Independent Watermaster Financial Audit

**G. ALLOCATION OF VOLUME VOTE**

Advisory Committee Allocation of Volume Vote effective Calendar Year 2009

*Motion by Bowcock, second by Pierson, and by unanimous vote*

***Moved to approve Consent Calendar A through G, as presented***

**II. BUSINESS ITEM****A. BUDGET TRANSFER**

Ms. Rojo stated this item pertains to a TMDL Study along the Santa Ana River and there was a request made by the Agricultural Pool to fund the farming portion of this study. This item has been through the Watermaster process and at the last Advisory Committee meeting in December, 2008, that committee requested this item be pulled from the agenda for further consideration. This item is now once again before this committee for reconsideration. Chair Koopman made a motion to approve the Budget Transfer to fund the farming portion of the TMDL Study for \$21,000. Mr. Jeske made reference to the last Advisory Committee meeting when this item was discussed at length and noted options were brought forward through the Pool process; however, they were not approved. Having these options brought forth to the parties showed there was good faith efforts put forth to negotiate this item. Mr. Jeske stated he would like to see this put off for another month to allow the Appropriative Pool try to rework and restructure some language that might assist in moving this forward. Mr. DeLoach stated the Appropriative Pool members were just notified a few days ago that the Agricultural Pool took action to decline the offer to work out this process; Mr. DeLoach noted his displeasure in the action the Agricultural Pool took. Mr. DeLoach agreed with Mr. Jeske in wanting to work on defining improved language for this broad term of Special Projects and to provide clarification on how to proceed with this type of request in the future. A lengthy discussion regarding this matter, what the TMDL study is, and what a Special Project is ensued. Mr. Bowcock stated he doesn't think the attorneys should define what special projects are. A discussion ensued with regard to this item including how this vote will be taken to the Watermaster Board meeting later today.

*Motion by Koopman, to approve the budget transfer to fund the forming portion of the TMDL study for 21,000 second by Pierson*

***Motion failed to pass by a majority no vote, the Non-Agricultural Pool concurred with a no vote, as presented***

**III. REPORTS/UPDATES****A. WATERMASTER GENERAL LEGAL COUNSEL REPORT****1. February 2, 2009 Hearing**

Counsel Fife stated there is a hearing scheduled for February 2, 2009, and counsel and staff have been preparing for that hearing including meeting with witnesses and legal counsel. Notice has gone out to the attorney group about each of the sessions being held. The materials that are being developed are being distributed on a regular basis. There is a copy of the intended hearing outline on the back table. Counsel will advise the court that it is unaware of any opposition if there is none at the time of the hearing. Counsel Fife stated once the Watermaster Board has approved this outline it will be filed with the court. A brief discussion regarding this item ensued.

**2. Hanson Aggregates Litigation**

Counsel Fife stated a tentative settlement has taken place with Hanson Aggregates' and the final documents are still in the works. Calls have been placed to the Hanson Aggregates attorney to no avail and yesterday we were told their legal counsel that has been working on this case no longer is working for the law firm. This has set things back slightly; however, the conceptual settlement that is in place is still valid.

3. Sale/Auction of Overlying Non-Agricultural Water

Counsel Fife stated this item is moving through the process. Discussions with the Appropriative Pool have been taking place along with working on documentations with them. The hope is that the auction will take place in the spring.

**B. ENGINEERING UPDATES**

1. Progress Report on Recharge Master Plan

Mr. Wildermuth gave the presentation on the progress on the Recharge Master Plan. It was noted the start of this plan began in October, 2008, at the Strategic Planning Conference. The detailed scoping and scheduling are complete and the consultant team which includes Wildermuth Environmental, Black & Veatch, and Wagner Engineers. The technical work was started and the production optimization task was added in January, 2009. Mr. Wildermuth stated there will be eleven workshops to cover the key points and stakeholder input is necessary. Mr. Wildermuth expanded on the Content Management Website which went live in January, 2009. A discussion regarding Mr. Wildermuth's presentation ensued. Mr. Manning stated Watermaster, in the development of the Content Management Website process, made the commitment this would be an open and transparent process with the continuous scheduling of workshops. Mr. Manning noted by the end of next week the Content Management Website will be linked onto the Watermaster Website and will be titled "Recharge Master Planning." A discussion regarding the four committees that parties signed up for at the Strategic Planning Conference ensued.

2. Background and Conceptual Scoping of the Pumping Optimization Investigation

No comment was made regarding this item.

3. Oral Progress Report on other Wildermuth Environmental Activities

No comment was made regarding this item.

**C. CEO/STAFF REPORT**

1. Legislative Update

Mr. Manning stated there is a detailed legislative report provided by Inland Empire Utilities Agency starting on page 151 of the meeting packet. There is a new administration in Washington DC and it is not known how that will affect us. The economic stimulus package will be a great topic of discussion in Washington over the next several months. There will be some funds put towards infrastructure and hopefully a portion of those funds will be channeled into the Chino Basin. Mr. Manning stated thus far there is no change in the state's \$42 billion dollars debt crisis and there appears to be no legislative remedy. There is still a great deal of discussion in Sacramento regarding a Water Bond. A brief discussion regarding the legislative update ensued.

2. Recharge Update

Mr. Manning stated a copy of the recent recharge activity is on the back table. Staff did record the single largest day of storm water capture in the Chino Basin history which was slightly over 1,500 acre-feet in one day. Since that one large storm in December there have not been many more significant storms; however, there are storms predicted to hit possibly today through the weekend. The drought issue is still critical in southern California in terms of rainwater.

**D. INLAND EMPIRE UTILITIES AGENCY**

1. MWD Drought Update – Oral

Mr. Atwater stated an update on the drought was sent out to all the parties recently. Mr. Atwater summarized the update and noted the Colorado River's water level at the present time is up.

2. MWD Proposed 2010 Rate Increase – Oral  
Mr. Atwater stated there has been a lot of discussion at Metropolitan Water District (MWD) because they are considering a rate increase as they do every year but the schedule has changed slightly. The MWD board scheduled another budgeted workshop on February 24, 2009 and the rate increases will be discussed at that workshop.
3. State/ MWD Conservation Requirements for Grant Funds – Oral  
Ms. Davis stated the handout that is in the meeting package has been updated and is now on the back table. Ms. Davis stated a bill was passed about a year and half ago that required agencies and cities that were applying for any state grant or loans to be in compliance with the California Urban Water Conservation Councils Best Management Practices. That bill went into effect January 1, 2009 which means anybody who is applying for a state grant after January 1<sup>st</sup> has to be in compliance. A meeting was held to assist people in knowing what it means to be in compliance. Ms. Davis stated with regard to the economic stimulus package that is under discussion a lot of the funding that would be available for water related projects would be coming through to the state through the SRF loan program. Because of the law that is in place this means the economic stimulus dollars would be subject to these compliance requirements. A discussion regarding “in compliance” ensued. Ms. Davis stated with regard to the MWD conservation prerequisite at MWD’s January meeting they made some changes to the prerequisite. MWD is interested in having all retail agencies within their service area that want to apply for the Public Sector Grants adhere to a conservation ordinance prerequisite. MWD is looking for a more active enforcement of water efficiency measures. A brief discussion ensued with regard to Ms. Davis’s report.
4. MWD Board Letter, 2009 Water Supply Allocation Plan Status  
No comment was made regarding this item.
5. MWD Board Letter, Water Revenue Requirements, Calendar Year 2010 Rates  
No comment was made regarding this item.
6. Summary State/MWD Conservation Requirements for Grand Funds  
No comment was made regarding this item.
7. Monthly Water Conservation Programs and Imported Water Deliveries/DYY Report  
No comment was made regarding this item.
8. Recycled Water Newsletter  
No comment was made regarding this item.
9. State and Federal Legislative Report  
No comment was made regarding this item.
10. Community Outreach/Public Relations Report  
No comment was made regarding this item.
11. Peace II EIR Timeline  
No comment was made regarding this item.

**E. OTHER METROPOLITAN MEMBER AGENCY REPORTS**

Mr. Safely noted several agencies are concerned about their grant funding and their receiving monies/payments. Mr. Safely reviewed several of the grants that are approved however the delay in receiving payments will put numerous projects at risk. A discussion regarding this matter ensued.

**IV. INFORMATION**

1. Newspaper Articles

No comment was made regarding this item.

**V. COMMITTEE MEMBER COMMENTS**

Mr. Kinsey stated for the past year to year in a half the parties have been working on a potential expansion of the Dry Year Yield Program. The CEQA work is complete and there is an understanding of some of the project alternatives and configurations. It is his understanding of the MOU between Inland Empire Utilities Agency, Western Municipal Water District, and Three Valleys Municipal Water District that, there are some provisions in that document which appear to have some potential challenges that need to be worked through regarding the Peace Agreement and Peace II documents. Mr. Kinsey noted if there are changes required it would be better to work on those now rather wait until the last minute; the deadline for the agreement is September, 2009. Mr. Atwater stated a meeting can be scheduled right away to resolve some of these issues and asked that parties see him after the meeting to get that started.

**VI. OTHER BUSINESS**

No comment was made regarding this item.

**VII. FUTURE MEETINGS**

January 22, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
January 22, 2009	9:00 a.m.	Annual Advisory Committee Meeting
January 22, 2009	11:00 a.m.	Annual Watermaster Board Meeting
January 27, 2009	9:00 a.m.	GRCC Meeting
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February 26, 2009	11:00 a.m.	Watermaster Board Meeting

The Annual Advisory Committee meeting was dismissed by Chair Koopman at 10:16 a.m.

Secretary: \_\_\_\_\_

Minutes Approved: \_\_\_\_\_



# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### A. MINUTES

1. Annual Watermaster Board Meeting – January 22, 2009



***Draft Minutes***  
**CHINO BASIN WATERMASTER**  
**WATERMASTER BOARD MEETING**  
*January 22, 2009*

The Annual Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on January 22, 2009 at 11:00 a.m.

**WATERMASTER BOARD MEMBERS PRESENT**

Ken Willis, Chair	City of Upland
Bob Kuhn	Three Valleys Municipal Water District
Charles Field	Western Municipal Water District
Jim Curatalo	Cucamonga Valley Water District
Michael Whitehead	Fontana Water Company
Michael Camacho	Inland Empire Utilities Agency
Bob Bowcock	Vulcan Materials Company
Paul Hofer	Agricultural Pool
Geoffrey Vanden Heuvel	Agricultural Pool

**Watermaster Staff Present**

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

**Watermaster Consultants Present**

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

**Others Present**

Jennifer Novak	State of California Dept. of Justice, CIM
Bob Feenstra	Ag Pool – Dairy
Jeff Pierson	Ag Pool – Crops
Rick Hansen	Three Valleys Municipal Water District
David DeJesus	Three Valleys Municipal Water District
Robert DeLoach	Cucamonga Valley Water District
Mark Kinsey	Monte Vista Water District
Ken Jeske	City of Ontario
Robert Tock	Jurupa Community Services District
Ron Craig	City of Chino Hills
Dave Crosley	City of Chino
Charles Moorrees	San Antonio Water Company
Raul Garibay	City of Pomona
Marty Zvirbulis	Cucamonga Valley Water District
Mohamad El Amamy	City of Ontario
Terry Catlin	Inland Empire Utilities Agency
Sandra Rose	Monte Vista Water District
Rich Atwater	Inland Empire Utilities Agency
Martha Davis	Inland Empire Utilities Agency
Steven Lee	Reid & Hellyer
Eunice Ulloa	Chino Basin Water Conservation District

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

**PLEDGE OF ALLEGIANCE**

**PUBLIC COMMENTS**

No public comments were made.

**AGENDA - ADDITIONS/REORDER**

No additions or reorders were made to the agenda.

**INTRODUCTIONS - CALENDAR YEAR 2009 WATERMASTER BOARD MEMBERS**

Bob Bowcock	Non-Agricultural Pool
Michael Camacho	Inland Empire Utilities Agency
James Curatalo	Cucamonga Valley Water District
Charles Field	Western Municipal Water District
Paul Hofer	Agricultural Pool (Crops)
Bob Kuhn	Three Valleys Municipal Water District
Geoffrey Vanden Heuvel	Agricultural Pool (Dairy)
Michael Whitehead	Fontana Water Company
Ken Willis	City of Upland

**RECOGNITION OF OUTGOING WATERMASTER BOARD MEMBERS**

1. Mr. Jim Bowman  
Mr. Bowman thanked staff, legal counsel, and Board members for an outstanding job on the Peace II efforts.

**I. CALENDAR YEAR 2008 OFFICERS – Action**

**A. ELECTION OF OFFICERS**

1. Nominations will be heard for Watermaster Board Chair
2. Nominations will be heard for Watermaster Board Vice-Chair
3. Nominations will be heard for Watermaster Board Secretary/Treasurer

**Election Results:**

Mr. Ken Willis, Board Chair  
Mr. Bob Kuhn, Board Vice-Chair  
Mr. Jim Curatalo, Board Secretary/Treasurer

**II. CONSENT CALENDAR**

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1. Minutes of the Watermaster Board Meeting held December 18, 2008

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Resolution 09-02 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF)

**D. LEVYING REPLENISHMENT & ADMINISTRATIVE ASSESSMENTS**

Resolution 09-03 – Resolution of the Chino Basin Watermaster Levying Replenishment and Administrative Assessments for Fiscal Year 2008-2009

**E. NOTICE OF INTENT**

Annual Filing of Notice of Intent Regarding the Determination of Operating Safe Yield

**F. INDEPENDENT FINANCIAL AUDIT**

Mayer Hoffman McCann P.C. Independent Watermaster Financial Audit

*Motion by Field, second by Curatalo, and by unanimous vote*

***Moved to approve Consent Calendar A through F, as presented***

**II. BUSINESS ITEM****A. BUDGET TRANSFER**

Mr. Manning offered background on this item which has been on a previous agenda. Mr. Manning stated this item comes to you with an 80% no vote from the Advisory Committee meeting this morning; the Agricultural Pool representatives voted yes. This recommendation of a no vote from the Advisory Committee means the Board has no position to vote on this item. Chair Willis stated that as noticed in the Watermaster by-laws even if this committee voted unanimously the item would not stand. Chair Willis stated with this being brought forward as it is, this item will be removed. Mr. Bowcock stated he did talk about the item at length at the Advisory Committee meeting this morning and in listening to the Appropriators, there were some very good points brought up. Mr. Bowcock noted he personally witnessed no less than three attempts to reach attempts to reach out to the Agricultural Pool to make this issue go away. Mr. Bowcock commented on how unfortunate this situation is to have caused such a rift between the Pools, because there are solutions out there. Mr. Bowcock urged the participants in all Pools to work through this sad affair quickly. Chair Willis asked Mr. Bowcock and Mr. Vanden Heuvel to be on a committee to try and resolve this situation and to have a meeting take place here at the Watermaster office with the parties involved to come up with a solution. Both Mr. Bowcock and Mr. Vanden Heuvel stated they would work on getting this resolved.

**IV. REPORTS/UPDATES****A. WATERMASTER GENERAL LEGAL COUNSEL REPORT****1. February 2, 2009 Hearing**

Counsel Slater stated there is a February 2<sup>nd</sup> and potentially a February 3<sup>rd</sup> hearing scheduled for Watermaster to respond to certain inquiries that the Judge had at the November, 2008, hearing. As the Board is aware legal counsel has been in the process of contacting the parties and fulfilling our commitment to prepare an outline with regard to testimony that each of our witnesses would provide at the hearing. Legal counsel and staff are trying to reduce the potential for conflict and create security to all the parties about what is going to be covered at the hearing. An outline was published as to what was intended to be shown to the Judge regarding our case. This outline also contained a list of prospective witnesses to display an open and transparent witness preparation process. This preparation has been very helpful in reducing the extent of conflict that may occur at this hearing. It will be important to have an efficient and streamlined hearing process in front of the court. There is a proposed revised pleading which summarizes that which has been noted here today on the back table. The witnesses are being offered by Watermaster and are Watermaster witnesses and designed to provide a representative sample by the people who are most knowledgeable about given subjects.

2. Hanson Aggregates Litigation

Counsel Fife stated a tentative settlement has taken place with Hanson Aggregates' and the final documents are still in the works. Calls have been placed to the Hanson Aggregates attorney to no avail and yesterday was told their legal counsel that has been working on this case no longer is working for the law firm. This has set things back slightly; however, the conceptual settlement that is in place is still good.

3. Sale/Auction of Overlying Non-Agricultural Water

Counsel Slater stated this item has not been to the Board previously in its present form and it is not before the Board for any specific action. However, this committee does need to be made aware of a process that is underway, and the intention is to implement an agreement. The context is that during the Peace II process Watermaster executed an agreement and that agreement was approved by the court which was a Purchase and Sale Agreement. That agreement allows Watermaster to purchase water which is presently held in storage and then to use that water in connection for one of two purposes; 1) Watermaster can exercise the option and buy water and use it for a Storage & Recovery Agreement or, 2) Watermaster can use it in connection with Desalter replenishment. The agreement has a two year shelf life; and that agreement would expire at the end of 2009. If Watermaster fails to exercise its option rights to purchase the water in this calendar year, that water would then default back and be made available to the Appropriators under another provision in the Peace II Agreement. There is great interest in trying to harvest the usage of this resource to generate funds that would be made available to the Watermaster and Watermaster families to deploy towards offsetting costs or to provide a broad benefit. After much investigation, the Price Floor Auction appeared to be the best way to move forward with this endeavor. Counsel Slater explained in detail what a price floor auction is and how it works. The process cannot be complete without the Board's approval of the concept and a Storage Agreement which will then in turn go to the court for approval. This must take place prior to going to auction. Counsel Slater stated this will come back to this Board in the form of an agreement, with a proposal for a Storage & Recovery agreement, an analysis of potential for material physical harm, and a proposal made to as to how the broad benefit requirement that is established into the Peace II agreement is satisfied. A lengthy discussion with regard to this matter ensued. Counsel Slater stated Watermaster does not have the expertise to run the actual auction and will need technical assistance. More will follow on this aspect. A discussion regarding the water which is being discussed and the actual bidding process ensued. Mr. Manning stated this item will come back as Counsel Slater noted.

**B. ENGINEERING UPDATES**

1. Progress Report on Recharge Master Plan

Mr. Wildermuth gave the presentation on the progress on the Recharge Master Plan. It was noted the start of this plan began in October, 2008, at the Strategic Planning Conference. The detailed scoping and scheduling are complete and the consultant team which includes Wildermuth Environmental, Black & Veatch, and Wagner Engineers. The technical work was started and the production optimization task was added in January, 2009. Mr. Wildermuth stated there will be eleven workshops to cover the key points and stakeholder input is necessary. Mr. Wildermuth expanded on the Content Management Website which went live in January, 2009. A discussion regarding Mr. Wildermuth's presentation ensued. Mr. Manning stated Watermaster, in the development of the Content Management Website process, made the commitment this would be an open and transparent process with the continuous scheduling of workshops. Mr. Manning noted by the end of next week the Content Management Website will be linked onto the Watermaster Website and will be titled "Recharge Master Planning."

2. Background and Conceptual Scoping of the Pumping Optimization Investigation

No comment was made regarding this item.

3. Oral Progress Report on other Wildermuth Environmental Activities  
No comment was made regarding this item.

**C. CEO/STAFF REPORT**

1. Legislative Update

Mr. Manning stated there is a detailed legislative report provided by Inland Empire Utilities Agency starting on page 151 of the meeting packet. There is a new administration in Washington DC and it is not known how that will affect us. The economic stimulus package will be a great topic of discussion in Washington over the next several months. There will be some funds put towards infrastructure and hopefully a portion of those funds will be channeled into the Chino Basin. Mr. Manning stated thus far there is no change in the state's \$42 billion dollars debt crisis and there appears to be no legislative remedy. There is still a great deal of discussion in Sacramento regarding a Water Bond.

2. Recharge Update

Mr. Manning stated a copy of the recent recharge activity is on the back table. Staff did record the single largest day of storm water capture in the Chino Basin history which was slightly over 1,500 acre-feet in one day. Since that one large storm in December there have not been many more significant storms; however, there are storms predicted to hit possibly today through the weekend. The drought issue is still critical in southern California in terms of rainwater.

**V. INFORMATION**

1. Newspaper Articles

No comment was made regarding this item.

**VI. BOARD MEMBER COMMENTS**

No comment was made regarding this item.

**VII. OTHER BUSINESS**

No comment was made regarding this item.

**VIII. FUTURE MEETINGS**

January 22, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
January 22, 2009	9:00 a.m.	Annual Advisory Committee Meeting
January 22, 2009	11:00 a.m.	Annual Watermaster Board Meeting
January 27, 2009	9:00 a.m.	GRCC Meeting
February 2 & 3, 2009		CBWM Hearing – San Bernardino Court
February 12, 2009	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
February 17, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA
February 26, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
February 26, 2009	9:00 a.m.	Advisory Committee Meeting
February 26, 2009	11:00 a.m.	Watermaster Board Meeting

The Annual Watermaster Board meeting was dismissed by Chair Willis at 12:05 p.m.

Secretary: \_\_\_\_\_

Minutes Approved: \_\_\_\_\_

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# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### B. FINANCIAL REPORTS

1. Cash Disbursements for the month of January 2009
2. Watermaster Visa Check Detail
3. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2008 through December 31, 2008
4. Treasurer's Report of Financial Affairs for the Period December 1, 2008 through December 31, 2008
5. Profit & Loss Budget vs. Actual July 2008 through December 2008





# CHINO BASIN WATERMASTER

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

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**KENNETH R. MANNING**  
Chief Executive Officer

## STAFF REPORT

**DATE:** February 12, 2009  
February 17, 2009  
February 26, 2009

**TO:** Committee Members  
Watermaster Board Members

**SUBJECT:** Cash Disbursement Report

### SUMMARY

**Issue** – Record of cash disbursements for the month of January 2009.

**Recommendation** – Staff recommends the Cash Disbursements for January 2009 be received and filed as presented.

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

### BACKGROUND

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

### DISCUSSION

Total cash disbursements during the month of January 2009 were \$1,405,454.10. The most significant expenditures during the month were Inland Empire Utilities Agency in the amount of \$906,222.58, Wildermuth Environmental Inc. in the amount of \$229,881.20, Brownstein, Hyatt, Farber & Schreck in the amount of \$59,880.08, and Black & Veatch in the amount of 19,044.00.

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**CHINO BASIN WATERMASTER**  
**Cash Disbursement Detail Report**  
**January 2009**

Type	Date	Num	Name	Amount
Jan 09				
Bill Pmt -Check	1/5/2009	12902	ACWA	-435.00
Bill Pmt -Check	1/5/2009	12903	APPLIED COMPUTER TECHNOLOGIES	-3,975.85
Bill Pmt -Check	1/5/2009	12904	BOWCOCK, ROBERT	-125.00
Bill Pmt -Check	1/5/2009	12905	BOWMAN, JIM	-125.00
Bill Pmt -Check	1/5/2009	12906	CITISTREET	-2,595.66
Bill Pmt -Check	1/5/2009	12907	COMPUTER NETWORK	-70.04
Bill Pmt -Check	1/5/2009	12908	DE BOOM, NATHAN	-375.00
Bill Pmt -Check	1/5/2009	12909	DURRINGTON, GLEN	-375.00
Bill Pmt -Check	1/5/2009	12910	FEENSTRA, BOB	-875.00
Bill Pmt -Check	1/5/2009	12911	GROUNDWATER RESOURCES ASSOCIA...	-100.00
Bill Pmt -Check	1/5/2009	12912	HETTINGA, PETER	-375.00
Bill Pmt -Check	1/5/2009	12913	HUITSING, JOHN	-375.00
Bill Pmt -Check	1/5/2009	12914	INLAND EMPIRE UTILITIES AGENCY	-2,985.82
Bill Pmt -Check	1/5/2009	12915	JAMES JOHNSTON	-885.00
Bill Pmt -Check	1/5/2009	12916	KOOPMAN, GENE	-250.00
Bill Pmt -Check	1/5/2009	12917	KUHN, BOB	-125.00
Bill Pmt -Check	1/5/2009	12918	OFFICE DEPOT	-236.59
Bill Pmt -Check	1/5/2009	12919	PARK PLACE COMPUTER SOLUTIONS, I...	-4,125.00
Bill Pmt -Check	1/5/2009	12920	PIERSON, JEFFREY	-500.00
Bill Pmt -Check	1/5/2009	12921	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	1/5/2009	12922	RBM LOCK & KEY	-152.19
Bill Pmt -Check	1/5/2009	12923	STANDARD INSURANCE CO.	-575.76
Bill Pmt -Check	1/5/2009	12924	VANDEN HEUVEL, ROB	-875.00
Bill Pmt -Check	1/5/2009	12925	WHEELER METER MAINTENANCE	-2,000.00
Bill Pmt -Check	1/5/2009	12926	WILLIS, KENNETH	-125.00
Bill Pmt -Check	1/5/2009	12927	CITISTREET	-2,395.66
Bill Pmt -Check	1/5/2009	12928	INLAND EMPIRE UTILITIES AGENCY	-140,388.41
Bill Pmt -Check	1/5/2009	12929	VANDEN HEUVEL, GEOFFREY	-125.00
Bill Pmt -Check	1/5/2009	12930	ARROWHEAD MOUNTAIN SPRING WATER	-11.84
Bill Pmt -Check	1/5/2009	12931	BLACK & VEATCH CORPORATION	-10,864.00
Bill Pmt -Check	1/5/2009	12932	DIRECTV	-76.98
Bill Pmt -Check	1/5/2009	12933	INLAND EMPIRE UTILITIES AGENCY	-2,597.85
Bill Pmt -Check	1/5/2009	12934	KONICA MINOLTA BUSINESS SOLUTIONS	-273.80
Bill Pmt -Check	1/5/2009	12935	OFFICE DEPOT	-79.34
Bill Pmt -Check	1/5/2009	12936	PAYCHEX	-330.91
Bill Pmt -Check	1/5/2009	12937	PURCHASE POWER	-2,075.92
Bill Pmt -Check	1/5/2009	12938	SPAM SOAP, INC	-201.60
Bill Pmt -Check	1/5/2009	12939	STATE COMPENSATION INSURANCE FU...	-967.06
Bill Pmt -Check	1/5/2009	12940	TLC STAFFING	-688.00
Bill Pmt -Check	1/5/2009	12941	UNION 76	-61.33
Bill Pmt -Check	1/5/2009	12942	VERIZON	-395.27
Bill Pmt -Check	1/5/2009	12943	VISION SERVICE PLAN	-62.19
Bill Pmt -Check	1/5/2009	12944	WESTERN DENTAL SERVICES, INC.	-26.50
Bill Pmt -Check	1/5/2009	12945	YUKON DISPOSAL SERVICE	-142.88
Bill Pmt -Check	1/13/2009	12946	ACWA SERVICES CORPORATION	-209.95
Bill Pmt -Check	1/13/2009	12947	AMERICAN GROUND WATER TRUST	-1,400.00
Bill Pmt -Check	1/13/2009	12948	BLACK & VEATCH CORPORATION	-8,180.00
Bill Pmt -Check	1/13/2009	12949	CALPERS	-300.00
Bill Pmt -Check	1/13/2009	12950	CITISTREET	-200.00
Bill Pmt -Check	1/13/2009	12951	CPR AND SPORTS MEDICINE SERVICES...	-1,262.79
Bill Pmt -Check	1/13/2009	12952	ELLISON, SCHNEIDER & HARRIS, LLP	-1,665.32
Bill Pmt -Check	1/13/2009	12953	FISH WINDOW CLEANING	-95.00
Bill Pmt -Check	1/13/2009	12954	KONICA MINOLTA BUSINESS SOLUTIONS	-577.65
Bill Pmt -Check	1/13/2009	12955	MCI	-2,339.90
Bill Pmt -Check	1/13/2009	12956	MWH LABORATORIES	-195.00
Bill Pmt -Check	1/13/2009	12957	NAKANO, JUSTIN	-2,000.00
Bill Pmt -Check	1/13/2009	12958	PREMIERE GLOBAL SERVICES	-284.34
Bill Pmt -Check	1/13/2009	12959	REID & HELLYER	-5,566.18
Bill Pmt -Check	1/13/2009	12960	SAFEGUARD DENTAL & VISION	-57.68
Bill Pmt -Check	1/13/2009	12961	SAFETY CLEAN JANITORIAL SERVICES	-760.74
Bill Pmt -Check	1/13/2009	12962	SECRETARY OF STATE	-20.00
Bill Pmt -Check	1/13/2009	12963	THE STANDARD INSURANCE COMPANY	-156.56
Bill Pmt -Check	1/13/2009	12964	UNITED PARCEL SERVICE	-118.36
Bill Pmt -Check	1/13/2009	12965	VERIZON WIRELESS	-537.22
Bill Pmt -Check	1/13/2009	12966	W.C. DISCOUNT MOBILE AUTO DETAILI...	-75.00
Bill Pmt -Check	1/13/2009	12967	WHEELER METER MAINTENANCE	-800.00
Bill Pmt -Check	1/13/2009	12968	INLAND EMPIRE UTILITIES AGENCY	-10,000.00
Bill Pmt -Check	1/13/2009	12969	INLAND EMPIRE UTILITIES AGENCY	-750,000.00



**CHINO BASIN WATERMASTER**  
**Cash Disbursement Detail Report**  
**January 2009**

Type	Date	Num	Name	Amount
Bill Pmt -Check	1/13/2009	12970	PUBLIC EMPLOYEES' RETIREMENT SYS...	-3,273.39
Bill Pmt -Check	1/13/2009	12971	PUBLIC EMPLOYEES' RETIREMENT SYS...	-9,479.24
Bill Pmt -Check	1/13/2009	12972	PUBLIC EMPLOYEES' RETIREMENT SYS...	-5,903.50
Bill Pmt -Check	1/15/2009	12973	PETTY CASH	-494.58
Bill Pmt -Check	1/21/2009	12974	ALL PURPOSE SAFETY TRAINING SOLU...	-400.00
Bill Pmt -Check	1/21/2009	12975	BANC OF AMERICA LEASING	-3,186.17
Bill Pmt -Check	1/21/2009	12976	BANK OF AMERICA	-1,238.79
Bill Pmt -Check	1/21/2009	12977	BROWNSTEIN HYATT FARBER SCHRECK	-59,880.08
Bill Pmt -Check	1/21/2009	12978	CALPERS	-4,008.12
Bill Pmt -Check	1/21/2009	12979	CINDY NAVAROLI CONSULTING SERVIC...	-862.50
Bill Pmt -Check	1/21/2009	12980	COMPUTER NETWORK	-91.59
Bill Pmt -Check	1/21/2009	12981	CUCAMONGA VALLEY WATER DISTRICT	-5,495.00
Bill Pmt -Check	1/21/2009	12982	DAILY BULLETIN	-216.00
Bill Pmt -Check	1/21/2009	12983	FIRST AMERICAN REAL ESTATE SOLUTI...	-125.00
Bill Pmt -Check	1/21/2009	12984	INLAND EMPIRE UTILITIES AGENCY	-250.50
Bill Pmt -Check	1/21/2009	12985	MWH LABORATORIES	-20,816.00
Bill Pmt -Check	1/21/2009	12986	PITNEY BOWES CREDIT CORPORATION	-468.72
Bill Pmt -Check	1/21/2009	12987	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	1/21/2009	12988	PRINTING RESOURCES	-70.68
Bill Pmt -Check	1/21/2009	12989	RBM LOCK & KEY	-356.09
Bill Pmt -Check	1/21/2009	12990	RICOH BUSINESS SYSTEMS-Lease	-888.94
Bill Pmt -Check	1/21/2009	12991	STANDARD INSURANCE CO.	-575.76
Bill Pmt -Check	1/21/2009	12992	STAULA, MARY L	-136.61
Bill Pmt -Check	1/21/2009	12993	TLC STAFFING	-480.00
Bill Pmt -Check	1/21/2009	12994	W.C. DISCOUNT MOBILE AUTO DETAILI...	-75.00
Bill Pmt -Check	1/21/2009	12995	WILDERMUTH ENVIRONMENTAL INC	-229,881.20
Bill Pmt -Check	1/21/2009	12996	OFFICE DEPOT	-552.15
General Journal	1/22/2009	09/01/06	PAYROLL	-8,493.01
General Journal	1/22/2009	09/01/06	PAYROLL	-26,790.32
Bill Pmt -Check	1/23/2009	12997	PUBLIC EMPLOYEES' RETIREMENT SYS...	-5,348.28
Bill Pmt -Check	1/23/2009	12998	CITISTREET	-2,595.66
Bill Pmt -Check	1/23/2009	12999	PUBLIC EMPLOYEES' RETIREMENT SYS...	-5,791.08
Bill Pmt -Check	1/23/2009	13000	CITISTREET	-2,595.66
Bill Pmt -Check	1/28/2009	13001	CUCAMONGA VALLEY IAAP	-52.00
General Journal	1/29/2009	09/01/08	PAYROLL	-7,360.08
General Journal	1/29/2009	09/01/08	PAYROLL	-25,812.06
Jan 09				<u>-1,405,454.10</u>

5:05 PM  
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CHINO BASIN WATERMASTER  
Check Detail  
January 2009

Type	Num	Date	Name	Account	Paid Amount
Bill Pmt -Check	12976	1/21/2009	BANK OF AMER...	1012 · Bank of America Gen'l Ckg	
Bill	4024...	12/31/2008		6191 · Conferences	-501.75
				6212 · Meeting Expense	-161.49
				6312 · Meeting Expenses	-161.49
				6141.3 · Admin Meetings	-311.01
				6909.1 · OBMP Meetings	-103.05
TOTAL					-1,238.79

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

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL APPROPRIATIVE	AGRICULTURAL NON-AGRIC. POOL	GROUNDWATER REPLENISHMENT	GROUNDWATER OPERATIONS SB222 FUNDS	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2008-2009
Administrative Revenues									
Administrative Assessments		7,993,307		172,817				8,166,124	\$7,841,054
Interest Revenue		54,254	6,258	1,328			18	61,858	174,368
Mutual Agency Project Revenue									148,410
Grant Income									0
Miscellaneous Income									0
Total Revenues	-	8,047,561	6,258	174,145	-	-	18	8,227,982	8,163,832
Administrative & Project Expenditures									
Watermaster Administration	340,789							340,789	619,960
Watermaster Board-Advisory Committee	29,580							29,580	61,201
Pool Administration		11,496	64,372	2,412				78,280	166,523
Optimum Basin Mgmt Administration		663,847						663,847	1,913,484
OBMP Project Costs		2,541,229						2,541,229	5,392,289
Education Funds Use									375
Mutual Agency Project Costs									10,000
Total Administrative/OBMP Expenses	370,369	3,205,076	64,372	2,412				3,653,725	8,163,832
Net Administrative/OBMP Income	(370,369)	(3,205,076)						-	-
Allocate Net Admin Income To Pools	370,369								
Allocate Net OBMP Income To Pools		3,205,076							
Agricultural Expense Transfer		847,342	(847,342)						
Total Expenses	3,540,613	21,206	(14,948)	91,906			18	3,653,725	8,163,832
Net Administrative Income	4,506,948			82,239				4,574,257	-
Other Income/(Expense)									
Replenishment Water Assessments					6,437,643			6,437,643	0
MZ1 Supplemental Water Assessments									0
Water Purchases									0
Balance Adjustment									0
Groundwater Replenishment									0
Net Other Income					6,437,643			6,437,643	0
Net Transfers To/(From) Reserves									
	4,506,948	(14,948)	82,239	82,239	6,437,643		18	11,011,900	-
Working Capital, July 1, 2008	5,413,216	481,995	143,157	158,251	294,397	158,251	1,343	6,492,359	
Working Capital, End Of Period	9,920,164	467,047	225,396	6,732,040	158,251	1,361	17,504,259		
07/08 Assessable Production	103,077,958	30,909,693	3,439,822					137,427,473	
07/08 Production Percentages	75.005%	22.492%	2.503%					100.000%	

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

<b>DEPOSITORIES:</b>			
Cash on Hand - Petty Cash		\$	500
Bank of America			
Governmental Checking-Demand Deposits		\$	1,018,941
Zero Balance Account - Payroll			
Local Agency Investment Fund - Sacramento			8,240,455
			<u>1,018,941</u>
			<u>8,240,455</u>
<b>TOTAL CASH IN BANKS AND ON HAND</b>	12/31/2008	\$	<b>9,259,896</b>
<b>TOTAL CASH IN BANKS AND ON HAND</b>	11/30/2008		<b>2,974,519</b>
		\$	<u><b>6,285,377</b></u>

**CHANGE IN CASH POSITION DUE TO:**

Decrease/(Increase) in Assets:			
Accounts Receivable		\$	(25,377)
Assessments Receivable			6,714,703
Prepaid Expenses, Deposits & Other Current Assets			-
Accounts Payable			269,616
Accrued Payroll, Payroll Taxes & Other Current Liabilities			(65,384)
Transfer to/(from) Reserves			(608,181)
		\$	<u><b>6,285,377</b></u>

**SUMMARY OF FINANCIAL TRANSACTIONS:**

	Petty Cash	Govt'l Checking Demand	Zero Balance Account Payroll	Local Agency Investment Funds	Totals
Balances as of 11/30/2008	\$ 500	\$ 133,564	\$ -	\$ 2,840,455	\$ 2,974,519
Deposits	-	6,714,703	-	-	6,714,703
Transfers	-	(5,525,868)	125,868	5,400,000	-
Withdrawals/Checks	-	(303,458)	(125,868)	-	(429,326)
Balances as of 12/31/2008	\$ 500	\$ 1,018,941	\$ -	\$ 8,240,455	\$ 9,259,896
<b>PERIOD INCREASE OR (DECREASE)</b>	\$ -	\$ 885,377	\$ -	\$ 5,400,000	\$ <b>6,285,377</b>

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

**INVESTMENT TRANSACTIONS**

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
12/17/2008	Deposit	L.A.I.F.	\$ 2,000,000				
12/23/2008	Deposit	L.A.I.F.	\$ 3,400,000				
<b>TOTAL INVESTMENT TRANSACTIONS</b>			<b>\$ 5,400,000</b>	<b>-</b>			

\* The earnings rate for L.A.I.F. is a daily variable rate; 2.54% was the effective yield rate at the Quarter ended December 31, 2008.

**INVESTMENT STATUS  
December 31, 2008**

Financial Institution	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	\$ 8,240,455			
<b>TOTAL INVESTMENTS</b>	<b>\$ 8,240,455</b>			

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

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

Respectfully submitted,



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

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

	<u>Jul - Dec 08</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies		148,410	-148,410	
4110 · Admin Asmnts-Approp Pool	7,993,307	7,708,817	284,490	103.69%
4120 · Admin Asmnts-Non-Agri Pool	172,817	132,237	40,580	130.69%
4700 · Non Operating Revenues	61,857	174,368	-112,511	35.48%
<b>Total Income</b>	<u>8,227,982</u>	<u>8,163,832</u>	<u>64,150</u>	<u>100.79%</u>
<b>Gross Profit</b>	8,227,982	8,163,832	64,150	100.79%
Expense				
6010 · Salary Costs	297,801	484,302	-186,501	61.49%
6020 · Office Building Expense	41,992	102,000	-60,008	41.17%
6030 · Office Supplies & Equip.	9,553	46,500	-36,947	20.54%
6040 · Postage & Printing Costs	34,653	87,380	-52,727	39.66%
6050 · Information Services	66,988	144,000	-77,012	46.52%
6060 · Contract Services	38,797	98,000	-59,203	39.59%
6080 · Insurance	15,706	17,730	-2,024	88.58%
6110 · Dues and Subscriptions	10,286	16,750	-6,464	61.41%
6140 · WM Admin Expenses	828	4,000	-3,172	20.7%
6150 · Field Supplies	864	2,500	-1,636	34.54%
6170 · Travel & Transportation	14,541	39,200	-24,659	37.1%
6190 · Conferences & Seminars	13,523	26,500	-12,977	51.03%
6200 · Advisory Comm - WM Board	7,667	19,181	-11,514	39.97%
6300 · Watermaster Board Expenses	21,913	42,020	-20,107	52.15%
8300 · Appr PI-WM & Pool Admin	11,496	24,008	-12,512	47.89%
8400 · Agri Pool-WM & Pool Admin	9,870	24,820	-14,950	39.77%
8467 · Ag Legal & Technical Services	49,802	98,000	-48,198	50.82%
8470 · Ag Meeting Attend -Special	4,700	12,000	-7,300	39.17%
8500 · Non-Ag PI-WM & Pool Admin	2,412	7,695	-5,283	31.35%
6500 · Education Funds Use Expens	0	375	-375	0.0%
9500 · Allocated G&A Expenditures	-204,742	-448,902	244,160	45.61%
	<u>448,653</u>	<u>848,059</u>	<u>-399,406</u>	<u>52.9%</u>
6900 · Optimum Basin Mgmt Plan	603,285	1,845,421	-1,242,136	32.69%
6950 · Mutual Agency Projects	0	10,000	-10,000	0.0%
9501 · G&A Expenses Allocated-OBMP	60,562	137,959	-77,397	43.9%
	<u>663,847</u>	<u>1,993,380</u>	<u>-1,329,533</u>	<u>33.3%</u>
7101 · Production Monitoring	63,293	107,515	-44,222	58.87%
7102 · In-line Meter Installation	24,714	87,931	-63,217	28.11%
7103 · Grdwtr Quality Monitoring	95,584	210,458	-114,874	45.42%
7104 · Gdwtr Level Monitoring	218,154	342,538	-124,384	63.69%
7105 · Sur Wtr Qual Monitoring	2,433	46,717	-44,284	5.21%



	<u>Jul - Dec 08</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7107 · Ground Level Monitoring	123,949	651,468	-527,519	19.03%
7108 · Hydraulic Control Monitoring	244,213	743,476	-499,263	32.85%
7200 · PE2- Comp Recharge Pgm	509,652	1,185,883	-676,232	42.98%
7300 · PE3&5-Water Supply/Desalte	56,084	148,477	-92,393	37.77%
7400 · PE4- Mgmt Plan	137,989	217,371	-79,382	63.48%
7500 · PE6&7-CoopEfforts/SaltMgmt	21,588	76,411	-54,823	28.25%
7600 · PE8&9-StorageMgmt/Conj Use	387,503	76,909	310,594	503.85%
7690 · Recharge Improvement Debt Pymt	511,894	1,110,000	-598,106	46.12%
7700 · Inactive Well Protection Prgm	0	6,296	-6,296	0.0%
9502 · G&A Expenses Allocated-Projects	144,179	310,943	-166,764	46.37%
	<u>2,541,229</u>	<u>5,322,393</u>	<u>-2,781,164</u>	<u>47.75%</u>
<b>Total Expense</b>	<u>3,653,729</u>	<u>8,163,832</u>	<u>-4,510,103</u>	<u>44.76%</u>
<b>Net Ordinary Income</b>	4,574,252		4,574,252	100.0%
<b>Other Income/Expense</b>				
<b>Other Income</b>				
4210 · Approp Pool-Replenishment	6,427,596			
4220 · Non-Ag Pool-Replenishment	10,047			
<b>Total Other Income</b>	<u>6,437,643</u>			
<b>Other Expense</b>				
9999 · To/(From) Reserves	11,011,895			
<b>Total Other Expense</b>	<u>11,011,895</u>			
<b>Net Other Income</b>	<u>-4,574,252</u>			
<b>Net Income</b>	<u><u>                    </u></u>	<u><u>                    </u></u>	<u><u>                    </u></u>	<u><u>                    </u></u>



# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### C. RESOLUTION 09-01 WATERMASTER INVESTMENT POLICY



RESOLUTION 09-01

RESOLUTION OF THE CHINO BASIN WATERMASTER,  
SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING  
A WATERMASTER INVESTMENT POLICY

**WHEREAS;** the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern; and

**WHEREAS;** the legislative body of a local agency may invest monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Sections 5922 and 53601 et seq.; and

**WHEREAS;** the Chief Executive Officer ("CEO") of the Chino Basin Watermaster ("Watermaster") shall annually prepare and submit a statement of investment policy and such policy, and any changes thereto, shall be considered by the Board of Directors at a public meeting;

**NOW THEREFORE,** it shall be the policy of the Watermaster to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Watermaster and conforming to all statutes and judgments governing the investment of Watermaster funds.

**APPROVED** by the Advisory Committee this 26<sup>th</sup> day of February 2009.

**ADOPTED** by the Watermaster Board on this 26<sup>th</sup> day of February 2009.

By: \_\_\_\_\_  
Chairman, Watermaster Board

APPROVED:

\_\_\_\_\_  
Chairman, Advisory Committee

ATTEST:

\_\_\_\_\_  
Board Secretary  
Chino Basin Watermaster

STATE OF CALIFORNIA            )  
  ) ss  
COUNTY OF SAN BERNARDINO    )

I, Ken Manning, Secretary of the Chino Basin Watermaster, DO HEREBY CERTIFY that the foregoing Resolution being No. 09-01, was adopted at a regular meeting of the Chino Basin Watermaster Board by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

CHINO BASIN WATERMASTER

\_\_\_\_\_  
Secretary

Date: \_\_\_\_\_

# CHINO BASIN WATERMASTER

## INVESTMENT POLICY

### 1.0 POLICY

**WHEREAS;** the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern; and

**WHEREAS;** the legislative body of a local agency may invest monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Sections 5922 and 53601 et seq.; and

**WHEREAS;** the Chief Executive Officer ("CEO") of the Chino Basin Watermaster ("Watermaster") shall annually prepare and submit a statement of investment policy and such policy, and any changes thereto, shall be considered by the Board of Directors at a public meeting;

**NOW THEREFORE,** it shall be the policy of the Watermaster to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Watermaster and conforming to all statutes and judgments governing the investment of Watermaster funds.

### 2.0 SCOPE

This investment policy applies to all financial assets of the Watermaster. These funds are accounted for in the annual Watermaster audit.

### 3.0 PRUDENCE

Investments shall be made with judgment and care, under circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Watermaster, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard California Government Code (53600.3) and shall be applied in the context of managing an overall portfolio. Investment officers (the CEO and his/her designees) acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

#### **4.0 OBJECTIVES**

When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

1. Safety: Safety of principal is the foremost objective of the investment program. Investments of the Watermaster shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

2. Liquidity: The investment portfolio will remain sufficiently liquid to enable the Watermaster to meet all operating requirements which might be reasonably anticipated.

3. Return on Investments: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

#### **5.0 DELEGATION OF AUTHORITY**

Authority to manage the investment program is derived from the Judgment Paragraph 23, and from California Government Code 53600, et seq. Management responsibility for the investment program is hereby delegated to the Advisory Committee, who with the CEO shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking service contracts, as appropriate. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions, such as the Chief Financial Officer. No person may engage in an investment transaction except as provided under the terms of this policy and pursuant to Watermaster rules and regulations 2.16, derived from the Judgment, Paragraph 23. The Board shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. Under the provisions of California Government Code 53600.3, the CEO is a trustee and a fiduciary subject to the prudent investor standard.

#### **6.0 ETHICS AND CONFLICTS OF INTEREST**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

## **7.0 AUTHORIZED AND SUITABLE INVESTMENTS**

The Watermaster is empowered by California Government Code 53601 et seq. to invest in the following:

1. Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), or by a state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit may not exceed \$500,000 in any one Bank at a time.
2. Local Agency Investment Fund (LAIF) in Sacramento, CA.

Such investments shall be limited to securities that at the time of the investment have a term remaining to maturity of five years or less, or as provided above.

## **8.0 COLLATERALIZATION**

All certificates of deposit must be collateralized. Collateral must be held by a third party trustee and valued on a monthly basis.

## **9.0 DIVERSIFICATION**

The Watermaster will diversify its investments by security type and institution. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities.

## **10.0 REPORTING**

The Watermaster Chief Financial Officer shall prepare Monthly Investment Reports which reflect investment transactions for review by the Pool Committees and the Advisory Committee prior to presentation to the Watermaster Board at their next regularly scheduled meeting.

Following formats used in prior years, said Investment Report will reflect the following information.

- a. Funds held in each Bank at the beginning and ending of the reporting period; and
- b. Investments deposited and/or redeemed by type and by Bank (including interest rates, days invested and maturity yield rates) during the reporting period; and

- c. Investments outstanding at the close of the reporting period (including interest rates, days invested and maturity date); and
- d. Elements effecting the change in Watermaster's cash position; and
- e. A statement signed by the Chief Financial Officer as to the ability of the cash on hand to meet foreseen expenditures during the next six months.

#### **11.0 INVESTMENT POLICY ADOPTION**

The Investment Policy shall be adopted by resolution of the Watermaster on an annual basis. The Policy Statement will be reviewed by each Pool Committee. Should any Pool Committee recommend revisions to the Policy Statement, it shall be amended prior to presentation to the Advisory Committee for their review and comment. If necessary the Policy Statement will be further amended to reflect the comments of the Advisory Committee. The final Policy Statement will then be presented to the Watermaster Board for adoption at the next regularly scheduled meeting.





# CHINO BASIN WATERMASTER

## II. BUSINESS ITEMS

### A. BUDGET TRANSFER





# CHINO BASIN WATERMASTER

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

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**KENNETH R. MANNING**  
Chief Executive Officer

## STAFF REPORT

**DATE:** February 12, 2009  
February 17, 2009  
February 26, 2009

**TO:** Committee Members  
Watermaster Board Members

**SUBJECT:** Budget Transfer 09-02-01

**SUMMARY:** Budget transfer request for accounts relating to: OBMP, HCMP, Desalters, and Storage Program to Groundwater Level Monitoring Program, Recharge Master Plan, and MZ-3.

### BACKGROUND

Watermaster, working with Wildermuth Environmental, Inc. (WEI), prepared a planning level cost estimate in March 2008 for engineering work that was to be performed in Fiscal Year 2008/09. This cost estimate was incorporated into the Watermaster budget after a series of reviews and revisions by Watermaster and WEI staff. The budget for FY 2008/09 spawned 16 task orders (TOs) of engineering services provided by WEI to Watermaster. Watermaster staff reviewed and approved the task orders.

### DISCUSSION

At the end of each quarter, Watermaster staff convenes a meeting with its consultant, WEI, to review the status of the technical work accomplished to date, milestones achieved, and performance as to schedule and budget. Watermaster also reviews the task orders to determine if there was previously unanticipated work that Watermaster requested WEI to do or may ask WEI to do in upcoming quarters. Likewise, Watermaster and WEI determine if there are tasks within each task order that may not be performed or may not require the anticipated level of effort.

WEI staff processed transducer water level data for the HCMP wells as part of the Groundwater Level Monitoring Program (TO9) rather than the HCMP (TO11), therefore, we are requesting that budget be shifted from HCMP to the Groundwater Level Monitoring Program.

Three other Task Orders had and/or are projected to have less activity than was initially estimated:

- **TO1 – Watermaster Meetings (Watermaster Account #6906).** The level of effort for Watermaster meetings (pool, advisory, board, and other ad hoc meetings) was not as great and is not projected to be as great as anticipated last spring when the budget was finalized.
- **TO13 – Engineering Support for Desalters (7303).** WEI anticipated a considerable amount of hydrogeological, water quality, and groundwater modeling in support of the preliminary design of the Chino Creek Desalter Well Field. Because of schedule delays, much of this work will not be performed in FY 2008/09.
- **TO17 – Storage Program (7602).** A portion of this task order was to provide engineering support and modeling projects for proposed storage agreements with the San Diego County Water Authority. These agreements and the associated engineering work will not occur in FY 2008/09.

Two other Task Orders had engineering tasks that are out-of-scope or where there were changed conditions.

- **TO12 – Recharge Master Plan (7202.2).** A necessary component of the Recharge Master Plan is a production optimization study. This production optimization effort was not included in the original scope of the recharge master plan. This study is required to demonstrate that the increased production by appropriators projected to occur by 2020 – and thereafter – is sustainable and to determine how best to replenish overproduction given the new projected production.
- **TO15 – Management Zone Strategies – MZ-3 (7402).** There were significant delays in securing the drilling contractor, which increased the timeline of the project. Due to noise considerations with neighbors, the drilling schedule was also decreased from 12-hour shifts to 9-hour shifts, which also increased the timeline of the project. The increased timeline of the project also resulted in more physical sampling events. Finally, there was an extra round of review with staff at DWR that was not anticipated in the initial planning budget.

## RECOMMENDATIONS

Approve attached budget transfer request 09-02-01



**CHINO BASIN WATERMASTER  
BUDGET TRANSFERS**

Fiscal Year 2008-2009  
# T-09-02-01

To: **All Parties**

From: Sheri Rojo Date: 5-Feb-09

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

**Budgetary account reduction**

<i>Line Item Description</i>	<i>Account Number</i>	<i>Current Budget</i>	<i>Amount</i>
OBMP	6906	\$ 645,519	\$ (60,000)
Hydraulic Conrol Monitoring Program	7108.3	\$ 427,426	\$ (29,527)
Water Supply/Desalter	7303	\$ 125,512	\$ (40,000)
StorageMgmt/Conj Use	7602	\$ 67,468	\$ (15,000)

**Budgetary account addition**

Groundwater Level Monitoring	7104.3	\$ 202,212	\$ 30,000
Recharge Master Plan	7202.2	\$ 335,464	\$ 59,383
Management Zone Strategies	7402	\$ 158,892	\$ 55,144
			\$ -

Should be zero

**Transfer Procedure**

- Staff brings the transfer request to the Appropriate Pool for information purposes if the transfer is under \$25,000. Transfers over \$25,000 within the same budget category require Pools, Advisory Committee and Board approval. Transfers between budget categories, regardless of amount must be approved by the Pools, Advisory Committee and Board .
- Once the form has been completed by the CFO, and approved by the board if required, the Chief Financial Officer will prepare and process the budget transfer in the accounting system.
- A log will be maintained by the CFO detailing the transfer.
- A fiscal year file will also be kept to hold all budget amendment forms for auditor review.

**Finance Use Only**

Date Board Approved \_\_\_\_\_  
Date Posted \_\_\_\_\_  
Posted By \_\_\_\_\_  
Approved by \_\_\_\_\_  
Date approved \_\_\_\_\_

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# CHINO BASIN WATERMASTER

## III. REPORTS / UPDATES

### E. INLAND EMPIRE UTILITIES AGENCY

1. MWD Water Supply Allocation Update
2. IEUA's Draft "Strawman" Drought Allocation Plan Update
3. Dry Year Yield Expansion Update
4. Peace II CEQA Update and Draft Schedule
5. IRP Update
6. AB1420 & MWD Ordinance Requirements for Extraordinary Conservation Programs
7. Monthly Water Conservation Programs and Imported Water Deliveries/DYY Report
8. Quarterly Water Conservation Programs Update
9. Recycled Water Newsletter
10. State and Federal Legislative Reports
11. Community Outreach/Public Relations Report



**CHINO BASIN WATERMASTER**

**ADVISORY COMMITTEE**

**February 26, 2009**

**AGENDA**

**INTERAGENCY WATER MANAGERS' REPORT**

**Chino Basin Watermaster**

**9641 San Bernardino Road**

**Rancho Cucamonga, CA 91730**

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**Discussion Items:**

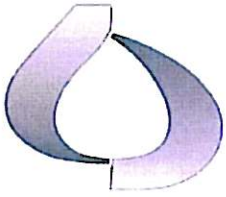
- MWD Water Supply Allocation Update
- IEUA's Draft "Strawman" Drought Allocation Plan Update
- Dry Year Yield Expansion Update
- Peace II CEQA Update
  - Draft Schedule
- IRP Update
- AB 1420 & MWD Ordinance Requirements for Extraordinary Conservation Programs

**Written Items:**

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

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**Inland Empire**  
UTILITIES AGENCY \*

*Draft*

“Strawman Proposal”

Inland Empire Utilities Agency

Drought Plan

February 18, 2009

**IEUA DROUGHT PLAN  
“Strawman Proposal”  
TABLE OF CONTENTS**

**SECTION 1 – INTRODUCTION**

**SECTION 2 – DROUGHT PLAN PREPARATION**

- 2.1 Retail Agency Water Supply Strategy Workgroup**
- 2.2 IEUA Drought Allocation Plan Principles**
- 2.3 IEUA Drought Allocation Plan Goals**

**SECTION 3 – IEUA DROUGHT PLAN AND STRAWMAN SCENARIOS**

- 3.1 Overview**
- 3.2 IEUA Baseline Under MWD Water Supply Allocation Plan**
- 3.3 Level 2 (10%) Allocation Strawman Shortage Scenario**
- 3.4 Drought Allocation Plan and DYY Performance Scenario**
- 3.5 Maximize Local Water Supplies Scenario**
- 3.6 IEUA Penalties**

**SECTION 4 – SUMMARY**

**APPENDIX A – MWD Water Supply Allocation Plan (Draft)**

**APPENDIX B – IEUA Drought Plan Activities**

## SECTION 1 – INTRODUCTION

The State of California and the Southern California Region is in the midst of serious drought. Statewide runoff for 2008 is 41 percent of average. Water storage in many of the state's major reservoirs is below normal with Lake Oroville reaching record low elevation. In June 2008, Governor Schwarzenegger declared a statewide drought, directing the state's agencies to take immediate action to address the serious drought conditions and water delivery reductions that exist in California.

Critically dry conditions are affecting all of the main supply sources of the Metropolitan Water District of Southern California (MWD). In addition, a ruling in the Federal Courts in August 2007 provided protective measures for the Delta Smelt in the Sacramento-San Joaquin River Delta which brought uncertainty about future pumping operations from the State Water Project. This uncertainty, along with the impacts of dry conditions, raised the possibility that MWD would not have access to the supplies necessary to meet total firm demands and would have to allocate shortages in supplies to the retail agencies.

In February 2008, in anticipation of possible water supply shortages, the MWD Board of Directors adopted the Water Supply Allocation Plan (WSAP). The WSAP provides guidance for how water shortages will be allocated to member agencies should the need arise. MWD is closely monitoring water supply conditions. If it is determined the WSAP needs to be implemented, this decision will be made by the MWD Board of Directors in April and the plan would go into effect July 1<sup>st</sup>, 2009.

This draft Drought Plan is being developed for the purpose of implementing the WASP within the IEUA's service area in a manner that is fair and equitable to IEUA's member agencies. The Drought Plan is in effect an extension of the WSAP. All WSAP definitions, policies, principals and program provisions are incorporated here by reference and are considered to be a part of this Drought Plan. A complete copy of the WSAP is provided as Appendix A.

This Drought Plan is consistent with and contributes to the existing policies and program of IEUA. For example, the plan's principles encourage development and full utilization of local water resources, such as recycled water, and extraordinary conservation measures. The Plan also addresses MWD's Chino Basin Groundwater Storage Dry Year Yield (DYY) program and the need for best management of DYY program "shift" obligations concurrent with WSAP reductions of imported water supplies to IEUA.

## **SECTION 2 – IEUA Drought Plan Preparation**

### **2.1 Retail Agency Water Supply Strategy Work Group**

The process to prepare this Drought Plan has fully involved all IEUA member agencies with the objective that the plan will be fair and equitable to all. This has been a consensus based process which has included monthly Water Supply Strategy meetings to discuss the development of the plan and numerous presentations and workshops at Metropolitan, IEUA, IEUA member agency offices and the Chino Basin Water Master. Since July 2007, there have been more than 50 public presentations, workshops and meetings. Please see Appendix B for a summary of these activities.

### **2.2 IEUA Drought Allocation Plan Principles**

The following principles are intended to provide guidance for the development and implementation of the IEUA Drought Plan.

#### **Overall Plan**

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

#### **Drought Supply Enhancement**

IEUA and its retail agencies will work cooperatively to avoid and/or minimize rationing during droughts through supply enhancement, such as the implementation of the Three Year Recycled Water Business Plan and voluntary demand reduction measures.

#### **Drought Response Stages**

The drought response stages will be consistent with Metropolitan's adopted Water Supply Allocation Plan and will include both supply enhancement and emergency demand reduction methods. The coordination and potential accounting issues with the Dry Year Yield Program base year performance targets will need to be considered.

#### **Allocation Methodology**

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

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

A retail agency that has developed local projects and instituted conservation measures should not be penalized in the computation of the shortage allocation.

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

### **Communication Strategy**

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

An Ad hoc committee has been established between the Inland Empire Utilities Agency and its Member Agencies to coordinate information to the media, public officials and the general public and to provide a unified conservation message. The communication message needs to be strong and needs to offer solutions – easy and inexpensive ways to conserve. It is essential that local print and news media are fully committed to covering the situation.

The drought communication strategy will include the following

- Regular meetings with Member Agencies and Conservation Partners Ad hoc committee to develop and coordinate a regional conservation message starting in February, 2009.
  - Provide regular briefings to the Inland Valley Daily Bulletin and other editorial boards/
  - Hold joint press conferences with Member Agencies, Three Valley's MWD, Western MWD, and MWD to provide updates on the water supply status and actions that need to be taken to address the drought
  - Re-establish a speaker's bureau and provide monthly presentations and updates to City Councils, Chambers of Commerce, and Service Organizations.
  - Continue Inland Valley Daily Bulletin feature advertising on conservation and monthly conservation tips and rebates
  - Initiate an advertising campaign using donated billboard space. Develop Public Service Announcements
- Continue to distribute information to the public about the drought and conservation tips and rebates through school programs, libraries and senior organizations

## 2.3 IEUA Drought Allocation Plan Goals

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

## Section 3 – IEUA DROUGHT PLAN AND STRAWMAN SCENARIOS

### 3.1 Overview

IEUA is a Metropolitan member agency, and is obligated to follow the MWD Board adopted Water Supply Allocation Plan (February 12, 2008). The allocation methodology is based on the guiding principles and considerations described in MWD's WSDM Plan and updated through its nine-month planning process which culminated in the adoption of the MWD Water Supply Allocation Plan.

### 3.2 IEUA Baseline under MWD Water Supply Allocation Plan

MWD uses a three year 2004-2006 average from actual water demand data as the baseline for its calculation of the Water Supply Allocation for its member agencies. Only potable water supplies are counted in the baseline (recycled water is not included). The baseline data addresses imported water, groundwater, surface water, and desalter water supplies. In-lieu water is designated as a local groundwater supply.

Table 1 provides a summary of IEUA's baseline data. Total imported and local supplies are 255,000 acre-feet. IEUA's purchase of imported water (Tier1/Tier2) during the 2004-2006 period averaged 52,000 acre-feet.

**Table 1. Summary of IEUA's Baseline Data (2004-2006 Average)**

Water Source	Baseline (2004-2006) AF
Imported (MWD) Tier 1/Tier2 Purchases	52,000
<b>Local Supplies</b>	
Groundwater	160,000
Surface Water	19,000
Chino Desalters	6,000
Recycled	--
In-Lieu	18,000
<i>Local Supply SUB-TOTAL</i>	<b>203,000</b>
<b>TOTAL (Imported and Local Supplies)</b>	<b>255,000</b>

MWD's 2009 imported water baseline allocation for IEUA's service area is developed using a specific methodology for allocating water supplies outlined in its Water Supply Allocation Plan (see Appendix A). The methodology includes a service area growth adjustment factor of 2.52% per year (based upon the State Department of Finance's most recent growth report for San Bernardino County and applied to IEUA's total base year supply of 255,000 AF) and adjustments for conservation (including MWD-rebated conservation activities through December 2008), retail impacts, interim agriculture water program reductions and any extraordinary changes in local water supplies.

As shown in Table 2, IEUA's imported water allocation increases from 52,000 AF (2004-2006 3-year average "Baseline") to 72,000 AF (2009 MWD Imported Water "Baseline Allocation"). Growth within IEUA's service area is a major factor in the MWD Baseline Allocation "methodology and results in an increase of 20,000 AF in IEUA's 2009 Baseline imported water allocation.

**Table 2. Comparison of IEUA's Baseline Imported Water Purchases and IEUA's 2009 Baseline Allocation under the MWD Water Supply Allocation Plan**

Water Source	IEUA's Imported Water Baseline (2004-2006) AF	IEUA's 2009 Imported Water Baseline Allocation AF
Imported Deliveries (MWD)	52,000	72,000

Table 3 compares IEUA's 2009 Baseline Allocation of 72,000 AF with the three year average imported water deliveries received by each retail agency. This table is the foundation for the IEUA Drought Allocation Plan strawman scenarios. If 52,000 AF is allocated to each agency in accordance with its 2004-2006 average Tier1/Tier2 purchases, the remaining surplus MWD water available for allocation within the service area is 20,000 AF.<sup>1</sup> A methodology for allocating the 20,000 AF surplus remains to be worked out.

**Table 3. IEUA and Retail Agencies 2009 Baseline Allocation**

Agency	IEUA & Retail Agencies Baseline Allocation	Baseline %
<b>IEUA</b>	<b>71,827</b>	<b>100%</b>
<b>Water Facilities Authority</b>	<b>21,671</b>	<b>42%</b>
Chino	3,740	7%
Chino Hills	-	-
Ontario	11,134	22%
MVWD	3,595	7%
Upland	3,202	6%
<b>Cucamonga Valley W.D.</b>	<b>30,321</b>	<b>58%</b>
<b>Fontana Water Company</b>	<b>0</b>	<b>0%</b>
<b>TOTAL</b>	<b>51,992</b>	<b>100%</b>
<b>Remaining MWD Surplus Allocation</b>	<b>19,835</b>	

### 3.3 Level 2 (10%) Allocation Strawman Shortage Scenario

MWD's Water Supply Allocation Plan sets 10 levels of water shortage with corresponding percentage reductions in imported water allocations. MWD currently estimates that it will review and make a decision on whether to implement its Water Supply Allocation Plan in April, 2009, with a starting date of July 1 for implementation of its Plan over a 12 month period. Penalties, if any, will be assessed at the end of the 12 month period.

<sup>1</sup> Fontana Water Company did not purchase Tier 1/Tier 2 water between 2004-2006 and so does not have an allocation.



For the purpose of developing a strawman shortage allocation scenario, IEUA is using a Level 2 (10%) shortage. This has been identified by MWD as the likely scenario for 2009. Under a Level 2 allocation, MWD would allocation about 62,000 AF to IEUA.<sup>2</sup>

Table 4 shows the Level 2 strawman shortage allocation. The base year allocation to the retail agencies does not change from the 2009 Baseline allocation shown in Table 3. The only difference between this scenario and 2009 Baseline allocation is that the imported water allocated to IEUA is reduced from 72,000 AF to 61,677 AF. As a result, the remaining MWD imported water available for allocation is reduced from 20,000 AF to 9,677 AF. A methodology for allocating the surplus imported water remains to be developed.

**Table 4. IEUA and Retail Agencies Level 2 (10%) Strawman Allocation**

Agency	IEUA & Retail Agencies Baseline Allocation	Level 2 (10%) Allocation	Baseline %
<b>IEUA</b>	<b>71,827</b>	<b>61,677</b>	<b>100%</b>
WFA	21,671	21,671	42%
Chino	3,740	3,740	7%
Chino Hills	-	-	-
Ontario	11,134	11,134	22%
MVWD	3,595	3,595	7%
Upland	3,202	3,202	6%
CVWD	30,321	30,321	58%
FWC	0	0	0%
<b>TOTAL</b>	<b>51,992</b>	<b>51,992</b>	<b>100%</b>
<b>Remaining MWD Surplus Allocation</b>	<b>19,835</b>	<b>9,685</b>	

### 3.4 Drought Allocation Plan and DYY Performance Scenario

During 2009, it is likely that there will be an overlap between the Dry Year Yield Program, where MWD will “call” for pumping of 31,000 AF from its DYY account, and the implementation of the MWD Water Supply Allocation Plan. The primary impact of implementing both programs simultaneously is to reduce the amount of imported water deliveries to the DYY participating agencies.

<sup>2</sup> Current MWD estimate for the IEUA Level 2 allocation is 61,642 AF but this may be adjusted in response to the final calculation of conservation credits and potentially other amendments to the baseline.

Table 5 summarizes this impact on the 2009 Baseline Scenario. Note that there is no change in the 2009 Baseline Allocation of 72,000 AF, and therefore 20,000 AF of MWD water remains to be allocated under this scenario. Consistent with the Drought Allocation principles, one consideration is how the MWD surplus water may be allocated to help address these DYY impacts.

**Table 5. IEUA and Retail Agencies 2009 Baseline Allocation w/DYY Shift Obligation**

Agency	IEUA & Retail Agencies 2009 Baseline Allocation	DYY Shift Obligation	MWD Allocation after 2009 DYY Shift Performance
<b>IEUA</b>	<b>71,827</b>	<b>31,000</b>	<b>40,827</b>
<b>WFA</b>	<b>21,671</b>	<b>19,647</b>	<b>2,024</b>
Chino	3,740	1,159	2,581
Chino Hills	-	1,448	-
Ontario	11,134	10,076	1058
MVWD	3,595	3,963	-1,816
Upland	3,202	3,001	201
<b>CVWD</b>	<b>30,321</b>	<b>11,353</b>	<b>18,968</b>
<b>FWC</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>	<b>51,992</b>	<b>31,000</b>	<b>20,992</b>
<b>Remaining MWD Surplus Allocation</b>	<b>19,835</b>		<b>19,835</b>

The impact of the simultaneous implementation of the DYY program and the Drought Action Plan to IEUA's retail agencies during a Level 2 (10%) results in a larger decrease in MWD imported water deliveries. Table 6 summarizes this impact. Under the Level 2 shortage, there is 9,677 AF of surplus MWD water that remains to be allocated among the retail agencies.

**Table 6. IEUA and Retail Agencies Level 2 (10%) Allocation w/DYY Shift Obligation**

Agency	Level 2 (10%) Allocation	DYY Shift Obligation	MWD Allocation after 2009 DYY Shift Performance
<b>IEUA</b>	<b>61,677</b>	<b>31,000</b>	<b>30,677</b>
<b>WFA</b>	<b>21,671</b>	<b>19,647</b>	<b>2,024</b>
<b>Chino</b>	3,740	1,159	2,581
<b>Chino Hills</b>	-	1,448	-
<b>Ontario</b>	11,134	10,076	1058
<b>MVWD</b>	3,595	3,963	-1,816
<b>Upland</b>	3,202	3,001	201
<b>CVWD</b>	<b>30,321</b>	<b>11,353</b>	<b>18,968</b>
<b>FWC</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>	<b>51,992</b>	<b>31,000</b>	<b>20,992</b>
<b>Remaining MWD Surplus Allocation</b>	<b>9,685</b>		<b>9,685</b>

IEUA is also evaluating a scenario in which retail agencies would maximize their performance of the Dry Year Yield shift during May and June, 2009, prior to the start of MWD's Water Supply Allocation Plan. Depending upon the amount of the DYY pumping that can occur during this two month period, participating agencies will be able to reduce the impact of the DYY program on their baseline MWD allocation.

### 3.5 Maximize Local Water Supplies Scenario

One of the core Drought Allocation Plan principles is to maximize the development and use of local water supplies, including recycled water, desalter water, groundwater and increased water efficiency.

Table 7 provides a comparison of the projected demands and supplies for the baseline period (2004-2006), the actual IEUA water use in 2007/2008 and the project water supplies under the 2009 Drought Allocation Plan. Note that current water demands in the IEUA service area are significantly less than IEUA's projected water supplies for 2009, which include MWD's 72,000 baseline allocation to IEUA. This suggests that increased local supplies will greatly enhance the service area's ability to cope with MWD's imported water allocations. Table 8 is similar to Table 7, but includes an added column that summarizes how a Metropolitan level 2 (10%) shortage might impact IEUA's water supplies.

Table 7. IEUA and Retail Agencies Baseline Allocation – Projected Local Supplies

Water Source	IEUA's Baseline (2004-2006) AF	IEUA 2007/08 Water Use AF	IEUA's 2009/10 Projected Supply AF
<b>Imported (MWD)</b>	52,000	69,000	72,000
3-Year Average (2004-06)			52,000
Remaining Surplus MWD Alloc.			20,000
<b>Local Supplies</b>			
Groundwater	160,000	132,000	160,000
Surface Water	19,000	18,000	18,000
Chino Desalters	6,000	15,000	15,000
Recycled	--	8,000	20,000
In-Lieu	18,000	--	--
<b><i>SUB-TOTAL</i></b>	<b>203,000</b>	<b>190,000</b>	<b>213,000</b>
<b>TOTAL Imported and Local Supplies</b>	<b>255,000</b>	<b>242,000</b>	<b>284,000</b>
<b>IEUA Projected Demand</b>		<b>242,000</b>	<b>242,000</b>
<b>Potential Surplus Water</b>			<b>42,000</b>

Table 8. IEUA and Retail Agencies Level 2 (10%) – Projected Local Supplies

Water Source	IEUA's Baseline (2004-2006) AF	IEUA FY 07/08 Water Use AF	IEUA's FY 09/10 Projected Supply AF	FY 09/10 Level 2 Shortage (10%) AF
<b>Imported (MWD)</b>	52,000	69,000	72,000	62,000
3-Year Average (2004-06)			52,000	52,000
Remaining Surplus MWD			20,000	10,000
<b>Local Supplies</b>				
Groundwater	160,000	132,000	160,000	160,000
Surface Water	19,000	18,000	18,000	18,000
Chino Desalters	6,000	15,000	15,000	15,000
Recycled	--	8,000	20,000	20,000
In-Lieu	18,000	--	--	--
<b><i>SUB-TOTAL</i></b>	<b>203,000</b>	<b>190,000</b>	<b>213,000</b>	<b>213,000</b>
<b>TOTAL Import/Local Supplies</b>	<b>255,000</b>	<b>242,000</b>	<b>284,000</b>	<b>274,000</b>
<b>IEUA Projected Demand</b>		<b>242,000</b>	<b>242,000</b>	<b>242,000</b>
<b>Potential Surplus Water</b>			<b>42,000</b>	<b>32,000</b>

### 3.6 IEUA Penalties

The IEUA Drought Plan will develop and enact rates consistent with the MWD Water Supply Allocation Plan. MWD enforces member agency allocations through a penalty rate structure. The applicable rates are based on MWD's established tiered pricing structure. Penalty rates and charges will only be assessed to the extent that an agency's total annual usage exceeds its total annual allocation. Any funds collected by MWD will be applied towards investments in conservation and local resources development within the service area of the member agency that incurred the penalties. MWD will assess penalties at the end of the twelve-month allocation period and currently proposes to provide member agencies with three months to pay any penalties that are incurred.

Accordingly, the IEUA Drought Plan will include a provision for use of penalty rate revenues for investment in the further development local resources and enhanced conservation.

**Table 9. MWD Penalty Rates under MWD Water Supply Allocation Plan**

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

### Section 4 – Summary [Placeholder]

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**DRAFT PEACE II CEQA Schedule**

Version Date – (2/17/09)

(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.)

2/20/09—TDA will release draft Initial Study and Notice of Preparation.

3/11/09—IEUA/CBWM will hold a Scoping Meeting so other agencies (water mgt agencies and regulatory agencies) will identify their concerns.

3/31/09—WEI will perform any necessary modeling, such as overlaying the Peace II and DYY models and looking at water level impacts, and prepare a Report.

4/13/09—SEIR Document released for public for review for 45 days.

5/28/09—End of 45-day public review period.

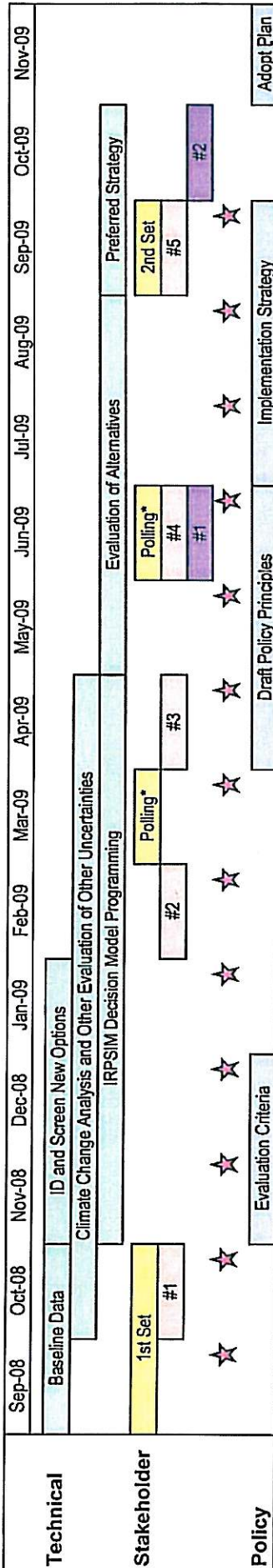
6/7/09—TDA finishes responses to comments.

7/1/09—Board adoption.

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**MWD IRP PROCESS**



**Stakeholder Meetings:**

Stakeholder Forums: 1st Set to gain insights on resources and implementation strategies; 2nd Set to get feedback on alternatives analysis and implementation guidelines

1st Set - Gain insights from public on resources and implementation strategies; and perceptions on uncertainties and risk

2nd Set - Get feedback on alternatives analysis and implementation guidelines

\*Polling - Get periodic feedback from stakeholders via internet (web site) polling

Member Agency Oversight Committee

#1 - Review baseline data, draft evaluation criteria, and identification of new supply options

#2 - New supply options and identification of uncertainties and approaches for inclusion into IRP analysis

#3 - Co-benefits model, definition of alternatives, robust decision-making technique and climate change data

#4 - Initial evaluation of alternatives

#5 - Results of alternatives analysis, concepts for implementation

MWD Board Workshop

#1 - Initial evaluations of alternatives and adaptation to climate change and other uncertainties, draft policy principles for implementation and partnerships

#2 - Preferred resources strategy and targets, recommended implementation strategies

★ MWD Board IRP Steering Committee

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## **AB 1420 Requirement**

### **AB 1420 Requirement**

Effective January 1, 2009, to be eligible to receive state grant or loan monies an agency must comply with the requirements of AB 1420. The three options for AB 1420 compliance are summarized below. IEUA is currently in full compliance:

#### **Option 1**

This means implementation of all Demand Management Measures (DMMs) as certified by the California Urban Water Conservation Council (CUWCC) through Best Management Practices (BMPs) reporting. Please note: under AB 1420, DMMs are synonymous with BMPs:

- DMM-BMP 1-Water Survey Program for Single-Family and Multi-Family Residential Customers
- DMM-BMP 2-Residential Plumbing Retrofit
- DMM-BMP 3-System Water Audits, Leak Detection and Repairs
- DMM-BMP 4-Metering by Commodity Rates for All New connections and retrofit of existing connections
- DMM-BMP 5-Large Landscape Conservation Program and Incentives
- DMM-BMP 6-High Efficiency Washing Machine Rebate Program
- DMM-BMP 7-Public Education
- DMM-BMP 8-School Education
- DMM-BMP-9: Conservation Programs for Commercial, Industrial, and Institutional (CII) Accounts
- DMM-BMP 10-Wholesale Agency Assistance Programs
- DMM-BMP 11-Conservation Pricing
- DMM-BMP 12-Conservation Coordinator
- DMM-BMP 13-Water Waste Prohibitions
- DMM-BMP 14-Residential ULFT Replacement Program

#### **Option 2**

Agencies that are not in full compliance with the above referenced list may prepare and submit a budget, schedule, and work plan for achieving full compliance and must commence implementation of the plan within 12 months of contract execution.

#### **Option 3**

An agency may submit cost effectiveness exemptions for those DMMs-BMPs not in full compliance.

**Assembly Bill No. 1420**

**CHAPTER 628**

An act to amend Sections 10631.5 and 10644 of, and to add Section 10631.7 to, the Water Code, relating to water.

[Approved by Governor October 13, 2007. Filed with  
Secretary of State October 13, 2007.]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 1420, Laird. Water demand management measures: water management grant or loan funds.

(1) Existing law requires an urban water supplier to prepare and adopt an urban water management plan that includes a description of the supplier's water demand management measures that are currently being implemented or scheduled for implementation. Existing law requires the Department of Water Resources to take into consideration whether the urban water supplier is implementing or has scheduled for implementation the water demand management activities that the supplier identified in its urban water management plan in evaluating applications for grants and loans financed by specified bond funds.

This bill would delete that provision relating to the evaluation of grant or loan applications financed by those specified bond funds. The bill, instead, would require the terms of, and eligibility for, any water management grant or loan made to an urban water supplier and awarded or administered by the department, the State Water Resources Control Board, or the California Bay-Delta Authority, with certain exceptions, to be conditioned on the implementation of the water demand management measures described in the urban water management plan, as determined by the department.

The department would be required to convene an independent panel to provide information and recommendations to the department and the Legislature on new demand management measures, technologies, and approaches. The department would be required to identify in a specified report submitted to the Legislature water demand management measures that achieve water savings significantly above the levels established by the department to meet the requirements discussed above.

(2) This bill would incorporate additional changes to Section 10644 of the Water Code proposed by SB 862, to be operative only if this bill and SB 862 are both enacted and become effective on or before January 1, 2008, and this bill is enacted last.

*The people of the State of California do enact as follows:*

SECTION 1. The Legislature finds and declares all of the following:

(a) Increased urban water conservation has the potential to result in significant annual water savings statewide, and therefore can play a fundamental role in promoting sustainable and reliable water supplies statewide.

(b) The California Water Plan as updated in 2005 supports water use efficiency as a foundational action to ensure sustainable water uses.

SEC. 2. Section 10631.5 of the Water Code is amended to read:

10631.5. (a) (1) Beginning January 1, 2009, the terms of, and eligibility for, a water management grant or loan made to an urban water supplier and awarded or administered by the department, state board, or California Bay-Delta Authority or its successor agency shall be conditioned on the implementation of the water demand management measures described in Section 10631, as determined by the department pursuant to subdivision (b).

(2) For the purposes of this section, water management grants and loans include funding for programs and projects for surface water or groundwater storage, recycling, desalination, water conservation, water supply reliability, and water supply augmentation. This funding includes, but is not limited to, funds made available pursuant to Section 75026 of the Public Resources Code.

(3) Notwithstanding paragraph (1), the department shall determine that an urban water supplier is eligible for a water management grant or loan even though the supplier is not implementing all of the water demand management measures described in Section 10631, if the urban water supplier has submitted to the department for approval a schedule, financing plan, and budget, to be included in the grant or loan agreement, for implementation of the water demand management measures. The supplier may request grant or loan funds to implement the water demand management measures to the extent the request is consistent with the eligibility requirements applicable to the water management funds.

(4) (A) Notwithstanding paragraph (1), the department shall determine that an urban water supplier is eligible for a water management grant or loan even though the supplier is not implementing all of the water demand management measures described in Section 10631, if an urban water supplier submits to the department for approval documentation demonstrating that a water demand management measure is not locally cost effective. If the department determines that the documentation submitted by the urban water supplier fails to demonstrate that a water demand management measure is not locally cost effective, the department shall notify the urban water supplier and the agency administering the grant or loan program within 120 days that the documentation does not satisfy the requirements for an exemption, and include in that notification a detailed statement to support the determination.

(B) For purposes of this paragraph, “not locally cost effective” means that the present value of the local benefits of implementing a water demand management measure is less than the present value of the local costs of implementing that measure.

(b) (1) The department, in consultation with the state board and the California Bay-Delta Authority or its successor agency, and after soliciting public comment regarding eligibility requirements, shall develop eligibility requirements to implement the requirement of paragraph (1) of subdivision (a). In establishing these eligibility requirements, the department shall do both of the following:

(A) Consider the conservation measures described in the Memorandum of Understanding Regarding Urban Water Conservation in California, and alternative conservation approaches that provide equal or greater water savings.

(B) Recognize the different legal, technical, fiscal, and practical roles and responsibilities of wholesale water suppliers and retail water suppliers.

(2) (A) For the purposes of this section, the department shall determine whether an urban water supplier is implementing all of the water demand management measures described in Section 10631 based on either, or a combination, of the following:

(i) Compliance on an individual basis.

(ii) Compliance on a regional basis. Regional compliance shall require participation in a regional conservation program consisting of two or more urban water 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 urban water suppliers implemented the water demand management measures. The urban water supplier administering the regional program shall provide participating urban water suppliers and the department with data to demonstrate that the regional program is consistent with this clause. The department shall review the data to determine whether the urban water suppliers in the regional program are meeting the eligibility requirements.

(B) The department may require additional information for any determination pursuant to this section.

(3) The department shall not deny eligibility to an urban water supplier in compliance with the requirements of this section that is participating in a multiagency water project, or an integrated regional water management plan, developed pursuant to Section 75026 of the Public Resources Code, solely on the basis that one or more of the agencies participating in the project or plan is not implementing all of the water demand management measures described in Section 10631.

(c) In establishing guidelines pursuant to the specific funding authorization for any water management grant or loan program subject to this section, the agency administering the grant or loan program shall include in the guidelines the eligibility requirements developed by the department pursuant to subdivision (b).

(d) Upon receipt of a water management grant or loan application by an agency administering a grant and loan program subject to this section, the agency shall request an eligibility determination from the department with respect to the requirements of this section. The department shall respond to the request within 60 days of the request.

(e) The urban water supplier may submit to the department copies of its annual reports and other relevant documents to assist the department in determining whether the urban water supplier is implementing or scheduling the implementation of water demand management activities. In addition, for urban water suppliers that are signatories to the Memorandum of Understanding Regarding Urban Water Conservation in California and submit biennial reports to the California Urban Water Conservation Council in accordance with the memorandum, the department may use these reports to assist in tracking the implementation of water demand management measures.

SEC. 3. Section 10631.7 is added to the Water Code, to read:

10631.7. The department, in consultation with the California Urban Water Conservation Council, shall convene an independent technical panel to provide information and recommendations to the department and the Legislature on new demand management measures, technologies, and approaches. The panel shall consist of no more than seven members, who shall be selected by the department to reflect a balanced representation of experts. The panel shall have at least one, but no more than two, representatives from each of the following: retail water suppliers, environmental organizations, the business community, wholesale water suppliers, and academia. The panel shall be convened by January 1, 2009, and shall report to the Legislature no later than January 1, 2010, and every five years thereafter. The department shall review the panel report and include in the final report to the Legislature the department's recommendations and comments regarding the panel process and the panel's recommendations.

SEC. 4. Section 10644 of the Water Code is amended to read:

10644. (a) An urban water supplier shall submit to the department, the California State Library, and any city or county within which the supplier provides water supplies a copy of its plan no later than 30 days after adoption. Copies of amendments or changes to the plans shall be submitted to the department, the California State Library, and any city or county within which the supplier provides water supplies within 30 days after adoption.

(b) The department shall prepare and submit to the Legislature, on or before December 31, in the years ending in six and one, a report summarizing the status of the plans adopted pursuant to this part. The report prepared by the department shall identify the exemplary elements of the individual plans. The department shall provide a copy of the report to each urban water supplier that has submitted its plan to the department. The department shall also prepare reports and provide data for any legislative hearings designed to consider the effectiveness of plans submitted pursuant to this part.

(c) (1) For the purpose of identifying the exemplary elements of the individual plans, the department shall identify in the report those water demand management measures adopted and implemented by specific urban water suppliers, and identified pursuant to Section 10631, that achieve water savings significantly above the levels established by the department to meet the requirements of Section 10631.5.

(2) The department shall distribute to the panel convened pursuant to Section 10631.7 the results achieved by the implementation of those water demand management measures described in paragraph (1).

(3) The department shall make available to the public the standard the department will use to identify exemplary water demand management measures.

SEC. 5. Section 10644 of the Water Code is amended to read:

10644. (a) An urban water supplier shall submit to the entities listed in subdivision (b) a copy of its plan no later than 30 days after adoption. Copies of amendments or changes to the plans shall be submitted to the entities listed in subdivision (b) within 30 days after adoption.

(b) An urban water supplier shall file a copy of its plan and amendments or changes with each of the following entities:

(1) The department.

(2) Any city or county within which the urban water supplier provides water supplies.

(3) Any groundwater management entity within which the urban water supplier extracts or provides water supplies.

(4) Any agricultural water supplier within which district the urban water supplier provides water supplies.

(5) Any city or county library within which district the urban water supplier provides water supplies.

(6) The California State Library.

(7) Any local agency formation commission within which county the urban water supplier provides water supplies.

(c) The department shall prepare and submit to the Legislature, on or before December 31, in the years ending in six or one, a report summarizing the status of the plans adopted pursuant to this part. The report prepared by the department shall identify the exemplary elements of the individual plans. The department shall provide a copy of the report to each urban water supplier that has submitted its plan to the department. The department shall also prepare reports and provide data for any legislative hearings designed to consider the effectiveness of plans submitted pursuant to this part.

(d) (1) For the purpose of identifying the exemplary elements of the individual plans, the department shall identify in the report those water demand management measures adopted and implemented by specific urban water suppliers, and identified pursuant to Section 10631, that achieve water savings significantly above the levels established by the department to meet the requirements of Section 10631.5.



(2) The department shall distribute to the panel convened pursuant to Section 10631.7 the results achieved by the implementation of those water demand management measures described in paragraph (1).

(3) The department shall make available to the public the standard the department will use to identify exemplary water demand management measures.

SEC. 6. Section 5 of this bill incorporates amendments to Section 10644 of the Water Code proposed by both this bill and SB 862. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2008, (2) each bill amends Section 10644 of the Water Code, and (3) this bill is enacted after SB 862, in which case Section 4 of this bill shall not become operative.

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## **MWD ORDINANCE REQUIREMENTS FOR EXTRAORDINARY CONSERVATION PROGRAMS**

In order to maintain eligibility for three MWD Extraordinary Conservation Programs that include: the Public Sector Program, Turf Removal Program, and MWD Enhanced and Innovative Grants Program, all IEUA member agencies must comply with one of the following options:

### **Option 1-Full Compliance**

Full compliance with the MWD Ordinance Requirement must include at a minimum the following items:

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

The cities of Chino Hills and Upland have satisfied this requirement.

### **Option 2-Written Pledge**

Commitment by agency to develop a draft ordinance and implementation plan with a timeline that accomplishes the commitment by June 30, 2009. Cucamonga Valley Water District, and the City of Ontario have each submitted a written pledge and are awaiting MWD approval.

### **Option 3-Alternative Method**

Commitment by agency through written statement that attests to and describes an alternative for reducing water by 5 percent through additional water conservation savings over calendar year 2008 levels.

### **Prioritization**

Priority for issuing financial incentives under the extraordinary programs will be given to applicants who comply with Option 1.

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

January 13, 2009 Board Meeting

9-4

**Subject**

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

**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-feet 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	<p>Participating member agencies must provide one of the following:</p> <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	<p>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</p>

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**

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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 Rightlinger 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.

**Attachment 1**  
**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. Agencies choosing an alternative method or strategy must provide a written report on water savings achieved over 2008 levels.  |
| June 2009    | Member agencies must submit one of the following: <ol style="list-style-type: none"><li>1. Copy of conservation ordinance and description of implementation plan to meet the basic requirements; or</li><li>2. A written statement attesting to and describing an alternative method or strategy that will achieve at least five percent of additional water conservation savings in a local jurisdiction over calendar year 2008 levels.</li></ol> Metropolitan staff report to Board on service area progress.   |
| July 2009    | Ordinance prerequisite or alternative method or strategy required to participate in the extraordinary conservation programs.<br>Begin FY 09/10 \$5 million funding for Phase II Public Sector Program.   |

Note: After July 1, 2009, the written pledge to develop an action plan and to work with its constituent jurisdictions to adopt conservation ordinances and implementation plans will no longer be the basis for meeting the Board's ordinance prerequisite requirements.

## Attachment 2

### 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.

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.

**Attachment 3**  
**Metropolitan Water District of Southern California**  
**Progress Report on Ordinance Prerequisite**  
**Extraordinary Conservation Programs**

Date:

Reporting Period:

<b>Option 1: Ordinance and Implementation Plan</b>		
Agency	Member Agency	Local Jurisdiction
Name		
Phone		
E-mail		
Fax		
Date of Ordinance Adoption:		
<p>Explain how your ordinance and implementation plan are continuing to meet the prerequisites and are being publicly communicated and enforced.</p>		

<b>Additional Comments (Optional)</b>
<p>Identify any other pertinent issues related to status including any foreseeable problems or delays.</p>

Please complete progress report and mail to Mr. Raymond Jay, Metropolitan Water District, PO Box 54153, Los Angeles, CA 90054-0153 or via email at [rjay@mwdh2o.com](mailto:rjay@mwdh2o.com).

**Metropolitan Water District of Southern California  
Progress Report on Ordinance Prerequisite  
Extraordinary Conservation Programs**

Date:

Reporting Period:

<b>Option 2: Pledge to Develop Action Plan to Adopt Ordinance and Implementation Plan</b>		
Agency	Member Agency	Local Jurisdiction
Name		
Phone		
E-mail		
Fax		
Describe the status of compliance with Metropolitan's ordinance and implementation plan prerequisite.		
For each milestone, please indicate expected completion date and percentage complete.		
Original Milestone	Expected Completion Date	% Complete
Inform all local jurisdiction of need for conservation ordinance and implementation		
Secure commitment from governing body to draft ordinance and implementation plan		
Develop draft ordinance and implementation plan		
Receive public input on draft ordinance and implementation plan		
Governing body adoption of ordinance		
Enact ordinance		
Submit adopted ordinance and implementation plan to Metropolitan		

<b>Additional Comments (Optional)</b>
Describe remaining actions needed to complete work by July 1, 2009 in order for jurisdiction to remain eligible for the extraordinary conservation programs. Identify any other pertinent issues related to status including any foreseeable problems or delays.

Please complete progress report and mail to Mr. Raymond Jay, Metropolitan Water District, PO Box 54153, Los Angeles, CA 90054-0153 or via email at [rjay@mwdh2o.com](mailto:rjay@mwdh2o.com).

**Metropolitan Water District of Southern California  
 Progress Report on Ordinance Prerequisite  
 Extraordinary Conservation Programs**

Date:

Reporting Period:

<b>Option 3: Statement Describing Alternative Method/Strategy</b>		
<b>Agency</b>	<b>Member Agency</b>	<b>Local Jurisdiction</b>
<b>Name</b>		
<b>Phone</b>		
<b>E-mail</b>		
<b>Fax</b>		
<p>Describe your alternative method or strategy to achieve at least five percent of additional water conservation savings in a local jurisdiction over calendar year 2008 levels.</p>		
<p>Describe how you determine the water savings attributable to this method or strategy. Provide all underlying data, calculations, and assumptions.</p>		
<p>Provide information on actual water usage in calendar year 2008. Subdivide as needed to demonstrate actual water savings over the previous year (e.g., monthly, quarterly, semi-annually, etc.)</p>		

<b>Additional Comments (Optional)</b>
<p>Identify any other pertinent issues related to status including any foreseeable problems or delays.</p>

Please complete progress report and mail to Mr. Raymond Jay, Metropolitan Water District, PO Box 54153, Los Angeles, CA 90054-0153 or via email at [rjay@mwdh2o.com](mailto:rjay@mwdh2o.com).

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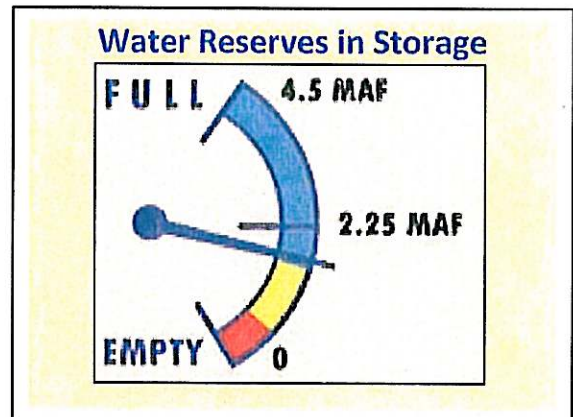


**INLAND EMPIRE UTILITIES AGENCY**  
**Water Resources and Conservation Programs**  
**Monthly Report**

**January 2009**  
**(Reporting December 2008 Activities)**

**CALIFORNIA WATER SUPPLY NEWS**

- Current southern California water reserve levels (groundwater and surface water) stand below 50% of capacity, as illustrated by MWD's new "water gauge" public information tool.
- DWR will implement a Drought Water Bank in 2009. DWR will purchase water from willing sellers upstream of the Sacramento-San Joaquin Delta and this water will be transferred using State Water Project (SWP) or Central Valley Project (CVP) facilities to water suppliers that are at risk of experiencing water shortages, based on needs criteria.



**MWD AND IEUA DROUGHT ACTIONS**

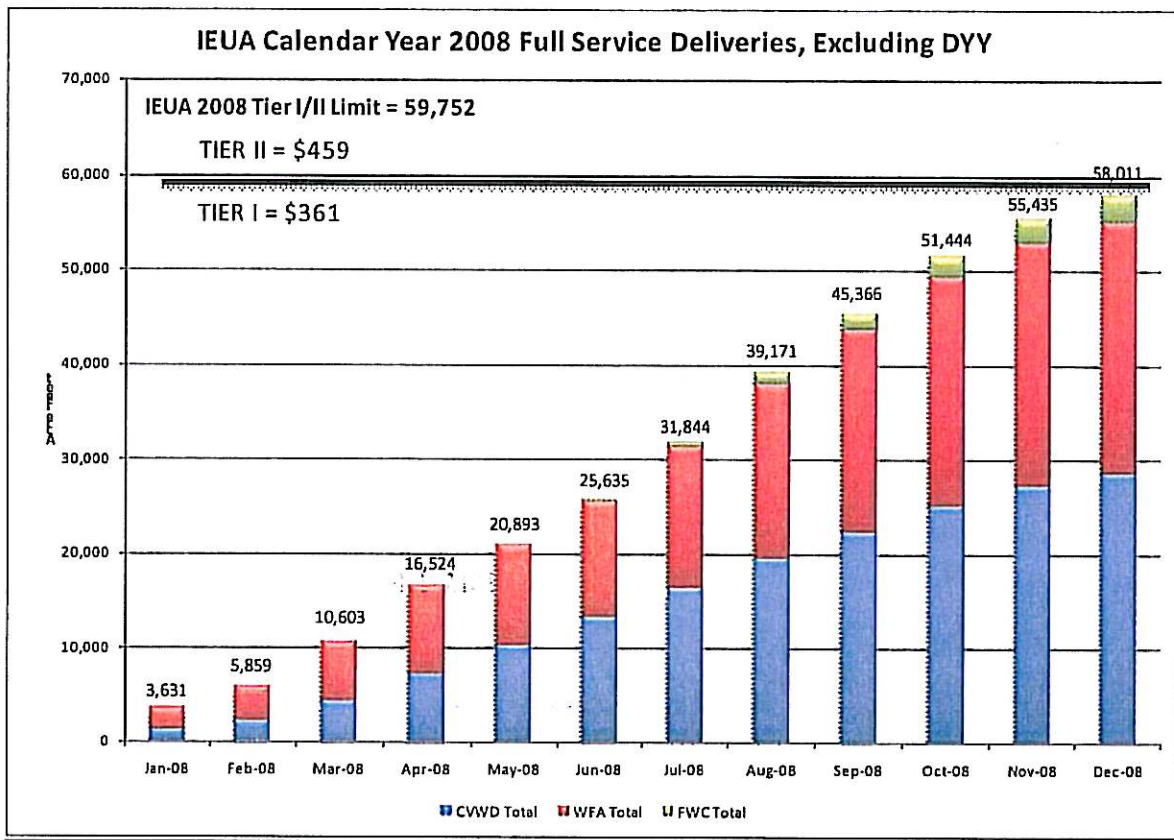
- MWD estimates there is a 1 in 2 chance the State Water Project supply allocation will be less than 35%, triggering implementation of the MWD Regional Water Supply Allocation Plan (WSAP) by this summer.
- In December, IEUA's "Strawman" proposal was discussed at a Special TAC Workshop held at WFA on 12/4 and at the Water Supply Strategy meeting on 12/12.
- It is anticipated the final version of the IEUA Drought Plan will be presented to the IEUA Board in March or April, in coordination with MWD implementing the WSAP.

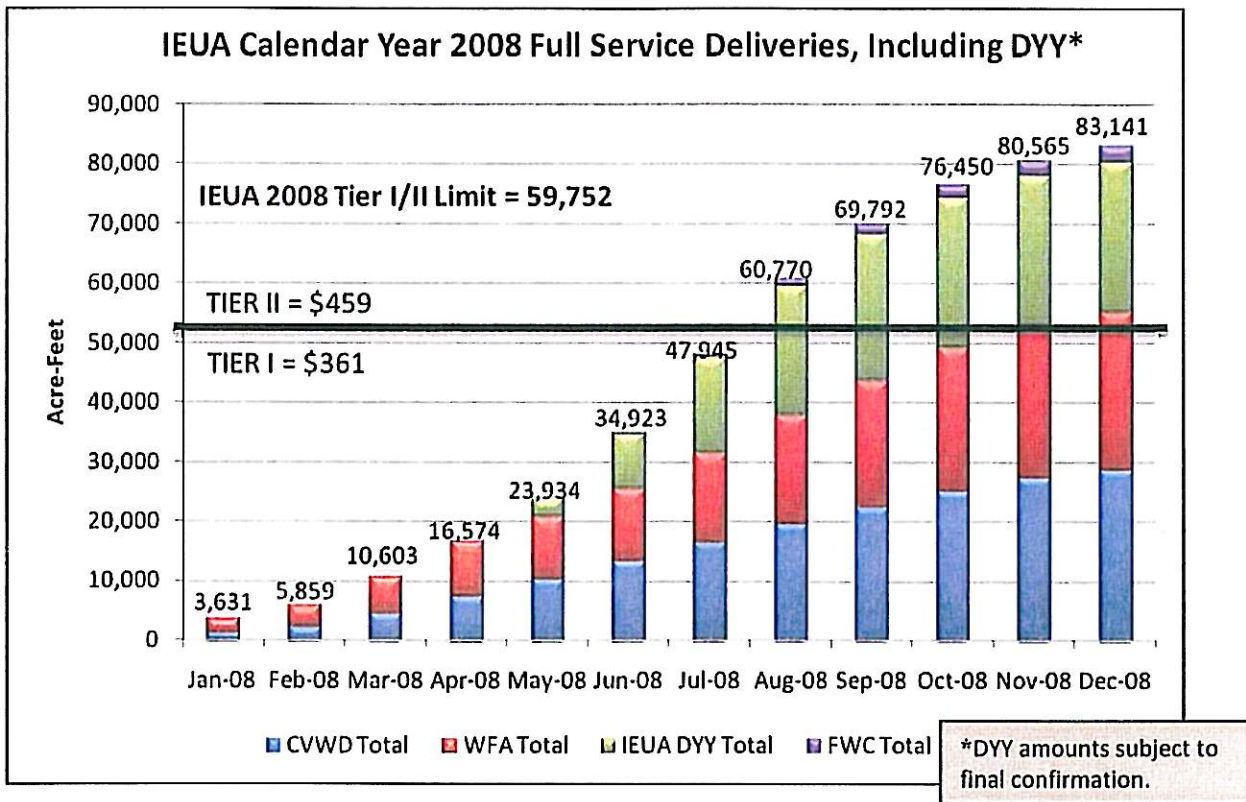
**IEUA WATER SUPPLY PROGRAMS**

**Imported Water Deliveries**

- Closing out calendar year 2009, IEUA purchased 58,011 AF of Tier I water. (The calendar-year limit for Tier 1 purchases is 59,752 AFY.) Not included in that total is an additional 25,299 AFY of certifications for the DYY program which may be in 2008.
- For the first six months of fiscal year 2008/09, IEUA has purchased 32,377 AF of imported water, not including certifications for DYY program.







**Dry Year Yield Program (DYY)**

- IEUA retail agencies are on track to meet their DYY Program obligations. DYY participants have certified that they have pumped 25,299 AF (82% of IEUA’s obligation of 31,000 AF) from the groundwater storage account. However, these certifications have yet to be processed and are subject to change.
- MWD imported water deliveries have been reduced by 18,533 AF (60% of IEUA’s obligation of 31,000 AF).

**DYY Program Expansion**

- On December 17, the IEUA Board approved the Dry Year Yield Program Expansion CEQA document.
- The DYY participants have until September 2009 to negotiate funding details with MWD for the expansion of the program.

**Recycled Water Program**

- IEUA is implementing a 3-Year Business Plan that will increase recycled water connected capacity to 50,000 AFY by 2010. As of November, there was 21,123 AFY of connected capacity, with another 3,500 AFY expected over the next 6 months.

**Chino Desalter Authority (CDA)**

- The first half of this fiscal year, the two desalters produced 13,825 AF of water (of which 7,641 AF was

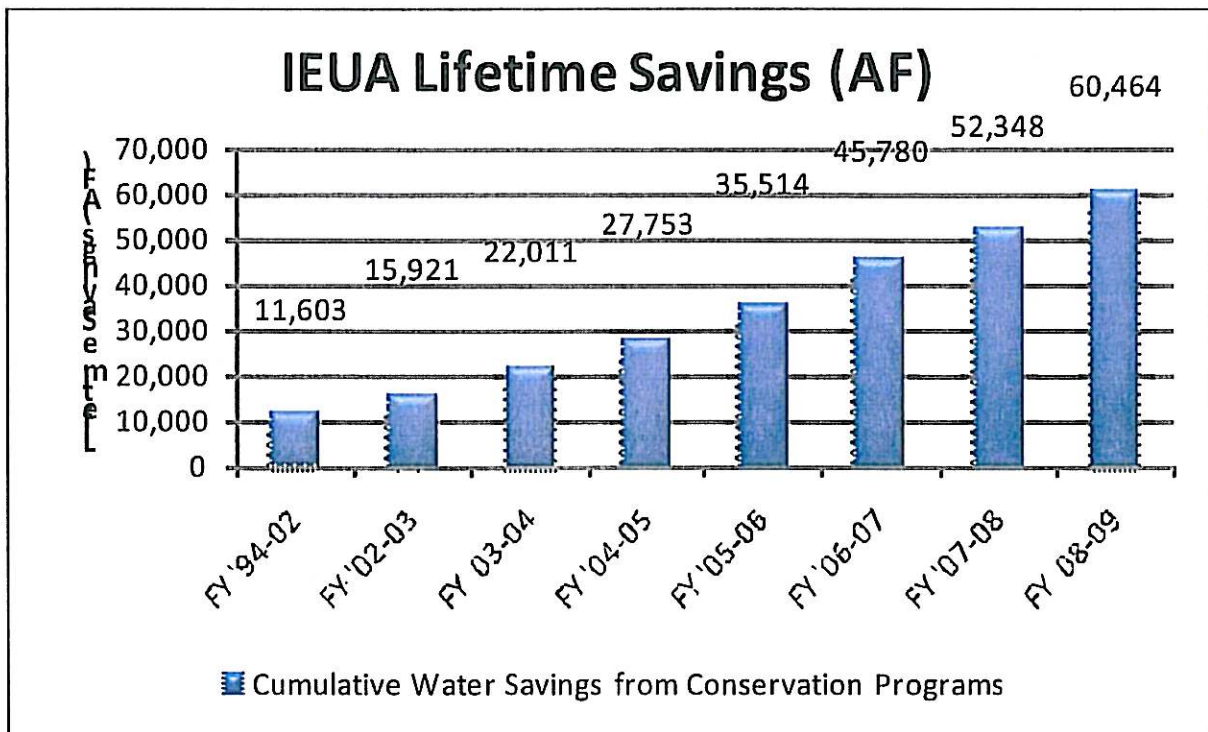


delivered to IEUA retail agencies). The current production capacity is 24,600 AFY, and it will be expanded to approximately 35,000 AFY by 2010.

## CONSERVATION PROGRAMS

### Summary

- As illustrated in the IEUA Lifetime Savings graph below, the expected lifetime water savings from water conservation devices that have been applied in the service area currently totals 60,464 acre feet. The savings is growing each fiscal year as a result of IEUA's participation in several rebate and retrofit programs, summarized in Tables I and II.
- The Lifetime Savings graph includes only the quantifiable savings from these rebate and retrofit programs; it does not include the additional potential savings from the many other ongoing public education programs sponsored by IEUA and its member agencies, such as:
  - Landscaping and native plant workshops
  - Garden in Every School Program
  - Water conservation fairs
  - Ontario Cares Program
  - National Theater for Children
  - Water Education Water Awareness Committee
  - Landscape Alliance
  - Landscape Audit Program



### Landscape Audit Program

- In Phase III, CBWCD has completed 96 landscape audits with a potential savings of 549 AFY. This is in addition to 1200.2 AFY in Phase II. There are currently 31 more sites waiting to be audited and 103 more applications. The Professional MWD California Friendly Landscape Training Classes scheduled in January have been filled to capacity with participants. Classes are held in both English and Spanish.

#### Water Wise Residential Landscape Program

- Over 100 applications have been received so far, with 23 new applications in December. There have been 81 rebates completed, with the cumulative area of landscape retrofitted since program inception being 102,543 sq ft. This represents an annual water savings of 14.36 AFY.

#### Inland Empire Landscape Alliance

- The draft Regional Water Efficient Landscape Model Ordinance was completed. On December 12<sup>th</sup>, the Technical Committee presented it to the Landscape Alliance Board. The final model ordinance will be brought back to the Alliance Board at the February 12<sup>th</sup> Board meeting for endorsement.
- A question and answer session was held on December 18<sup>th</sup> between the Landscape Alliance Technical Committee and DWR regarding their revised model ordinance. IEUA submitted comments to DWR by the December 30<sup>th</sup> deadline.

#### Native Plant Workshops

- In December, Greenlee Nursery held the third monthly workshop on landscaping alternatives to grass and efficient irrigation techniques. The number of participants in the workshop has doubled and is expected to continue to grow. It will be expanded to include landscape industry professional participants in February.



#### MWD Water Efficiency Programs

- **MWD Ordinance Requirement** – The ordinance requirements and timeline have been revised and will be discussed at the January 2009 MWD Board Meeting. Agencies who intend to receive funds under the Phase II Public Sector Program, Turf Buyback Program, or Enhanced Conservation Grant Program must have an ordinance currently enforced with the MWD “model” elements or submit a written plan to achieve compliance by January 2010.
- **MWD Annual Programs Review Committee (PAC)** – MWD’s focus for the 2009 PAC is to develop some new programs and/or devices for the AG sector to assist customers in the transition of phasing-out the AG program over the next five years. Program timeline is to complete all reviews and obtain Board approval by July 2009. All programs/rebates will continue to be funded based on the \$195 per acre foot of water saved.
- **MWD Integrated Regional Planning (IRP) Technical Workgroups** –IRP technical workgroup meetings were held in December for Conservation, Stormwater/Urban runoff, Recycled Water, Ocean Desalination, and Graywater. Final workgroup meetings will be held

in February for Conservation, Recycled Water, and Stormwater/Urban runoff, with recommendations prepared for the MWD Board in March.

- **MWD Turf Replacement Program** - The proposed rebate is set at \$1.00 per square foot with a \$2,000 cap for residential sites (2,000 square feet turf removed) and \$21,780 for commercial landscapes (half an acre of turf removed). However, the program is currently on hold due to the State budget crisis and DWR contract freeze.

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

- The next Plenary meeting is scheduled for Wednesday, March 11, 2009. BMP Revisions voted on in December 2008 will take effect on July 1, 2009. The third compliance option under the revised BMPs, “gallons per capita day” (GPCD) is currently being developed by the Council and a draft of the methodology is expected to be presented at the June 2009 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 MWD Conservation Rebate Programs- Public/Private Sector**

- Table I below summarizes 3 major rebate programs sponsored by MWD for the public and private sector. Overall, 49,284 devices/rebates were issued since program inception, for an annual water savings of 3,299 acre-feet per year.

**Major MWD Conservation Rebate Programs-Public Agency Sector**

- Table II below summarizes MWD's Region-wide Public Agency Sector Rebate Program to Promote Water Efficiency. 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.
- Table II shows activities from February 2008 (program inception) through October 2008. No activity has occurred since October because a new phase of the program was due to start, but funding is on hold due to the new MWD conservation ordinance requirement.

<b>TABLE I—MWD Public/Private Sector Rebate Programs</b>				
<i>Device Name</i>	<i>Current Fiscal Year through November</i>		<i>Since Program Inception</i>	
	<i># Devices Installed</i>	<i>Equivalent Annual Water Savings (AFY)</i>	<i>Cumulative # Devices Installed</i>	<i>Equivalent Annual Savings (AFY)</i>
<b>Commercial, Industrial, Institutional Program</b>				
High-Efficiency Clothes Washers	7	0.6	464	39.3
Multi-Family High-Efficiency Clothes Washers	3	0.3	4	0.3
Cooling Tower Conductivity & pH Controllers	2	1.3	26	16.7
Ultra-Low-Flush Toilets	0	0	1,894	657.2
ULFT Flushometers	0	0	4	0.3
High-Efficiency Toilets	640	27	3,061	130.1
Zero Water Urinals	58	7	1,084	132.8
High-Efficiency Urinals	0	0	8	0.5
Weather-Based Irrigation Controllers	2	1.3	11	7.2
Rotating Nozzles for Pop-Up Spray Heads	86	0.3	183	15.5
Synthetic Turf for CII (rebates)	0	0	5	4.7
High-Efficiency Nozzles for Large Rotary	0	0	0	0

Sprinklers				
Dry Vacuum Pumps	0	0	0	0
Steam Sterilizer Retrofits	0	0	0	0
Pre-Rinse Spray Head (PRSH)	31	7.9	33	8.4
Water Broom	3	0.5	699	107.2
X-Ray Recirculation Units	0	0	11	35.2
<b>Subtotal</b>	<b>832</b>	<b>46.5</b>	<b>7487</b>	<b>1155.4</b>
<b>Multi-Family Direct-Install Program</b>				
Ultra Low-Flush Toilets	0	0	14,283	495.6
High-Efficiency Toilets	1682	71.5	1744	74.1
<b>Subtotal</b>	<b>1682</b>	<b>71.5</b>	<b>16,027</b>	<b>569.7</b>
<b>Residential Program</b>				
Ultra Low-Flush and High Efficiency Toilets	678	23.5	12,747	442.3
High-Efficiency Clothes Washers	507	42.9	10,149	858.6
Weather-Based Irrigation Controllers	9	5.9	398	258.7
Rotating Nozzles for Pop-Up Spray Heads	19	0.1	2,263	9.1
Synthetic Turf Retrofit (rebates)	70	0.0	132	7.8
Water-Wise Residential Landscape Retrofit Program (rebates)	61	0.0	81	14.4
<b>Subtotal</b>	<b>1344</b>	<b>72.4</b>	<b>25,770</b>	<b>1590.8</b>
<b>TOTALS</b>	<b>3858</b>	<b>190.3</b>	<b>49284</b>	<b>3316.0</b>

**TABLE II---MWD Public Agency Sector Rebate Program  
(February 2008 - October 2008)**

<b>Customer</b>	<b>Device Quantity</b>	<b>Award</b>	<b>Annual Water Savings (AFY)</b>	<b>Lifetime Water Savings (AF)</b>
City of Ontario	72	\$445,540.02	95.8	956.9
Chino Valley Unified School District (Cities of Chino, Chino Hills, Ontario)	277	\$561,575.50	123.5	1200
Cucamonga School District	10	\$10,547.13	7.7	76.9
Central School District	32	\$31,619.94	11.9	119.3
Etiwanda School District	39	\$125,206.58	32.2	321.8
Chaffey Joint Union School District (City of Ontario, CVWD, MVWD)	86	\$222,832.50	45.5	434.3
Monte Vista Water District	6	\$2,356.46	0.4	8.3
Alta Loma School District	22	\$36,538.62	16.7	166.7
City of Fontana	9	\$94,087.50	18.8	188.2

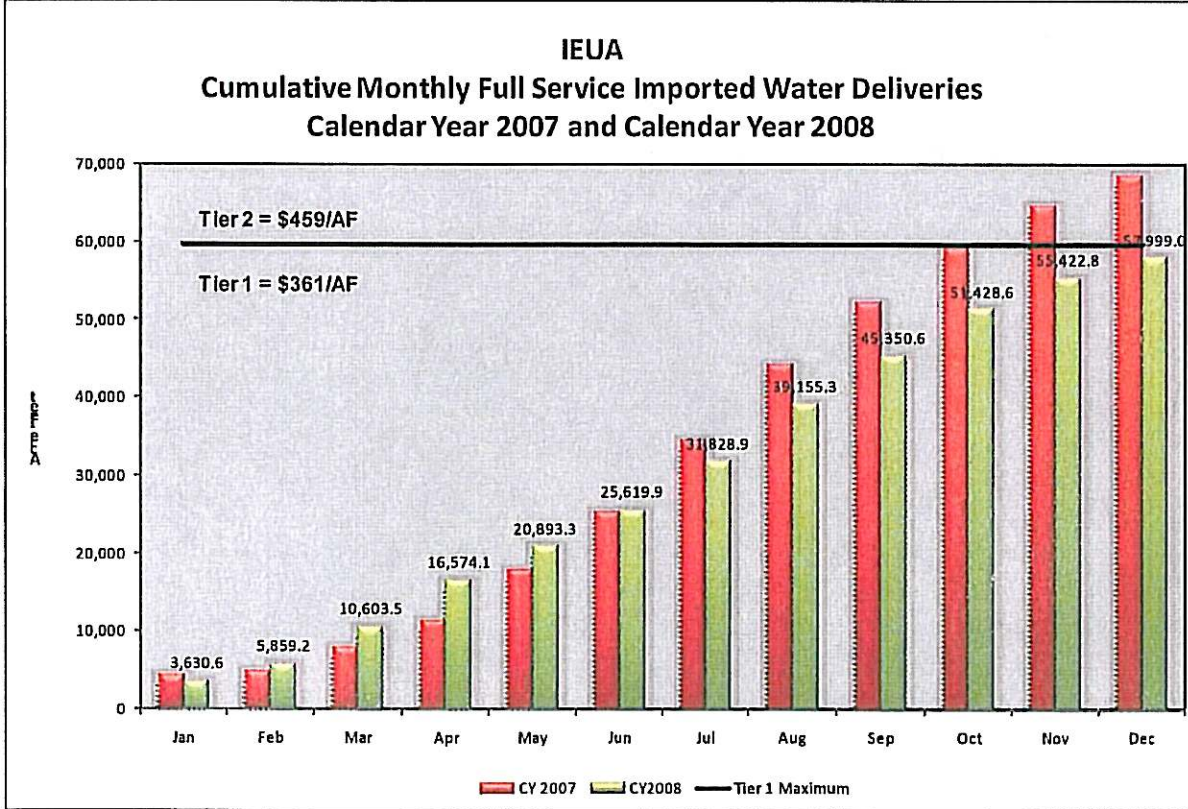
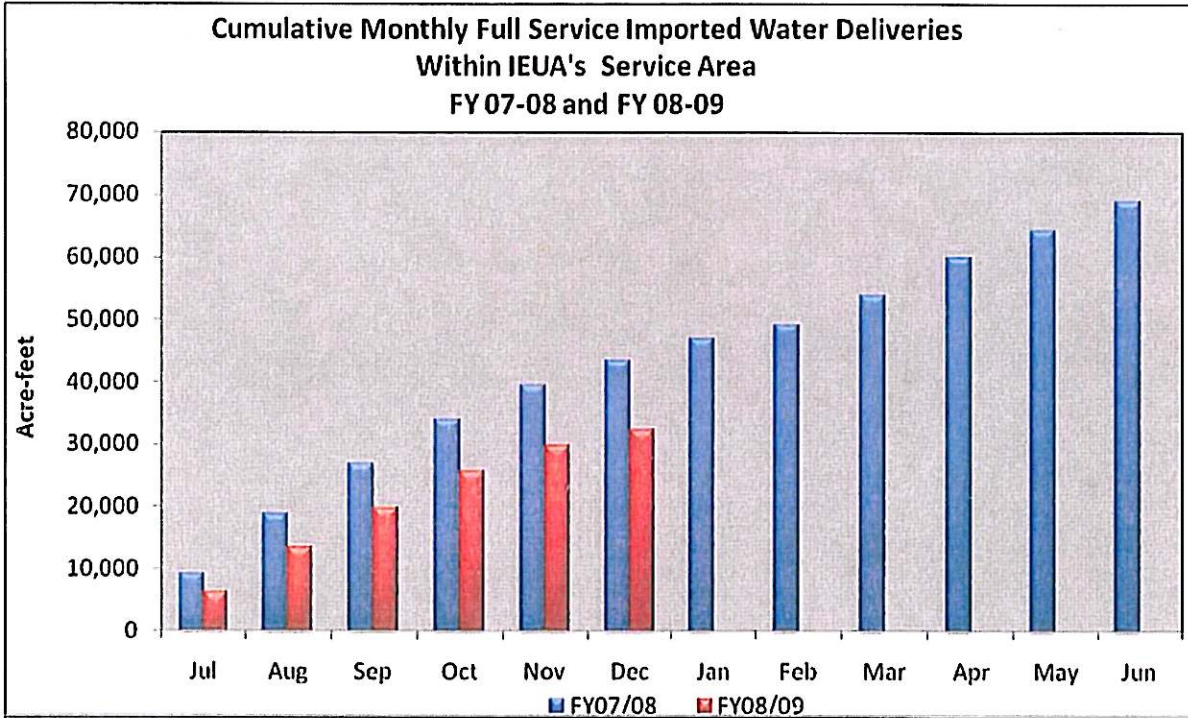


Upland Unified School District (Cities of Chino, Chino Hills, Ontario)		51	\$84,497.74	23.5	234.6
City of Chino Hills		302	\$997,425.00	199.5	1994.9
<b>TOTALS</b>		<b>906</b>	<b>\$2,612,227</b>	<b>575.4</b>	<b>5,702</b>

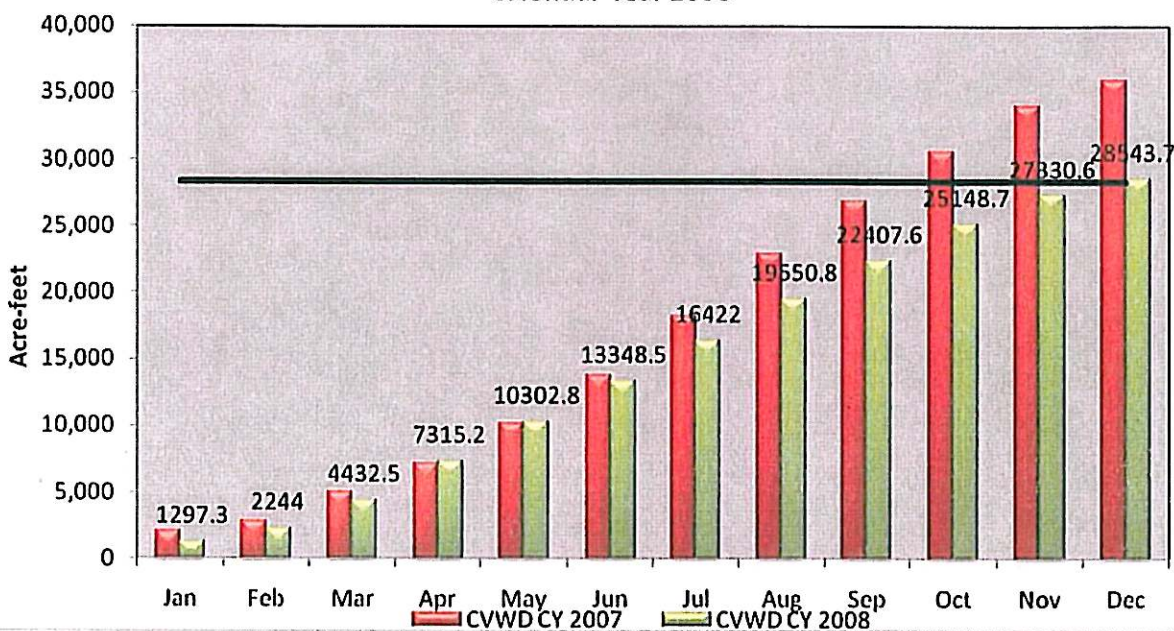
**~~CALENDAR OF UPCOMING EVENTS~~**

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 5, 2009	Landscape Alliance Board Meeting, 3:00 pm-4:00 pm
February 9, 2009	MWD IRP Conservation WG @ MWD-LA, 9:30 am—12:30 pm
February 12, 2009	Landscape Alliance Board Meeting @ IEUA, 3:00 pm—4:00 pm
February 21, 2009	Garden in Every School 09/10 workshop, IEUA Event Center 8:30-12:00 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-5:30 pm
February 26, 2009	Landscape Alliance Technical Sub-Committee Meeting, 1:00 pm-3:30 pm
February 27, 2009	Greenlee Workshop for Homeowners (10:00 am-12:00 pm); Professionals (1:00 pm-3:00 pm)
March 12, 2009	Recycled Water Site Supervisor Training
March 19, 2009	BMP Tour of Chino for San Bernardino County Board of Supervisors, 8:30 am-12:00 pm
March 20, 2009	Greenlee Workshop for Professionals (1:00 pm-3:00 pm)
March 21, 2009	Greenlee Workshop for Homeowners (10:00 am-12:00 pm)
March 26, 2009	Landscape Alliance Technical Sub-Committee Meeting, 1:00 pm-3:30 pm
April 22, 2009	Earth Day at Chino Creek Wetlands and Educational Park from 3:30 pm to 6:30 pm

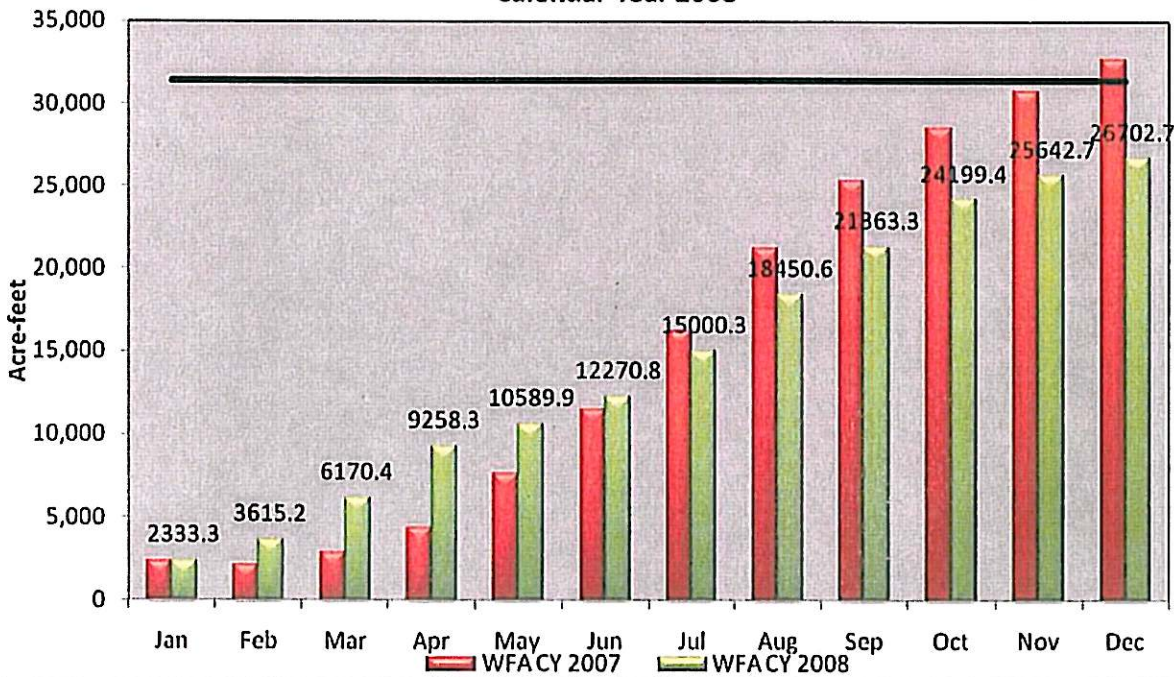
**ATTACHMENT: IMPORTED WATER DELIVERIES BY AGENCY  
(EXCLUDING DYY COMPONENT)**



**CUCAMONGA VALLEY WATER DISTRICT**  
**Cumulative Monthly Full Service Imported Water Deliveries**  
**Calendar Year 2008**



**WATER FACILITIES AUTHORITY**  
**Cumulative Monthly Full Service Imported Water Deliveries**  
**Calendar Year 2008**



PLANNING & WATER RESOURCES UPDATE  
2<sup>ND</sup> QUARTER ACTIVITIES  
JANUARY 2009

## Planning and Water Resources Activities

### Highlights

#### ▪ California's Imported Water Deliveries Meet Additional Restrictions

Several developments this quarter highlighted the urgent nature of California's water crisis and the need for actions to improve water supply reliability.

- At the end of October, the Department of Water Resources (DWR) gave an initial estimate that it will only be able to deliver 15% of requested State Water Project (SWP) water in 2009.
- The U.S. Fish & Wildlife Service issued a biological opinion on pumping requirements to protect Delta smelt, which could permanently reduce water deliveries by the SWP by 20% to 30% in average years, and by up to 50% in wet years.
- The Calif. Fish and Game Commission adopted interim regulations to protect longfin smelt, a relative of the Delta smelt, which could result in an additional 17% reduction in state and federal water project deliveries.
- At the end of the year, Lake Oroville, the principal storage reservoir for the State Water Project (SWP), was only at 28 percent of capacity, and 44 percent of average storage for that time of year.

On the positive side:

- DWR has proposed to establish a Drought Water Bank to facilitate water transfers
- The cabinet-level Delta Vision Committee issued a final report recommending immediate action to address environmental and water supply problems in the Delta, including beginning construction of a new Delta conveyance by 2011.
- The Colorado River snowpack is above normal and MWD estimates deliveries at 1 million acre-feet (about 150,000 AF higher deliveries than 2008).
- In October and November, precipitation occurred in the Sierra, and DWR's first snow survey of the season, at the end of December, indicated snow water content was 76% of normal, compared to 60% last year at this time.

It is too early to tell whether the improved snow water content figures will translate into a better water year than the state experienced last year, when winter storms ended early, leading to California's driest spring on record. According to DWR, the long-term climate change trends and the court-ordered restrictions have created a new era in California water, causing an urgent need for more storage, improved water conveyance systems, conservation, and a long-term strategy for the Delta. As of January, MWD estimates that there is a 1 in 2 chance that it will impose a water shortage allocation this summer.

- **Water Supply Allocation Plans**

MWD is updating its Water Supply Allocation Plan, and expects to make the decision on whether to implement the plan in April 2009 based on its assessment of water supply conditions. If imposed, the Plan is expected to go into effect on July 1<sup>st</sup>, 2009. MWD continued its development of a Five Year Water Supply Plan with a goal to develop 800,000 AF of additional water for the region.

- **Regional Drought Response**

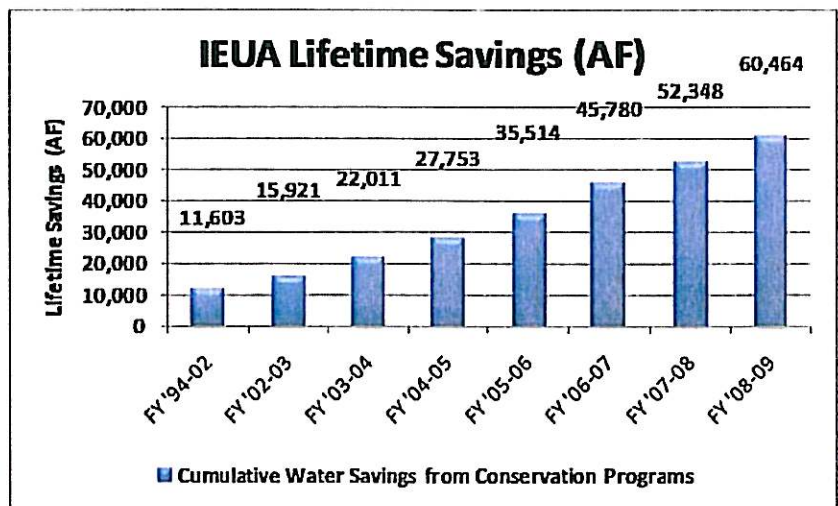
IEUA has been holding monthly Water Supply Strategy meetings in order to develop a drought plan that will prepare all cities and agencies served by IEUA to respond to MWD's shortage allocation if it is imposed. A draft "Strawman" Plan was presented to retail agencies in November, 2008, and discussed on December 12 and January 15. IEUA has been also working in partnership with the retail agencies to increase local supplies through implementation of the 3-year Recycled Water Business Plan (21,123 acre-feet connected as of November) and increased Chino Basin Desalter production (26,800 acre-feet in FY 2007/08) as well as offering enhanced conservation rebates with MWD. IEUA was awarded \$1 million from DWR's Urban Drought Assistance Grant program to provide additional incentives for recycled water connections.

- **Budget Crisis Stalls Infrastructure Projects**

A December 18 letter from the State Department of Finance says all disbursements from the state's Pooled Money Investment Account (AB55 loans) are being frozen to preserve cash needed for day-to-day operation of state government. The freeze will continue until the budget crisis is resolved. In addition, the State Water Resources Control Board issued a notice saying invoices for all projects funded by Proposition 13, 40, 50, and 84 are being put on hold pending further notice. No new grant agreements will be signed until action is taken on the budget.

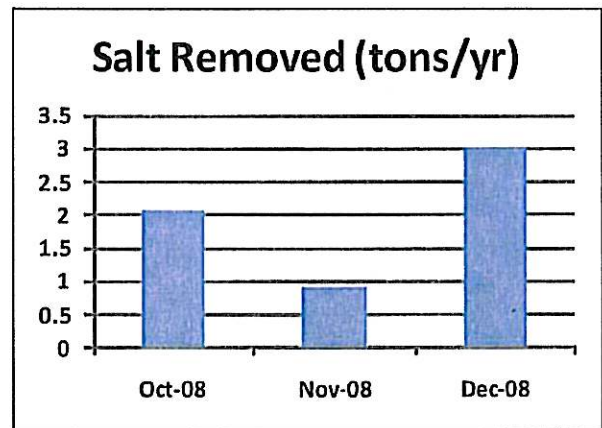
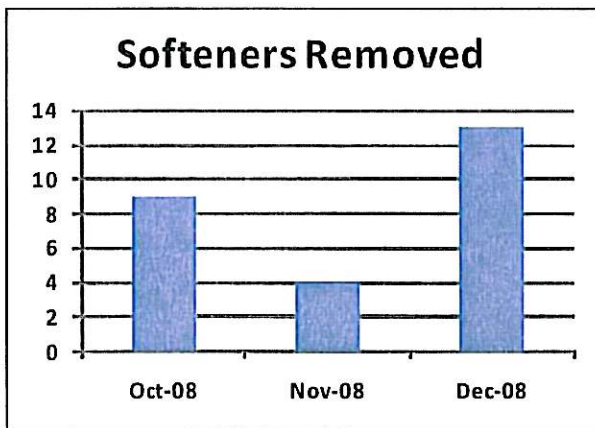
- **Water Conservation Report**

As illustrated in the IEUA Lifetime Savings graph, the expected cumulative water savings over the lifetime of water conservation devices that have been applied in the service area is currently 60,464 acre feet. The savings has grown growing each fiscal year as a result of IEUA's participation in several rebate and retrofit programs.



The Lifetime Savings graph includes only the quantifiable savings from these programs; it does not include the additional potential savings from the many other successful public education programs sponsored by IEUA and its member agencies, such as:

- Landscaping and native plant workshops
  - Garden in Every School Program
  - Water conservation fairs
  - Ontario Cares Program
  - National Theater for Children
  - Water Education Water Awareness Committee
  - Landscape Alliance
  - Landscape Audit Program
- **No Drugs Down the Drain Statewide Campaign**  
 October 4-11, IEUA joined local, regional, state, and federal agencies in a campaign to educate the public on the environmental consequences of disposing leftover medications down the toilet or drain and explain proper disposal alternatives. The campaign is intended to protect water supplies and the environment.
- **Pilot Automatic Water Softener Removal Rebate Program Update**  
 The Water Softener Rebate Program, which was launched by IEUA's Pretreatment Program in mid-September, has removed 26 automatic water softeners (AWS) and 6 tons of salt (per year). IEUA received 67 inquires about the program in response to television, radio, and newspaper advertising. In January, water bill inserts will start.



## Metropolitan Water District of Southern California Activities

- **MWD Water Deliveries**  
 Closing out calendar year 2009, IEUA purchased 58,011.7 AF of Tier I water. (The calendar-year limit for Tier 1 purchases is 59,752 AF.) Not included in that total is an additional 25,299 AF of certifications for the DYY program that has yet to be processed on the invoices. For the first six months of fiscal year 2008/09, IEUA has purchased 32,377.1 AF of imported water, not including certifications for DYY program.

▪ **DYY Implementation**

IEUA DYY-participating retail agencies are on track to meet their DYY performance targets of 31,000 AF. IEUA DYY participants have pumped 25,299 AF (82% of IEUA's obligation of 31,000 AF) from the MWD groundwater storage account. MWD imported water deliveries have been reduced by 18,533 AF (60% of IEUA's obligation of 31,000 AF). But during January, February and March 2009 imported water deliveries will be reduced significantly to achieve the 31,000 AF reduction target.

▪ **DYY Expansion Program**

The CEQA work for the proposed program was completed and adopted by the IEUA Board on December 17, 2008. The existing DYY Program is proposed to be expanded from 100,000 AF to 150,000 AF, which would increase the participating retail agency performance target from 33,000 AF to 50,000 AF (12 months). Consistent with the June 2007 agreement between MWD, IEUA, Western MWD, TVMWD and Chino Basin Watermaster, in cooperation with the retail agencies within the Chino Basin, MWD provided \$1.5 million to reimburse feasibility studies and groundwater modeling to support CEQA documentation. An implementation agreement must be negotiated with MWD by September 2009 for the Chino Desalter Authority to continue to receive \$4.5 million annual Local Resource Program rebate (25 years or \$112.5 million).

▪ **MWD Proposal to Increase 7-day Outage Policy up to 21 Days**

At its December 9 Board Meeting, MWD approved staff recommendations to require new or modified service connection agreements on raw water conveyance facilities to contain provisions for member agencies to be able to sustain water delivery interruptions up to 21 days. The outage time for raw and treated water distribution facilities remains unchanged at 7 days. The change is necessary for raw water conveyance facilities because of the extended time necessary to dewater long, large diameter pipelines. MWD will not seek to amend existing service connection agreements for the sole purpose of incorporating these changes.

▪ **Chino Desalter Local Resources Program**

The development of a Phase 3 Chino Desalter expansion plan and application to MWD for Local Resources Program funding is under discussion. The goal is to reach 40 MGD of production (about 45,000 AFY). MWD is currently funding \$4.5 million of the Phase 2 improvements, which will increase capacity from about 25,000 AFY to about 35,000 AFY and will be completed within the next five years.

▪ **MWD Integrated Water Resources Plan (IRP)**

MWD held a series of technical workshops in December, working on a very short timeline toward adopting an updated IRP in June of 2009. Workshop topics included Conservation, Stormwater/Urban Runoff, Recycled Water, Ocean Desalination, and Graywater. The MWD IRP update is expected to be completed and approved by the MWD Board by late summer, 2009.



- **MWD Prepares to Adopt Water Revenue Requirements and Charges for 2010**  
 The MWD Board will hold a public workshop in March 2009 on its proposed water rates and charges. The Board expects to adopt the rate resolution at its April 2009, with the new charges scheduled to become effective January 1, 2010. MWD estimates that the rate increase for coming year may be as high as 20% to 36%.
- **MWD Model Conservation Ordinance Requirement** - MWD will require all local agencies who are participating in the Turf Replacement Program, Innovative Conservation Grant Program, and the Phase II-Public Sector Program to have adopted a “model” conservation ordinance to be eligible for program funds. The MWD staff was directed by the Board to clarify requirements and return to the Board in January 2009 with final recommendations.
- **Phase II-Public Sector Program** - A total of \$15 million dollars was approved by the MWD Board on Nov. 18<sup>th</sup> over three years.

  - \$5 million approved from Nov. 18, 2008 through July 1, 2009
  - \$5 million approved from July 1, 2009 through June 30, 2010
  - \$5 million approved from July 1, 2010 through June 30, 2011
  - Currently, there are \$9.2 million worth of pending applications for this program.
- **MWD Authorization of Refinements and Additions to the Conservation Programs**  
 On October 14, 2008, the MWD Board approved program refinements and additions developed in the 2007-2008 MWD PAC Committee. Refinements include: combining two grant programs, modifying the residential high efficiency toilet rebate, adding several landscape devices, eliminating the CII x-ray device incentive and waiving a rebate waiting period on devices as they relate to landscape surveys.
- **MWD Annual Programs Review Committee (PAC)** – The first 2009 MWD PAC Meeting was held on December 3, 2009. MWD’s focus for the 2009 PAC is to develop new programs and/or devices for the agricultural sector to assist customers in the transition of phasing-out the agricultural program over the next five years. The program timeline is to prepare an informational board item for June 2009, with final board approval scheduled for July 2009.
- **MWD Conservation Grant Program (ECP/ICP)** – An RFP has been developed and will be released in early January for submittal in mid-February.
- **MWD Turf Replacement Program** - On Nov. 18, 2008, the Board approved a region wide pilot turf replacement program at \$1 per square-foot. This program is currently under development and on hold pending MWD ordinance implementation plan and requirements that will be presented to the Board on January 13, 2009.

## State Activities

### ▪ California Urban Water Conservation Council “BMP” Revisions

On December 10, 2008, BMP revisions were approved which will take effect on July 1, 2009. A third alternative compliance option, “gallons per capita per day” (GPCD), was included in the revised BMP’s, however a draft methodology must be developed and presented at the June 2009 Plenary Meeting.

### ▪ 20x2020 Water Conservation Initiatives

The Santa Ana Watershed Project Authority (SAWPA) held a 20x2020 strategy development workshop in November, in response to the Governor’s call for a 20% reduction in per capita water use by 2020. DWR and the State Water Resources Control Board also held meetings to consider strategies. Legislative proposals will be introduced in January, 2009.

### ▪ Additional Restrictions on State Water Project Pumping

On December 15, 2008, the U.S. Fish and Wildlife Service released a Delta smelt Biological Opinion which could reduce Delta water exports by 30-40 percent. In a November 2008 decision, the California Fish and Game Commission implemented take restrictions for the longfin smelt which also could reduce water delivery pumping. Another Biological Opinion from the National Marine Fisheries Service to protect salmon and steelhead is expected in March. These regulatory actions have decreased imported water deliveries from both the State Water Project and the federal Central Valley Project.

### ▪ Bay Delta/State Water Project/CALFED

On October 17<sup>th</sup>, 2009 Governor Schwarzenegger’s Delta Vision Blue Ribbon Task Force finalized and adopted the Delta Vision Strategic Plan; a comprehensive set of recommendations designed to ensure long-term sustainable management of the Sacramento-San Joaquin Delta. The plan balances the need for a reliable water supply for California, and protection for the Delta’s extraordinary environmental resources.

### ▪ 2009 Governor’s Drought Water Bank

MWD is working with DWR to develop a drought water bank to secure north of the Delta water transfer supplies. MWD is seeking 300,000 acre feet, but at this time, it is unclear how much bank water MWD will be able to purchase. There is about a 50/50 chance of actual delivery, give hydrology, pumping capacity, and needs. MWD will distribute bank water to its member agencies consistent with existing procedures for distributing MWD supplies. However, MWD is considering dedicating up to 20 percent of its acquired bank supplies to specific member agencies. Member agencies would pay MWD’s full purchase price for bank water plus a wheeling charge and the actual cost of pumping the water on the State Water Project.

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

The revised draft Water Recycling Policy was released for public review in November and will be considered for adoption at the State Board's February 3, 2009, meeting. Once that occurs, the State Board is expected to release its draft General Permit for using recycled water for landscape irrigation. The SWRCB must adopt the general permit by July 31, 2009.

▪ **Climate Change/AB 32 Implementation**

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

▪ **Department of Public Health Announces Final California Arsenic Rule** – DPH has set the final state maximum contaminant level for arsenic in drinking water at 10 parts per billion. The MCL became effective on November 28, 2008. At least 11 water systems in California have been issued orders to reduce arsenic levels.

▪ **Perchlorate News**

- In early January, EPA issued an interim health advisory level of 15 parts per billion (ppb), for perchlorate. It will serve as guidance to assist state and local officials in addressing local contamination of perchlorate in drinking water. EPA decided not to issue a national regulation for perchlorate at this time, leaving various state-imposed regulations in effect.
- In December, the Regional Water Quality Control Board for the Santa Ana Region sent an order to a defunct Rialto fireworks company requiring them to investigate the company's role in perchlorate contamination in the local aquifer. The order came as Regional Board officials, suspected polluters, and other parties engaged in settlement talks. Although bankrupt, the company has insurance coverage that may allow additional cleanup work to be performed.

## Regional Planning Activities

### ▪ **Building Activity Report & Growth Forecast**

As expected, the downturn in the state's economy has had a significant impact on building activity within IEUA's service area. For fiscal year 2008/09, IEUA used a conservative estimate of 3,350 EDUs in the budget. Through November, building activity is only at 675 EDU's, generating just over \$3 million for the Regional Capital Fund. FY 2008/09's Ten-Year Growth Forecast shows just over 60,000 EDUs being added to the system. For the next 3-4 years the forecasts trend around 3,000 to 4,000 EDU's. The latter years of the Ten-Year Growth Forecast shows trends closer to what was seen in the early 2000's.

### ▪ **Chino Basin Groundwater Recharge Master Plan Update**

Consistent with the Court approved Peace II Measures, the Chino Basin Watermaster will complete an update of the Chino Basin Recharge Master Plan by July 2010 that addresses the challenges attributable to projected changes in project demands, Basin Re-operation, declines in Safe Yield, and opportunities for new sources of recharge including improvements to existing facilities and development and/or enhancement of supplemental recharge (including recycled water, storm water, new wells and low impact development strategies). IEUA is participating in the Recharge Master Plan Stakeholder Group and has served as the lead on gathering updated water supply and demand forecasts, assessment of current operational capacity, and cost estimates on new improvements for recharge facilities from each of the retail agencies. Wildermuth Environmental Inc. has begun a more detailed modeling analysis for the Recharge Master Plan update. It is expected to be completed within 3-4 months.

### ▪ **One Water One Watershed (OWOW) IRWMP Planning Process**

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

### ▪ **Western Municipal Water District Joins Chino Basin Desalter Authority**

One component of the local strategy to provide additional water supplies is the Chino Basin Desalter Authority (CDA) operation of groundwater desalination and de-contamination facilities. In November, the CDA approved Western MW's membership into the partnership with Jurupa Community Service District, the Santa Ana River Water Company, IEUA, and the cities of Chino, Chino Hills, Norco, and Ontario. Western's participation will accelerate the creation of new water supplies as part of a Phase 3 expansion. The \$110 million expansion project will construct new wells, groundwater treatment and distribution facilities in the lower Chino Basin to supply 10,000 acre feet per year of water.

- **Regulatory Compliance Developments** - IEUA met and consulted with representatives of the U.S. Army Corps of Engineers (USACOE) and is completing the work necessary to complete short-term and longer-term 404 permits for construction, operation and maintenance of IEUA groundwater recharge facilities. The meeting clarified which IEUA groundwater recharge facilities are (and are not) jurisdictional waters of the U.S., and which Nationwide 404 Permits are applicable. One NWP application was submitted and 18 more are about to be submitted for recharge basin activities. Staff received notification that two 404 permits were in the mail for Magnolia Channel. Staff is also working with representatives of the San Bernardino County Flood Control District (SBCFCD) to complete several SBCFCD Encroachment Permit processes, also relating to construction, operation and maintenance of groundwater recharge facilities. IEUA has also completed a comprehensive review of its program for CEQA compliance and 404, 401 and 1600 permits.
  
- **Planning Model Updates**  
**The Modeling Team** performed several model runs on recycled water supply management alternatives and wastewater routing alternatives and presented the findings to staff. In October, the Optimization Model was presented, by Carollo, at the WEFTEC conference in Chicago. In December, the Optimization Model was selected as a final candidate for the Engineering Research Achievement Award by the local chapter of the California Water Environment Association.

## **Water Conservation Activities**

- **Evolving Legislation**
  - Assembly Member Mike Feuer introduced his “water conservation” spot bill, AB 39 with Assembly Member Huffman as a principal co-author.
  - The Santa Ana Watershed Project Authority and Irvine Ranch Water District will possibly co-sponsor a new piece of legislation for statewide water use efficiency and may work with Feuer/Huffman in drafting language and support for the proposed AB 39 bill introduced in the Senate. IEUA, Western MWD, West Basin MWD, along with several others are collaboratively working on the language and content of the proposed piece.
  
- **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 Breakfast in the Garden (Landscape Alliance) workshop on November 13, 2008.
  - 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.

▪ **Inland Empire Landscape Alliance**

The Technical Committee completed the draft Regional Water Efficient Landscape Model Ordinance and presented it to the Landscape Alliance Board in December. However, as anticipated, the DWR fell behind schedule and was unable to release their revised model ordinance until late November. As a result, the Technical Committee requested additional time to review the DWR model ordinance and to bring back the final regional model ordinance to the Landscape Alliance Board in February for endorsement. Monthly Breakfast in the Garden educational workshops for local agency staff continued through the fall and included a Water Site Awareness Tour of Best Management Practices in Chino for planning commissioners. Residential landscaping workshops led by Greenlee Nursery in October and have continued on a monthly basis. Starting in February, Greenlee's workshops will be expanded to include a series for landscape professionals.

• **Phase III Landscape Audit Program**

CBWCD has completed 96 landscape audits with a potential savings of 549 acre feet per year since the program began in January 2009. There are currently 8 sites scheduled to be audited and 23 sites pending to be scheduled. Presently there are 103 Release Forms waiting to be returned and processed. The Professional MWD California Friendly Landscape Training Classes scheduled in January have been filled to capacity with participants. Classes are held in both English and Spanish.

▪ **Garden In Every School**

Garden designs and irrigation plans for the schools participating in the 2008/09 Garden in Every School program have been completed. Sites have been cleared and the irrigation systems will be installed by the school maintenance districts and parent volunteers this winter.

▪ **Ontario Cares Program**

Seven California-Friendly site conversions have been completed, three are near completion, and three potential sites are pending. A California-Friendly training workshop was held on October 14, 2008 for Ontario staff and a second one on November 6, 2008 for city contractors. An MOU between IEUA and the City of Ontario is under development to provide a funding advance to the CARES Program while awaiting USBR funding is approved.

▪ **Pilot Water-Wise Residential Landscape Rebate Program**

The Water Wise Residential Landscape Program has 81 completed landscapes and 62 projects under construction, representing an annual water savings of 14.36 AFY. Staff worked closely with MWD to coordinate combining the two programs, and effective January 1, 2009 the Water Wise program will be offered to commercial and public sector as well as residents.

▪ **Residential Rebate Program**

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

<i>Device Name</i>	<i># of Rebates Issued</i>	<i>Cumulative Total # Installed Since FY 02/03</i>
Ultra Low-Flush and High Efficiency Toilets	678	12,747
High-Efficiency Clothes Washers	507	10,149
Weather-Based Irrigation Controllers	9	398
Rotating Nozzles for Pop-Up Spray Heads	19	2,263 (nozzles)
Synthetic Turf Retrofit	70	55,498 sf
Water-Wise Residential Landscape Retrofit Program	61	102,543 sf

- **CII SAVE-A-BUCK** – For fiscal year 08/09, to date there have been 832 devices rebated. From program inception (FY 00/01) to date, a total of 7,487 devices have been rebated, representing a lifetime savings of almost 21,883 AF.

▪ **Multi-Family Direct Installation Program**

The Multi-Family Direct Installation Program began in October 2006 through a funding partnership with DWR, MWD and IEUA. To date, 16,027 toilet retrofits have been completed. Thru the second quarter of FY 2008-09, there have been 1,682 HET retrofits completed. Overall, 22,500 ultra-low flush and high-efficiency toilets are expected to be installed by the scheduled completion date of June 2009.

▪ **National Theatre For Children**

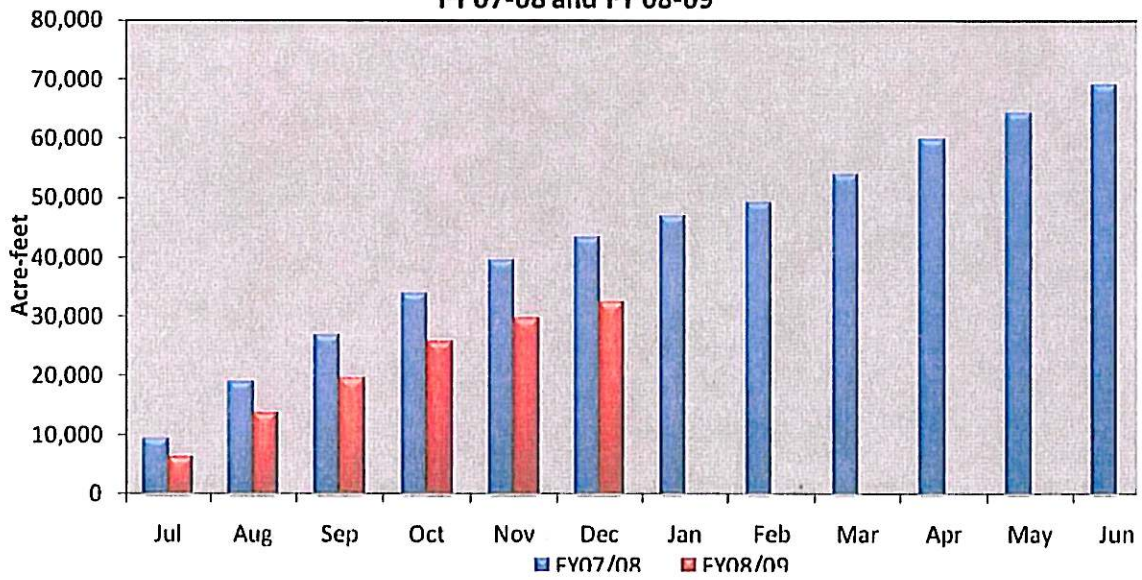
To date, 38 schools scheduled to host 81 performances. These performances are scheduled to be held in November 2008, February and May of 2009 with twelve remaining schools left to be scheduled under the contract. Participating schools are located in service areas of the Cities of Chino Hills, Ontario,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

▪ **Water Fair**

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

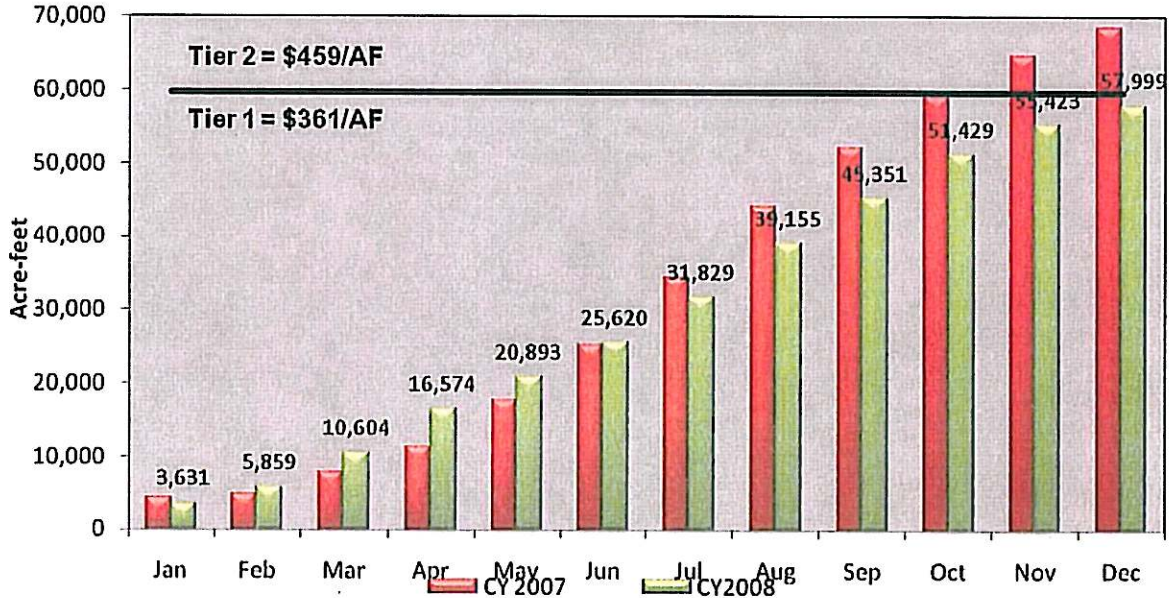
**ATTACHMENT: IMPORTED WATER DELIVERIES**

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

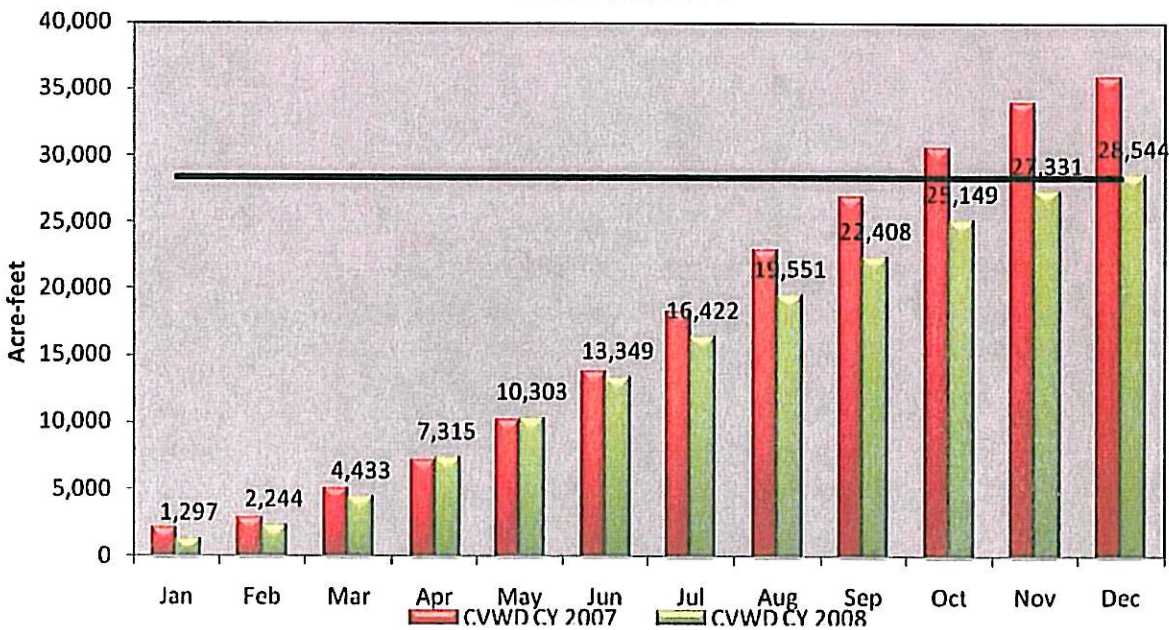




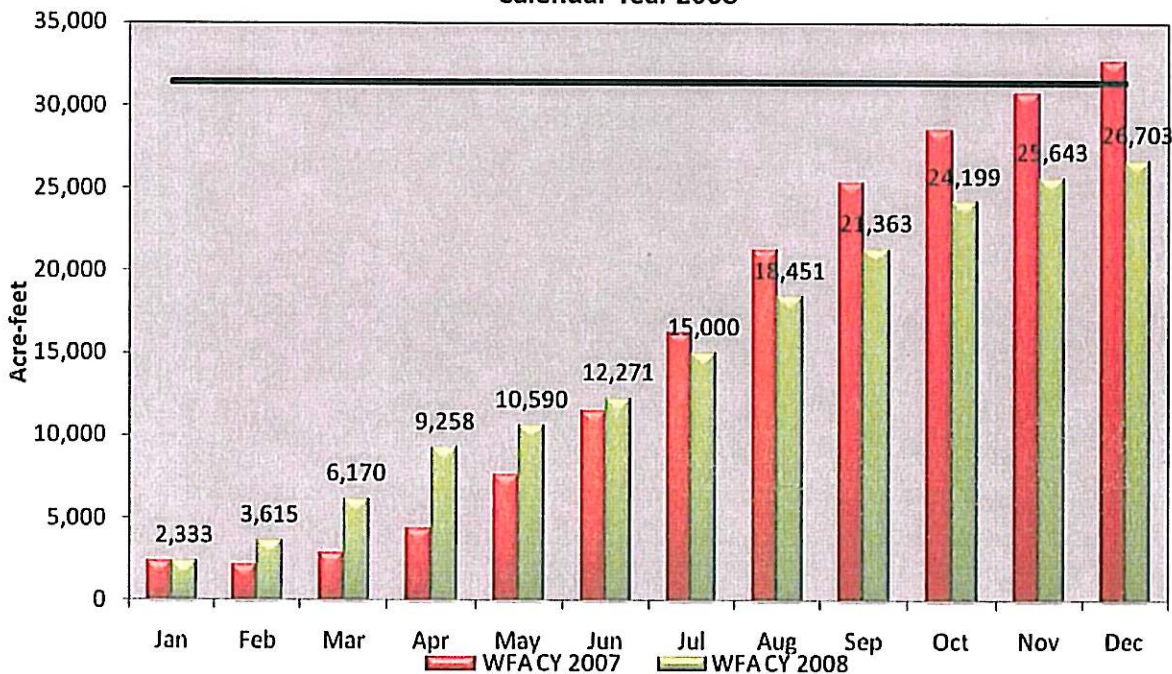
**IEUA  
Cumulative Monthly Full Service Imported Water Deliveries  
Calendar Year 2007 and Calendar Year 2008**



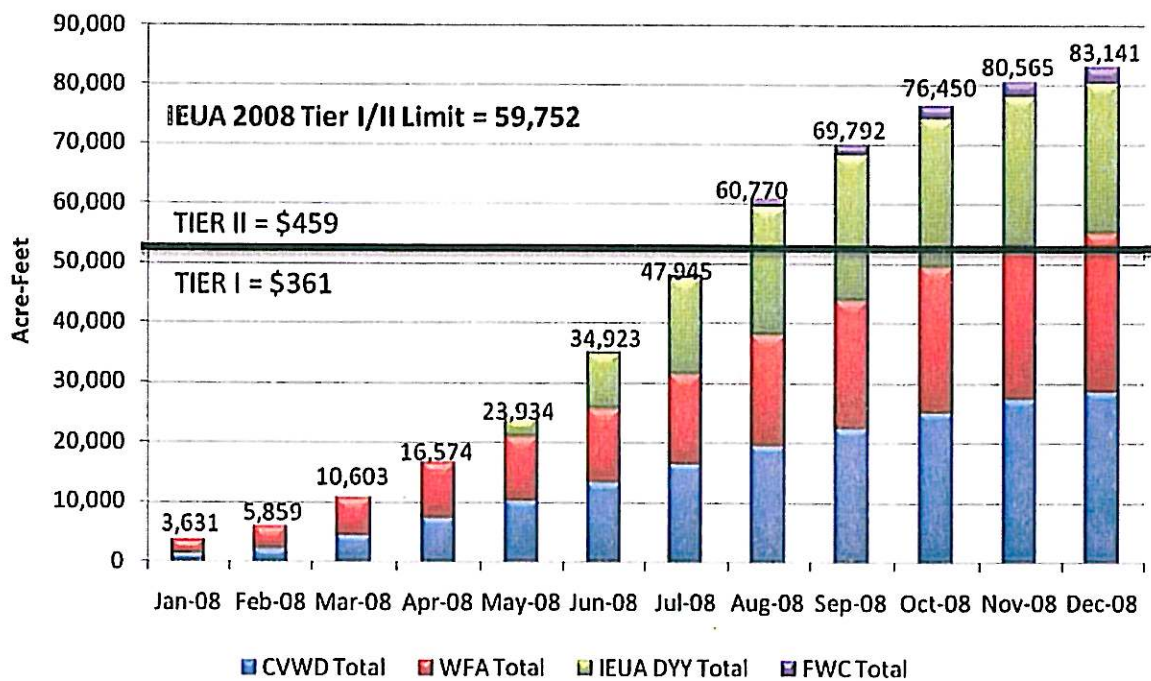
**CUCAMONGA VALLEY WATER DISTRICT  
Cumulative Monthly Full Service Imported Water Deliveries  
Calendar Year 2008**



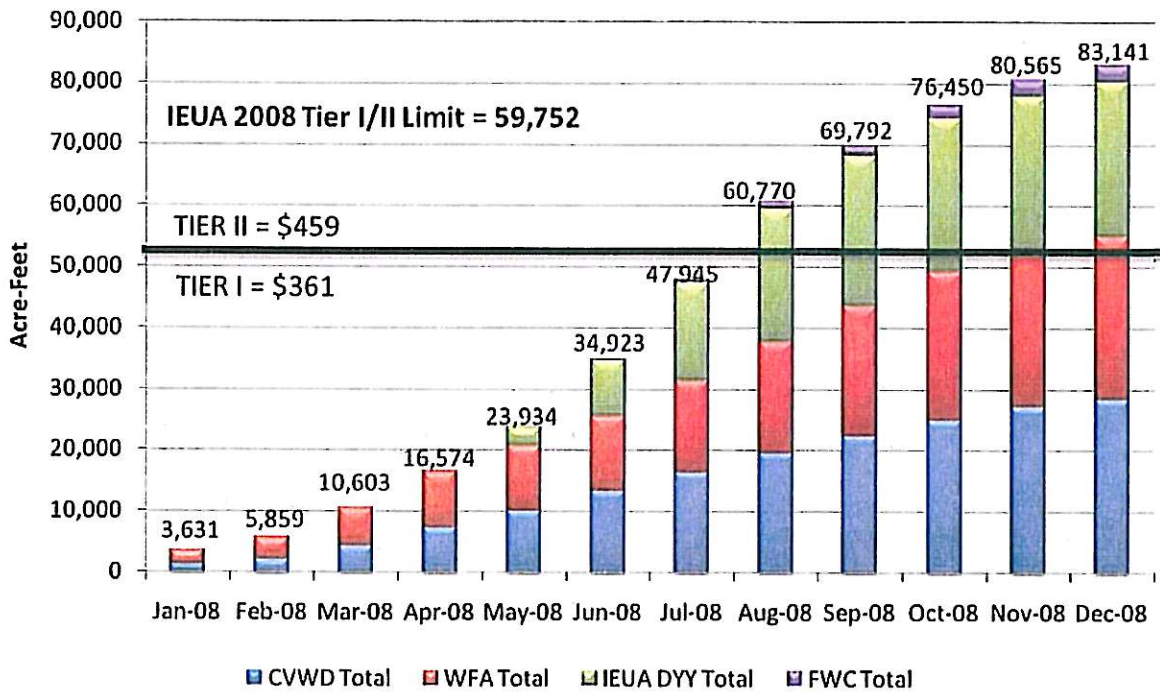
**WATER FACILITIES AUTHORITY**  
**Cumulative Monthly Full Service Imported Water Deliveries**  
**Calendar Year 2008**



**IEUA Calendar Year 2008 Full Service Deliveries, Including DYY**



### IEUA Calendar Year 2008 Full Service Deliveries, Including DYY



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Highlights:

- 72 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

City of Ontario

Carl's Jr. Restaurant - The new irrigation system has been installed and completed. The Jurupa recycled water line phase I has been installed by the City of Ontario. Carl's Jr. is the second customer to be connected to the Jurupa line. Recycled Water service was installed and connected to Carl's Jr. at the end of January 2009.



Shane Bradford from City of Ontario



*Inland Empire Utilities Agency*  
A MUNICIPAL WATER DISTRICT

UPCOMING EVENTS

- Day in the Park at Chino Creek Wetlands and Educational Park.....3:30pm–5:30pm, February 25th, 2009 at IEUA PARK
- Landscape Lecture Series.....1:00pm–3:00pm, February 27th, 2009 at IEUA Event Center
- Landscape Lecture Series.....10:00am–12:00pm, February 28th, 2009 at IEUA Event Center
- Red Team Meeting (IEUA and Member Agency Implementation).....4:15pm, March 5th, 2009 at CVWD
- Recycled Water Site Supervisor Training .....8:00am–12:00pm, March 12th, 2009 at IEUA
- Landscape Lecture Series.....1:00pm–3:00pm, March 27th, 2009 at IEUA Event Center
- Landscape Lecture Series.....10:00am–12:00pm, March 28th, 2009 at IEUA Event Center
- 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:

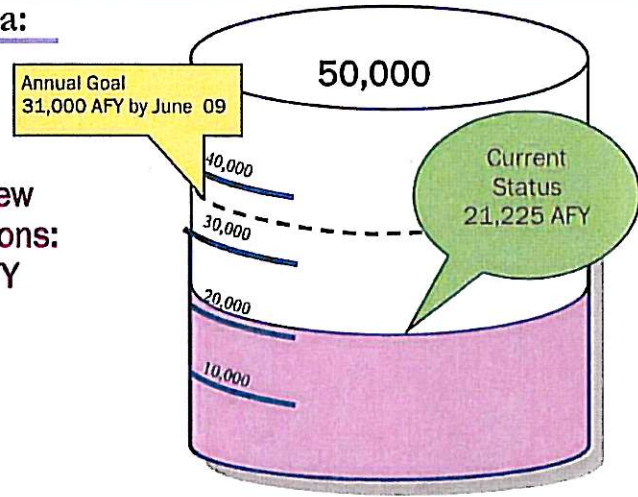
### Recent Connections:

Montclair High School (51AFY)  
 Corona Elementary School (21AFY)  
**Total New Connected Demand: 72 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**

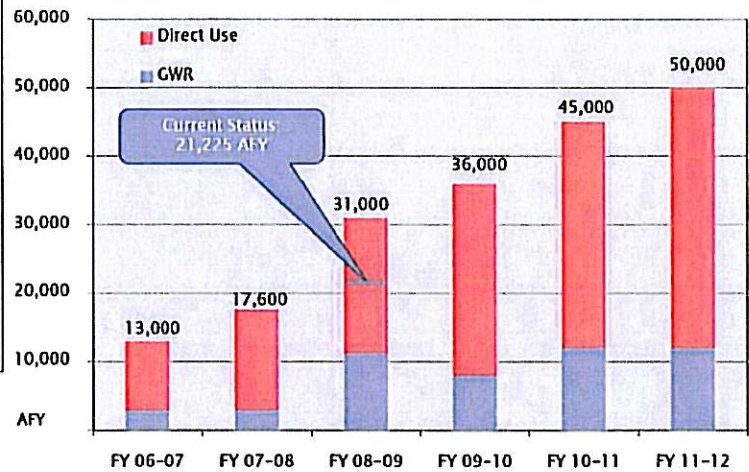
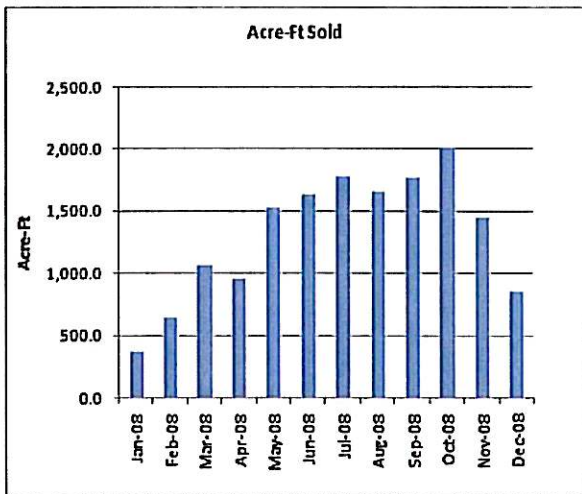
**Total New Connections: 72 AFY**



## Monthly Recycled Water Sales

### October Direct & Recharge:

- Direct Sales - 772 AF
- Recharge - 88 AF
- Total - 860 AF



## PROJECTED DIRECT USE

Projected Direct Use Connections (AFY)							
	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Total
Chino		150					150
Chino Hills						32	32
Ontario	21	177	2,379		52	2,803	5,432
MVWD	51	90	27	16		23	207
CVWD		55	29				84
<b>Total (AFY)</b>	<b>72</b>	<b>472</b>	<b>2,435</b>	<b>16</b>	<b>52</b>	<b>2,858</b>	<b>5,905</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.

### FUNDING DEVELOPMENTS: Stimulus Funding

IEUA continues to track the federal economic stimulus package. Stimulus funding for the recycled water program is expected to be available through both USBR Title XVI funds and federal funds reaching California through the Clean Water State Revolving Fund (SRF) program. IEUA is anticipating funding from both of these sources.



### PROJECTS IN PLANNING

**Northeast Project Area:** The Projects are on schedule to deliver recycled water to Victoria and San Sevaine Recharge basins in March 2010.

**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 2010.

**Central Project Area:** The second draft of the North Chino Master Plan 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 Sevalne Recharge Basins. The design has been completed and is going through permitting process and a funding application is undergoing review by the State Water Resources Control Board (SWRCB) as part of the State Revolving Fund (SRF) loan requirements. The project is anticipated to go out to construction in June 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 in the final design stage. 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 February 2009.
- **MW & Lysimeters at Victoria & San Sevalne Basins:** The project is in the final design stage. The design has been completed on these facilities and the permits have been received. 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 March 2009.
- **Ontario and Montclair Public schools Retrofit Project**– The retrofit project consist of isolating the irrigation system to be supplied with a 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 2009.
- **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 has been completed. The project is approximately 99 percent complete with the final punch list items remaining to be completed by the end of February 2009.



Vernon Middle School

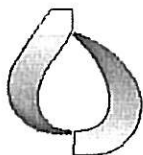


Montclair High School



Montclair High School





Inland Empire  
UTILITIES AGENCY

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Date: February 18, 2009  
To: The Honorable Board of Directors  
Through: Public, Legislative and Water Resources Committee (2/11/09)  
From: Richard W. Atwater  
Chief Executive Officer/General Manager  
Submitted by: Martha Davis  
Executive Manager of Policy Development  
Subject: January Legislative Report from Geyer and Associates

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**RECOMMENDATION**

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

**BACKGROUND**

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

**PRIOR BOARD ACTION**

None.

**IMPACT ON BUDGET**

None.

RWA:MD

Enclosure



## MEMORANDUM

TO: Rich Atwater and Martha Davis

FROM: Jennifer West  
Geyer Associates

DATE: January 30, 2009

RE: Sacramento Legislative Report

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### **Budget Update**

California faces a \$40 billion budget deficit over the next 18 months and an immediate cash shortage. The Governor and the Democrats have begun again to negotiate with Republican leaders, who are now reportedly willing to raise some taxes in return for a "hard spending cap." There have been many rumors in the last week that a budget deal, which includes significant new taxes and program cuts, is imminent. The immediate cash shortage that the state is experiencing will only intensify in the next month and the pressure will continue to mount to find a budget solution that will cover the huge shortfall.

This week the Legislative Analysts Office (LAO) released its recommendations on funding the state's Criminal Parole Program. Unlike last year, the LAO is not recommending that funding from water and waste water property taxes be used to finance a parole realignment workload shift from the state to the counties. LAO is instead recommending that the entire amount be funded from the VLF funds and that these funds be increased by 1 %. I will continue to monitor the public safety budget proposals in both the Assembly and Senate budget subcommittees in case the original proposal resurfaces.

### **Legislative Counsel Introduction Deadline**

Today marks the deadline for new bill language to be introduced to Legislative Counsel, but authors will have until the end of February to actually introduce the legislation. Due to the budget crisis, there have been markedly fewer bills introduced to date. Legislators are holding back bill introductions because they want to focus most of their attention on the budget crisis and potential solutions.

IEUA has been working over the fall and this month with the SWRCB and Cal-EPA to prepare for the reintroduction of a bill that would give local agencies more control over salt discharges from residential self-regenerating water softeners. A similar IEUA-sponsored bill (AB 2270 Laird/Feuer) was vetoed last year, but the Administration has shown interest in having a bill reintroduced on this subject that would only apply to those areas of the state with significant salinity programs in surface and groundwater.

## New Bill Introductions for 2009-10 Legislative Session

January 29, 2009

### **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 28 (Jeffries) Natural Gas Engines: water pumps -- Recommend Support**

Prohibits air pollution control districts and air quality management districts from restricting the use of engines powered by natural gas by a city, county, or special district, including a water district, to operate water pumps.

### **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/Huffman) 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 (Jeffries) 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**

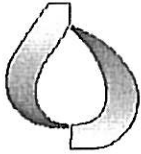
This bill would require the electric distribution utility or cooperative, at the discretion of the eligible customer-generator, to either: (1) provide net surplus electricity compensation for any net surplus electricity generated in the 12-month period, or (2) allow the eligible customer-generator to 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.



Date: February 18, 2009  
To: The Honorable Board of Directors  
Through: Public, Legislative Affairs, and Water Resources Committee (2/18/09)  
From: Richard W. Atwater  
Chief Executive Officer/General Manager  
Submitted by: Martha Davis  
Executive Manager of Policy Development  
Subject: January Legislative Report from Dolphin Group

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**RECOMMENDATION**

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

**BACKGROUND**

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

**PRIOR BOARD ACTION**

None.

**IMPACT ON BUDGET**

None.

RWA:MD

Enclosure

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**January 29, 2009**

**To:** Chino Basin/OBMP Coalition

**From:** Michael Boccadoro  
President

**RE:** January Status Report

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Despite a worsening national recession and a deepening state deficit, no new solutions to California's \$42 billion budget crisis have fully emerged. Although interrupted by attending the inauguration of President Obama, legislative leaders and Governor Schwarzenegger worked throughout January to attempt to strike a deal. Complicating matters further is the fact that the state will likely run out of cash by the end of the month, forcing the state to begin issuing "IOUs". At the core of the inability to strike a deal has been the reluctance of legislative Republicans to agree to any tax increases, but by late January a few members began to hint that some revenue solutions would ultimately be required to bridge the gap. Negotiations currently are revolving around provisions for a hard spending cap and environmental rollbacks the Democrats could support in exchange for at least some Republican support for increasing taxes and fees.

Legislative policy discussions have yet to start in earnest as committee assignments were just completed and bill introductions are just getting started. Legislators have until January 30 to submit bill requests to Legislative Counsel for drafting, and February 27 to actually introduce bills.

On the regulatory front, electricity rates for customers of Southern California Edison are expected to climb an average of 13.4% this year, based largely on climbing costs for natural gas and other rates increases expected to be approved by the CPUC later this month. A settlement has been reached on how to reallocate the costs by customer groups, and water pumping customers (particularly larger pumps) will see slightly lower-than-average increases.

Please find attached the status report from The Dolphin Group for the month of January 2009.

# Chino Basin / OBMP Coalition

## Status Report – January 2009

### ENERGY/REGULATORY

#### *CARB Prepares for GHG Regulations*

Following the adoption of the historic Scoping Memo in December of 2008, the California Air Resources Board (CARB) and various other state agencies took a collective deep breath in January, holding few meetings.

The first major meeting to begin formulating the regulations to implement the Scoping Memo will be held on January 29. The intent of the meeting is to set the schedule and workplan for the next two years, with a heavy focus on early development of a cap-and-trade program.

On February 3 the first meeting of the Regional Targets Advisory Committee will be held, and will focus on establishing local targets for reducing greenhouse gas emissions from passenger vehicles. DGI will continue to monitor these ongoing discussions.

#### *Deal Struck on Edison Rates*

Southern California Edison and multiple customer groups have reached a deal that will establish electricity rates for the next three years. The tentative settlement, which must be approved by the California Public Utilities Commission, allocates revenue responsibility amongst the various customer classes, such as residential, industrial and water pumping customers.

The following table outlines the rates that will become effective in late 2009, compared with SCE's original proposal. The settlement assumes that total rates will increase by 13.4%, which was caused by rising natural gas and distribution costs that the CPUC is expected to approve for Edison:

Class	Current Rate	Proposed Rate	Percent Change
Residential	14.91	17.32	16.1%
Commercial	14.56	16.48	13.2%
Industrial*	10.79	11.87	10.1%
Agricultural and Water Pumping	11.19	12.68	13.3%
Total SCE System	18.63	20.66	13.4%

\*All water pumping customers with demand > 500 kW are on industrial rates.



## STATE BUDGET UPDATE

With the State of California just weeks away from running out of cash, legislative leaders and Governor Schwarzenegger still have yet to strike a deal on the state's \$42 billion budgetary shortfall. The current fiscal year (2008-09) shortfall is approximately \$14-16 billion, with the next fiscal year (2009-10) shortfall expected to be greater than \$25 billion.

Amplifying the situation, State Controller John Chiang has stated that California will be out of cash by the end of the month, and will have to begin sending "IOUs" for state income tax refunds and some other state expenses. Even if a budget deal is struck before the state runs out of cash, concerns remain that the state government will have difficulty establishing financing to raise cash in this credit-tight economy. Funds for state infrastructure projects, frozen by State Treasurer Bill Lockyer last month, will similarly be affected by this cash-crunch.

Negotiations throughout the month were "on-again - off-again," particularly as many legislative leaders and the Governor were absent in mid-January for the inauguration of President Obama in Washington. However, there were some signs that a deal may be getting closer. After months of holding to their "no new taxes" pledge, a few Republican legislators have begun to hint at a willingness to increase some taxes as part of a budget deal that includes a hard spending cap and economic stimulus in the form of environmental regulation exemptions for some projects.

## UPCOMING LEGISLATIVE HEARINGS

On Friday, February 6, the Senate Natural Resources and Water Committee will be holding an informational hearing in Santa Monica. The subject of the hearing is: *Improving Water Conservation and Management in Southern California: Successes and Opportunities*. The hearing will be held at Santa Monica City College from 1:00 PM – 3:00 PM.

Incoming committee chair Senator Fran Pavley (D-Agoura Hills) will preside over the hearing. There are three items on the agenda:

1. Drought Update
2. Water Conservation
3. Water Management

The committee is expected to hold a second informational hearing in late February on issues related to implementation of the Delta Vision Report.

## LEGISLATIVE UPDATE

### *Committee Assignments*

As nearly one-third of all legislators are new to Sacramento this year, the makeup of the policy committees will be completely different, including new chairs in both houses of the water and energy committees. Announced earlier this month, this is the new membership of the committees:

#### **Assembly Water, Parks and Wildlife Committee**

Chair – Jared Huffman	(D-San Rafael)
Vice Chair – Jean Fuller	(R-Bakersfield)
Joel Anderson	(R-La Mesa)
Juan Arambula	(D-Fresno)
Tom Berryhill	(R-Modesto)
Bob Blumenfield	(D-Woodland Hills)
Anna Caballero	(D-Salinas)
Nathan Fletcher	(R-San Diego)
Alyson Huber	(D-El Dorado Hills)
Bonnie Lowenthal	(D-Long Beach)
John Perez	(D-Los Angeles)
Mary Salas	(D-Chula Vista)
Mariko Yamada	(D-Davis)

#### **Senate Natural Resources and Water Committee**

Chair – Fran Pavley	(D-Agoura Hills)
Vice Chair – Dennis Hollingsworth	(R-Murrieta)
John Benoit	(R- Palm Desert)
Dave Cogdill	(R-Modesto)
Robert Huff	(R-Diamond Bar)
Christine Kehoe	(D-San Diego)
Mark Leno	(D-San Francisco)
Alex Padilla	(D-Pacioma)
Joe Simitian	(D-Palo Alto)
Patricia Wiggins	(D-Santa Rosa)
Lois Wolk	(D-Davis)

#### **Assembly Utilities and Commerce Committee**

Chair – Felipe Fuentes	(D-Sylmar)
Vice Chair – Michael Duvall	(R-Brea)
Tom Berryhill	(R-Modesto)
Sam Blakeslee	(R-San Luis Obispo)
Joan Buchanan	(D-Alamo)
Wilmer Amina Carter	(D-Rialto)
Paul Fong	(D-Sunnyvale)

Jean Fuller	(R-Bakersfield)
Warren Furutani	(D-Long Beach)
Jared Huffman	(D-San Rafael)
Paul Kerkorian	(D-Burbank)
Nancy Skinner	(D-Berkeley)
Cameron Smith	(R-Santa Clarita)
Sandre Swanson	(D-Oakland)
Alberto Torrico	(D-Fremont)

**Senate Energy, Utilities and Communications Committee**

Chair – Alex Padilla	(D-Pacioma)
Vice Chair – John Benoit	(R-Palm Desert)
Ron Calderon	(D-Montebello)
Ellen Corbett	(D-San Leandro)
Dave Cox	(R-Fair Oaks)
Christine Kehoe	(D-San Diego)
Joe Simitian	(D-Palo Alto)
Tony Strickland	(R-Camarillo)
Roderick Wright	(D-Inglewood)

***Introduced Legislation***

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.

CA AB 19	<b>AUTHOR:</b>	Ruskin [D]
	<b>TITLE:</b>	Greenhouse Gas Emissions: Consumer Product Labeling
	<b>INTRODUCED:</b>	12/01/2008
	<b>SUMMARY:</b>	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.

CA AB 45	<b>AUTHOR:</b>	Blakeslee [R]
	<b>TITLE:</b>	Distributed Generation: Small Wind Energy Systems
	<b>INTRODUCED:</b>	12/01/2008
	<b>SUMMARY:</b>	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.

CA AB 46	<b>AUTHOR:</b>	Blakeslee [R]
	<b>TITLE:</b>	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.

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.

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.

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.

CA AB 150

**AUTHOR:** Smyth [R]

**TITLE:** Sales and Uses Taxes: Energy Proficient Products

**INTRODUCED:** 01/22/2009

**SUMMARY:**

Exempts from the Sales and Use Tax Law, during a qualified period, energy efficient products that meet or exceed Energy Star efficiency requirements including specified layaway agreements.

CA AB 162

**AUTHOR:** Ruskin [D]

**TITLE:** Electric Service Providers: Reporting Requirements

**INTRODUCED:** 01/27/2009

**SUMMARY:**

Amends existing law that establishes a program under which entities offering electric services in the State disclose accurate, reliable, and simple to understand information on the sources of energy that are used to provide such services. Defines the term "unspecified sources of power" for purposes of the disclosure requirements. Changes reporting requirements from quarterly to annually. Amends other details regarding disclosures and eliminates certain reporting requirements.

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.

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.

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.

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.

CA SB 32

**AUTHOR:** Negrete McLeod [D]  
**TITLE:** Renewable Electric Generation Facilities.  
**INTRODUCED:** 12/02/2008  
**SUMMARY:**

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.

CA SB 42

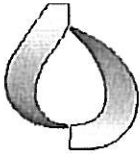
**AUTHOR:** Corbett [D]  
**TITLE:** Coastal Resources: Seawater Intake  
**INTRODUCED:** 01/06/2009  
**SUMMARY:**

Prohibits a state agency from authorizing, approving or certifying a new powerplant or industrial facility that uses an open ocean intake, a new open intake, or the expansion of an existing open ocean intake. Prohibits a powerplant from using once-through cooling. Requires a powerplant that uses once-through cooling to pay a specified fee. Requires the State Water Resources Control Board to pay a specified fee.

CA SB 104

**AUTHOR:** Oropeza [D]  
**TITLE:** Global Warming Solutions Act of 2006: Greenhouse Gases  
**INTRODUCED:** 01/27/2009  
**SUMMARY:**

Amends the Global Warming Solution Act of 2006 to include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride. Includes nitrogen trifluoride, and any other anthropogenic gas one metric ton of which makes the same or greater contribution to global warming as one metric ton of carbon dioxide. Includes a procedure by which any person could petition for a designation. Requires the State Air Resources Board to adopt appropriate regulations.



**Inland Empire**  
UTILITIES AGENCY

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Date: February 18, 2009  
To: The Honorable Board of Directors  
Through: Public, Legislative Affairs, and Water Resources Committee (2/11/09)  
From: Richard W. Atwater  
Chief Executive Officer/General Manager  
Submitted by: Martha Davis  
Executive Manager of Policy Development  
Subject: January 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 Heather McNatt

**Date:** January 29, 2009

**Re:** January Monthly Legislative Update

The Month of January has been an exciting one in Washington, DC! President Obama's Inauguration was such a historic event that about two million people came to bear witness, including our very own Director Sanchez! It was cold and crowded, but the gathering of support for the new leader of our great Nation and the peaceful transition of power was truly heartwarming. While most of Capitol Hill prepared for and participated in the events of and surrounding the Inauguration, the House and Senate Majority leadership, in close concert with the Obama transition team, also prepared broad outlines for economic stimulus legislation.

### *Economic Stimulus Legislation*

Although the actual stimulus legislation was not formally introduced in the House and Senate until this week, we have already learned much about the components of the two versions of the bill. Both are massive and, as you know from the detailed updates we have sent, there will be a decent chunk of money for water infrastructure. Please keep in mind that the numbers outlined below are subject to change because the House and Senate bills must go to Conference Committee to reconcile the differences between the two. But this information will give you a sense of where Congress is going in funding these water-related accounts in the Stimulus, and it is safe to assume that the amounts will not differ greatly from the ones shown here.

The House and Senate versions of the bill differ on how much they provide for Title 16 funding, with the House amount set at \$126 million and the Senate at \$110 million. The Senate bill also differs from the House in that it directs the Bureau of Reclamation to use the Stimulus money to complete authorized projects and clear their "backlog of ongoing work." We will be watching closely to see whether that language survives the Conference.

For the Corps of Engineers, the Senate bill contains \$25 million for Investigations, \$2 billion for Construction and \$1.9 billion for Operations and Maintenance. Again, the Senate employs language for the Corps money to go toward projects already authorized and considered part of their "backlog of ongoing work." The House bill also provides \$2 billion for Construction and highlights in their Report the \$61 billion backlog of authorized construction projects the Corps currently has on their books.

## *Innovative Federal Strategies LLC*

The House bill includes \$6 billion for the Clean Water State Revolving Fund and \$2 billion for the Drinking Water State Revolving Fund, while the Senate bill includes \$4 billion and \$2 billion for those accounts respectively.

House Speaker Nancy Pelosi has threatened to cancel the President's Day district work period if the legislation is not signed into law by February 16<sup>th</sup>. But the immense \$850 billion price tag has most Republicans and fiscal conservatives worried, casting some doubt on swift passage. Fiscal woes at the state and local level across the United States, however, may override fiscal concerns and we may see money flow in the next few months. Your authorization and great work with the Bureau has positioned IEUA to be a prime recipient of stimulus funding in the Southern California region.

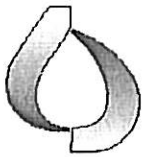
### *Fiscal Year 2009 Appropriations*

The House and Senate Appropriations Committee staff has been working over the last couple of months to conference and finalize a fiscal year 2009 Omnibus Appropriations package consisting of all the remaining FY09 domestic appropriations bills, including Energy and Water Appropriations where our Bureau of Reclamation earmarks are pending. We have heard that this package will include earmarks but that they will probably be reduced by up to 5% of their House or Senate figures. House and Senate leadership plan to bring the FY09 Omnibus to their respective chambers by the end of February. We will let you know what our final numbers are as soon as we learn them.

### *Fiscal Year 2010 Appropriations*

We have hit the ground running this month in preparation for the fiscal year 2010 appropriations process. While the President's budget request is not slated to come up to the Hill until April, many Congressional offices have already announced their deadlines and they seem to be much earlier this year than in prior years! Senator Dianne Feinstein's deadline is February 5<sup>th</sup> while Senator Boxer has set her deadline for February 13<sup>th</sup>. We are working to finalize the requisite forms and paperwork and submit them in the correct process and format.

We will continue to keep you posted on the stimulus, FY09 and FY10. We are looking forward to seeing you next month during the ACWA conference for Hill visits!



Inland Empire  
UTILITIES AGENCY

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Date: February 18, 2009  
To: The Honorable Board of Directors  
Through: Public, Legislative Affairs and Water Resources Committee (2/11/09)  
From: Richard W. Atwater  
Chief Executive Officer/General Manager  
Submitted by: Martha Davis  
Executive Manager of Policy Development  
Subject: January Legislative Report from Agricultural Resources

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**RECOMMENDATION**

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

**BACKGROUND**

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

**PRIOR BOARD ACTION**

None.

**IMPACT ON BUDGET**

None.

RWA:MD

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# *Agricultural Resources*

635 Maryland Avenue, N.E.  
Washington, D.C. 20002-5811  
(202) 546-5115  
(202) 546-4472-fax  
[agresources@erols.com](mailto:agresources@erols.com)

January 25, 2008

## **Legislative Report**

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

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

**SU:** Legislative Report, December 2008 – January 2009

**Highlights:**

- ! *Transition – New Administration – Inauguration*
- ! *Cabinet Appointments*
- ! *Pending Appointments*
- ! *111<sup>th</sup> Congress Convened January 6*
- ! *Napolitano to Chair Water Subcommittee in this Congress*
- ! *Legislative Priorities, First 100 Days*
- ! *Climate Change*
- ! *Drought Conditions/Water Supply*
- ! *IEUA Working Partners*

*Transition, New Administration, Inauguration.* This is the third election since 1992 which brings a total change in party control. That means, we enter a period of profound change here in Washington – especially within the Administration. The Obama Administration is completing its Cabinet selections, and beginning on January 20, the Senate began confirming Obama's

choices. One Cabinet selection remains (Commerce). As of January 21, the new Administration began to operate the “ship of state.”

I’ve been attending inaugurals since 1976 and I never saw the sheer numbers of people – and for the most part – near bi-partisan support for the new presidency.

For the most part and for the immediate short term, Departments and agencies are filled with individuals designated as “acting” until various Obama administrations nominations and appointments are cleared through what can be a lengthy and at times cumbersome process. For instance, at the Bureau of Reclamation, one of the career Regional Directors, Bill McDonald, is serving as “Acting Commissioner” and will likely be in that position for several months. The same is true throughout the Interior Department, USDA, EPA, and other departments and agencies. In one instance, Assistant Secretary of the Army, J.P. Woodley was asked to stay on until a replacement could be identified, which he agreed to do.

***Cabinet Appointments.*** President Obama nominated Sen. Ken Salazar to serve as Secretary, US Department of the Interior. He is a rancher and water lawyer by profession and training. He selected Lisa Jackson to serve as Administrator, EPA. A 20-year colleague of mine from New Jersey called to tell him that he “hired” Jackson in New Jersey at the start of her career and gave her high marks. In a statement last week, Jackson highlighted water quality as one of several key priority issues. DOD remains unchanged for now, though Deputy Under Secretary positions, including Installations and Environment, will be changing (that position deals with perchlorate). Secretary Chu, from California, is now Secretary of Energy and he pledged to make renewables a priority (given budgetary limitations at DOE, probably less than 10% of the budget is allocated to non-nuclear renewables)

***Pending Appointments.*** Washington’s favorite parlour game – rumors about nominees – who’s in and who’s not. That game is underway. Given the obvious log-jam and the necessity for FBI background checks, It will take months to sort out. Key positions we’re tracking.

- \* Interior, Assistant Secretary, Water and Science
- \* Interior, Commissioner, Bureau of Reclamation
- \* Interior, Under Secretary
- \* DOD/Army, Assistant Secretary for Civil Works (Corps of Engineers)
- \* DOD, Deputy Under Secretary for Installations and Environment (perchlorate)
- \* USDA, Deputy Under Secretary for Natural Resources (oversees NRCS)
- \* EPA, Assistant Administrator, Water
- \* OMB, Assistant Director, Natural Resources
- \* DOE, Assistant Secretary, Renewables

Each of these positions requires formal nomination by the President, and Senate confirmation. In addition, there will be scores of “appointed” positions that do not require confirmation (Deputy Assistant Secretaries, Special Assistants and similar positions. Whether career or political, there is discussion about the creation of a “California Water Czar” to be appointed by Secretary Salazar. While no decision has been made,

**111<sup>th</sup> Congress Convened January.** New Congress convened on January 6. Speaker Pelosi was reelected as Speaker. Sen. Harry Reid was reelected as Majority Leader. In the Senate, several seats were so to be resolved. Right now, the Minnesota race is in the state courts. Committee assignments are being made and by mid-February, the committees and subcommittee assignment will be made.

**Water Subcommittee – House Natural Resources Committee.** Rep. Grace Napolitano will serve as Chair, Subcommittee on Water and Power, for the 111<sup>th</sup> Congress.

**Legislative Priorities – First 100 Days.** There are three major legislative priorities for the first 100 days. First, the stimulus bill with funds for Title XVI. Second, the enactment of S. 22 which contains authorization for the Chino Desalters and Prado Natural wetlands. And the third is the FY 2009 annual funding bill.

- I. Stimulus. The House is slated to bring up Stimulus/Recovery in the last week of January 2009. The House included \$126 million for Title XVI, the Bureau of Reclamation's water recycling program.
- II. S. 22 – This massive omnibus bill – with more than 100 bills bundled together, includes the Rep. Gary Miller and Sen. Dianne Feinstein bill authorizing \$36 million for the Prado Natural Wetlands treatment program and authorization for the Chino Desalters.
- III. FY 2009, Annual Funding Bill. Presently, we're operating pursuant to a Continuing Resolution. It is anticipated that the Energy and Water bill will be considered, probably in February. The funding committees have approved \$50 million for Title XVI, water recycling.

**Climate Change/Energy Legislation.** Two issues will be prominent in the coming months. Climate change is a priority by every major cabinet officer. So is energy. Right now, there are few details – and the Administration has yet to advance any proposals. Look for these issues to become prominent over the next several months.

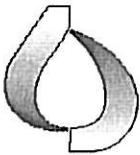
**Drought Conditions and Water Supplies.** According to the USDA and NOAA's formal web-published Drought Monitor, drought conditions persist throughout California with the most severe conditions occurring in Northern California. The Colorado River remains in a water deficit. All 17 Western States are experiencing some level of drought – with the majority of problems occurring in throughout the Colorado River Basin – and throughout the Southwest – from California to South Texas.

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

- a. Metropolitan Water District of Southern California (MWD)
- b. Milk Producer's Council (MPC)
- c. Santa Ana Watershed Project Authority (SAWPA)

- d. Water Environment Federation (WEF)
- e. Association of California Water Agencies (ACWA)
- f. WaterReuse Association
- g. CALStart
- h. Orange County Water District (OCWD)
- i. Cucamonga Valley Water District (CVWD)
- j. Western Municipal Water District
- k. Chino Basin Watermaster





Date: February 18, 2009

To: The Honorable Board of Directors

Through: Public, Legislative Affairs and Water Resources Committee (02/11/09)

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

Submitted by: Sondra Elrod  
Public Information Officer

Subject: Public Outreach and Communications

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### **RECOMMENDATION**

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

### **BACKGROUND**

#### **Calendar of Events**

##### **February 2009**

- **February 3**, Department of Health Services California Financing Coordinating Committee funding workshop, IEUA Event Center.
- **February 5**, Army Corp. of Engineers, Col. Magness tour of Prado Basin projects, 8:30 a.m. to noon. Lunch with the Colonel in the Event Center at noon.
- **February 10**, California Sustainability Alliance Showcase Award Luncheon (IEUA will be receiving an award) 11:30 a.m. to 2:00 p.m. at the Firehouse Restaurant in Sacramento.
- **February 23 – 24**, State Water Resources Control Board Water Quality Coordinating Committee Water Education Workshop for Board Members, IEUA Event Center.
- **February 24 – 26**, ACWA Washington DC Conference.
- **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 9**, CASA Washington DC Conference.

Public Outreach and Communications

February 18, 2009

Page 2

- **March 16**, IEUA hosts Special District Dinner at the Panda Inn in Ontario, 6:00 p.m.
- **March 22 - 24**, WaterReuse California 09 Conference, San Francisco.

**April 2009**

- **April 22**, Earth Day at the Chino Creek Wetlands and Educational Park, 3:30 p.m. to 5:30 p.m.
- **April 27 – 30**, BioCycle International Conference 2009, San Diego.

**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. On Wednesday, February 1, IEUA had two pages in the Daily Bulletin's special section "An American Moment." On Sunday, January 25, the ad for the upcoming Garden In Every School workshop appear in the Daily Bulletin. The 8-page ad that features each of our partners will appear in the paper on Friday, February 27 and a two page Education piece will also appear in the paper sometime in February.

**Water Conservation Outreach**

IEUA is continuing to work its conservation partners to plan its 2009 Daily Bulletin Community Outreach Conservation ads. Chris Lancaster will provide a few sample ads for the conservation partners to review.

**Agency Tours**

During the month of January staff provided a number of tours of the HQ, RP-5 and RP-5 SHF (one group was a delegation from Kenya that toured CCWRF). Tours of the RP-5 SHF, HQ, RP-5 and the Turner Recharge Basin are scheduled for the State Water Resource Control Board's meeting at IEUA on February 23 and 24. There is also a tour scheduled for Claremont College students of the RP-5 SHF and Chino Basin DeSalter in February

**PRIOR BOARD ACTION**

None.

**IMPACT ON BUDGET**

None.



# CHINO BASIN WATERMASTER

## IV. INFORMATION

1. Newspaper Articles



# WATER EFFICIENCY

## January-February 2009

### Toilet to Tap: Once Again

Indirect potable reuse is assuming a life of its own in the American West. Are we heading in the right direction?

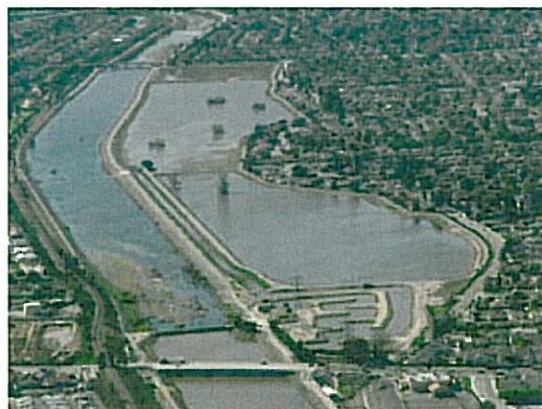


Photo: Southern California Water Replenishment District

By Penelope B. Grenoble

Toilet to Tap—with all that's gone on in the West in the last half-dozen years, from drought to reallocation of Colorado River water, and restrictions coming out of California's Sacramento Delta, the once-maligned, supply-side strategy seems to be an idea whose time has finally come.

Supposedly attributed to a clever copy editor at the *Los Angeles Daily News*, "Toilet to Tap" brought down a 33,000-acre-foot groundwater recharge project slated for Los Angeles' San Fernando Valley, as well as projects in San Diego and Dublin, CA. But the continuing issue for water professionals is that the negative and potentially divisive phase suggests that developing new sources of potable reuse is a simple and capacious undertaking.

In traditional water systems, raw water is diverted from its source in a lake, stream, or aquifer; treated; and distributed, with little more to do. Wastewater is subsequently collected, treated, and discharged to a receiving body. The fact that, in many places in the US, this results in unplanned potable reuse (as the Southern Nevada Water Authority puts it, "borrowing water") does not in any way diminish the well-developed planned reuse projects emerging in this country.

Planned potable reuse in the US is largely indirect, wherein treated effluent is subject to multiple contaminant-removing barriers, from extensive chemical and physical treatment to dilution and natural cleansing in soil or a body of water. In a 1998 report, the Water Science and Technology Board of the National Research Council's Commission on Geosciences, Environment, and Resources concluded that, while analytical and toxicological testing, as well as epidemiological studies, have identified no significant health risks in communities using reclaimed water, indirect potable reuse projects should exceed the requirements for conventional water treatment and should employ strong chemical disinfection processes in addition to physical treatment systems. Also, barriers for microbiological contaminants should be more robust than in conventional water treatment.

So, what does it look like out there? Is jumping on the reverse osmosis (RO) bandwagon the way to go? Or is nature perhaps a resource we've bypassed in our regulatory zeal? Is it more effective to pull out all the stops before the effluent

goes into the ground or treat it as it's drawn out?

Southern California is served by a complicated mix of city and county utilities, which are in turn regulated by a Byzantine web of agencies, so it might be surprising to learn that Los Angeles has been practicing potable reuse since the 1960s. While Orange County has made a splash with its huge 70-million-gallon-per-day Groundwater Replenishment Project, the Water Replenishment District of Southern California (WRD) has been quietly recharging groundwater with tertiary-treated wastewater, in part with effluent supplied by West Basin Municipal Water District. The WRD's original rationale was similar to Orange County's emphasis in its groundbreaking public outreach campaign—protection of natural groundwater by maintaining the barrier that keeps saltwater from contaminating the region's aquifers. And if some of this water also makes it into raw supplies used for drinking water, well, so be it.

Over the years, WRD has used a mix of treated effluent, stormwater running off the San Gabriel Mountains, and potable water supplied by the Metropolitan Water District of Southern California to recharge the Central and West Basin aquifers, two of the most heavily used groundwater basins in California, serving four million Los Angeles County residents.

Recurrent drought convinced various powers-that-be that neither nature nor the Metropolitan Water District was reliable enough to keep the aquifers and the sea barriers supplied, and, in 1995, West Basin christened its own advanced water treatment plant. Today, it produces what it describes as five distinctive grades of "designer" recycled water: *tertiary*, *nitrified tertiary* (with the ammonia removed for use in industrial cooling towers), *softened RO* (secondary treated wastewater pretreated by either lime clarification or ultrafiltration, then followed by RO and disinfection—the water that's now used for groundwater recharge), *pure RO* (secondary treated wastewater that had undergone microfiltration, RO, and disinfection for low-pressure boiler feed water), and *ultrapure RO* (microfiltration, RO, disinfection, and second-pass RO for high-pressure boiler feed).

Both West Basin and WRD have committed to increasing use of recycled water as a means of diversifying their water supply portfolios. To this, West Basin has added more efficient water conservation and ocean desal. The target shared by both agencies, to increase the amount of recycled water used in Los Angeles' seawater barriers from 75% to 100%, is also a goal in Orange County.

At least one industry observer suggests that West Basin's effluent treatment chain, which mimics what Orange County established at its original Waterworks 21 and is currently using in its Groundwater Recharge Project, has set a standard that has caused state regulators to be preoccupied with RO. An extensive groundwater basin underlies northern Orange County, although, as in Los Angeles County, the aquifers are subject to seawater intrusion. And, although the Groundwater Replenishment project was largely sold to the public as a way to shore up the saltwater barrier and manage wastewater effluent, the project's spreading grounds are only six month's travel time from the groundwater supplies that local utilities depend on for drinking water.

These factors considered, the Orange County Advanced Purification Facility first subjects secondarily treated effluent to microfiltration, which—as Ron Wildermuth, former public information point person for Orange County and now West Basin, suggests—can be thought of as the last step in tertiary treatment, or the first step in RO. Out come suspended particles, protozoa, bacteria, and some viruses freeing up the RO to concentrate on smaller microscopic salts and organic constituents. Ultraviolet (UV) and hydrogen peroxide then eliminate any remaining organic compounds. According to Shivaji Deshmukh, program manager of the Orange County's Groundwater Replenishment System, the advantage of disinfecting with UV instead of chlorine is that it avoids creating any additional trihalomethanes.

The highly purified effluent is either injected into wells at the saltwater barrier or sent to the Santa Ana spreading grounds where it is blended with other water sources. The California Department of Health Services considers a stay underground to be an additional barrier to viruses, and blending as a means to control unregulated chemicals. Extensive monitoring at multitudinous critical stages is slated to cost the district an estimated \$1 million annually.

Orange County's Groundwater Recharge Project is now the largest of its type in the world, but Scottsdale, AZ, has a similar history of using effluent to recharge its groundwater. Lacking ample surface supplies, for years Scottsdale used its groundwater as an exclusive source of supply. As late as 1996 with a population of just under 200,000, the city was using some 23 billion gallons per day. At that rate, with the population expected to jump to 285,000 by 2012, the city would need twice that supply.

This unsustainable level of groundwater pumping came to a halt with Arizona's 1980 Groundwater Management Act, which established safe yield as the goal statewide. Through a combination of strategies that included using effluent for aquifer recharge, the city hit its safe yield milestone in 2006, when as much water was recharged into the aquifer as was pumped out from its wells. In addition to effluent, which is treated to drinking water standards before it's injected, the Scottsdale Water Campus also injects surface water from the Central Arizona Project into shallow dry wells, as well as treated drinking water directly in the aquifer.

Scottsdale's effluent treatment chain includes: 400-micrometer strainers, followed by ammonia to eliminate free chlorine, which is followed by microfiltration and an antiscalant. Next comes pH adjustment using sulfuric acid, then 20 micrometer cartridge filters, a thin film composite polyamide RO in a three-stage configuration of 24:10:5 with a recovery rate of 85%, degasifier towers for reduction of carbon dioxide, and, finally, lime feed for RO permeate stabilization. The injected water percolates through several hundred feet of soil, where it commingles with local groundwater and is pulled out by down-gradient production wells.

Emergency wells are designed to recharge tertiary effluent diverted from the water treatment plant when necessary, to prevent hydraulic overloading during Scottsdale's short wet season. These are monitored and controlled collectively and discharged into a three-fourth-inch gravel pack roughly 20 feet below the ground surface. While Central Arizona Project water is used for recharge primarily during the summer months when irrigation demand is high, reclaimed water is used for recharge primarily during the winter months. To achieve the goal of 450 milligrams per liter total dissolved solids (TDS) per liter prior to recharge, some reclaimed water receives RO treatment year-round to blend with water from the Central Arizona project, which has a TDS of about 700 milligrams per liter.



Photo: Tom Stewart  
Highly purified RO is one step in the process to turn wastewater into a purified product.

To do all of this, the Arizona Department of Environmental Quality requires a wastewater reuse permit and an Aquifer Protection Permit. The Arizona Department of Water Resources requires an underground storage facility permit. All aquifers in Arizona are currently classified for drinking water protected use, and the state has adopted national primary drinking water maximum contaminant levels as its aquifer water quality standards. The initial construction costs for the first two phases of the Scottsdale Water Campus for tertiary and advanced water treatment facilities totaled \$75 million (compared to the multi-millions required today), and Scottsdale estimates its cost to produce potable quality water via this method is less than \$1.30 per 1,000 gallons.

"Although Scottsdale has been reclaiming water since 1984, it wasn't until 1998 that we started reusing it," says Water and Wastewater Treatment Director Art Nuñez. "Until then, we just poured usable water down the drain and paid to dispose of it."

Aside from its groundwater recharge program, Scottsdale also markets its reclaimed water for irrigation to the city's numerous golf courses.

Close to the border in El Paso, TX, the El Paso Water Utilities once had similar ideas about ensuring potable supply sustainability. Circumstances changed, however, such as the utility finding it more cost effective to sell effluent than put it in the ground.

"In 1979, we undertook an assessment that suggested we would be in serious trouble by the year 2030, with respect to our groundwater pumping," says Water Resources Manager Bill Hutchison. "Actions were taken including expanding our surface water use, implementing a pretty stringent conservation program, and increasing our reclaimed water use. All of this has helped make the Heco Bolson essentially sustainable."

In addition, the utility constructed the essentials for a groundwater recharge project, including a water reclamation facility, injection wells, and monitoring systems. "Then the golf course opened and the power plant started sniffing around, and we built lines to supply them both with recycled water, which meant less and less water was going in the ground," says Hutchison. "But it also decreased potable water use. In addition, the injection wells were presenting their own set of problems with clogging, collapsing, and having to be re-drilled. At one time, we were putting as much as 20,000 acre-feet a year in the ground. Now it's down to about 1,500 acre-feet a year."

To hedge its bets, however, El Paso also instituted studies which determined that spreading basins were a better alternative to wells, so that the water that goes into the ground these days goes through spreading basins.

And, while El Paso is feeling comfortable with less is more, the 700 resident community of Cloudcroft is among a number of New Mexico communities committing to technological innovation. Cloudcroft relies on snow melt to recharge the small pockets of groundwater that provide the town's drinking water supply, and, with less precipitation than normal over recent years, the community literally found itself running out—to the point that the National Guard had to bring in truckloads to sooth the dry throats of summer tourists. Stuck in a considerable bind, the residents of the small community were saved by the Governor, who, concerned about drought conditions throughout the state, established a water innovation fund to

finance the development of additional water supplies and help conserve what supplies were available.

Thus, Cloudfcroft was able to secure the \$3.5 million it needed to build the system that its designer, Eddie Livingston, of Livingston and Associates in Alamogordo, NM, likes to point out is the first of its kind in the country. ITT/Advanced Water Treatment supplied the equipment for the wastewater treatment/reuse project.

As Livingston describes it, the elaborately redundant system will reclaim 100% of the town's wastewater to drinking water quality, blend this with existing well and spring water, and then retreat everything before the water is introduced into the town's drinking water supply. On average, 100,000 gallons will be added to the Cloudfcroft system annually. This elaborate treatment chain was necessary, in part because the town has no opportunities for groundwater storage, is not on top of a mountain, and has no natural surface resources.

Cloudfcroft's water treatment begins with a membrane bioreactor wastewater treatment plant, which replaces the town's existing trickling filter plant. The effluent is filtered through microfiltration membranes, disinfected with chloramines, and pumped to a storage tank, from which it gravity feeds three miles to the town's potable water facilities. Here it receives its first run through RO.

"Because the facility is downhill, we have enough pressure that we don't need a pump on the RO system, which is very energy efficient," says Livingston. "We end up with about 175 psi pressure."

Again, local conditions help define the treatment process. "The spring water is moderately hard, and it gets higher in dissolved solids by the time it goes through the wastewater plant, so we're using the same RO membranes Orange County used in Water Factory 21," he adds.

For redundancy and public health concerns, the system also mimics Orange County's use of advanced oxidation, using hydrogen peroxide and UV light.

The highly purified RO permeate is then stored in a million-gallon, lined and covered reservoir. From there, it's blended approximately half with spring water and the other half with well water at another reservoir, and the blended water is subjected to ultrafiltration to remove not only particulates and large pathogens like giardia and cryptosporidium, but also bacteria and viruses. The blended water is then disinfected again with UV.

"We use UV after ultrafiltration for a couple of reasons," says Livingston. "Number one, it's a very good disinfection method, but also the state required us to have at least 5.5 LOG [inactivation versus contact time plotted on a Logarithmic (LOG) scale] removal of cryptosporidium. The regulators gave us 4.5 LOG for the ultrafiltration membranes and two LOG for the UV. After the UV disinfection, we polish everything off with activated carbon to remove emerging contaminants, then disinfect one last time with chlorine."

Too much of a good thing? It depends. Given the restrictions of Cloudfcroft's geology and the relatively small amount of water that will be processed, the town will not be facing the same challenges with RO brine disposal that inland facilities treating large amounts of water are exposed to, and will, in fact, use the brine to keep the dust down on its roads and to make snow at the local ski area.

Anything extra will be injected into one of the dry wells the consultants dug when they were looking for additional sources of water. And as Livingston points out, not only will residents now have a reliable source of water, the quality of that water will improve, meaning their hot water heaters will last longer than three years.

An entirely different set of circumstances prevailed outside metropolitan Dallas that convinced the North Texas Municipal Water District (NTMWD) to take a more natural approach to indirect potable reuse. Taking advantage of treated effluent that flows down the East Fork of The Trinity River from facilities the district either owns or manages, it will use constructed wetlands to treat the river water, which will then be blended with raw water to help sustain the region's potable supply.

As a state agency, NTMWD provides water, wastewater, and solid waste services to 61 municipalities on the north and east side of Dallas, one of the fastest growing areas of the nation. Surface water storage is provided by four manmade lakes, which are fed by an annual rainfall of 40 inches a year, but which recede considerably under drought conditions. An additional consideration is that NTMWD's service area is currently growing at the rate of 4–5% annually, and it expects to serve 700,000 additional residents by 2020.

According to Assistant General Manager Mike Rickman, the district had developed all easily developable local resources. "There are no additional reservoirs that can be constructed in or adjacent to our area," he says. "We were having to go

further out, at considerably more expense, so we started looking at what options we had locally."



Photo: Southern California Water Replenishment District

Both West Basin and WRD have committed to increasing use of recycled water as a means of diversifying their water supply portfolios.

The utility took its cue from neighboring Tarrant Regional Water District, which will construct a similar project to serve the Fort Worth area. NTMWD will draw water out of the river, run it through a 2,000-acre constructed wetlands to reduce phosphorous and nitrogen, and reintroduce it to 22,000-acre Lake Lavon, one of its four reservoirs, where it will remain for over a year before it's drawn out and treated as raw water for potable use. The lake serves as a blending basin for fresh water from the three other lakes, so the river water will also be diluted.

The project required a deal with the state that NTMWD would only capture 70% of the flow its upstream facilities contribute to the river, leaving 30% for the environment and downstream uses. Estimates are that the \$300-million project, which was financed by selling bonds, will produce 102,000 acre-feet of water in the next 10 years.

"We're making very efficient use of the land to produce water," says Rickman. "Using current technology, we can't put any more reuse water into Lake Lavon, because it will have reached its assimilative capacity once this project is fully operational. But that doesn't mean we can't take additional reuse water that has gone through wetlands

to another supply source and do the same thing. What we're doing with this project is allowing nature to help us."

A similar river source water project is underway in Aurora, CO. When completed, the \$750-million Prairie Waters Project is expected to move as much as 50 million gallons of water a day, boosting the community's water supply by approximately 3.3 billion gallons per year and effectively doubling the value of its \$300-million water rights. The project will draw water from the South Platte River, use it, treat it, and then discharge it back into the river. The water then flows downstream, where it is recaptured in wells the city has constructed, filtered through the riverbank, and pumped back to Aurora for additional treatment. Travel time is seven to 10 days, and this riverbank natural filtration method—which is in regular use in Europe—will remove most of the nitrates, phosphorous, and other organic compounds.

From there, the recovered water will be pumped to an artificial aquifer, where it will remain for approximately 30 days to provide enhanced biological and organic treatment. Next comes a water purification facility where the water is softened and treated with advanced ultraviolet oxidation, then flocculation, sedimentation, and filtration. After this, it will be subjected to an activated-carbon gravity filter and, finally, disinfected with chloramines before it enters the regular distribution system.

The two river projects warm the heart of Peter Fox, who is a Professor of Civil and Environmental Engineering at Arizona State University and a long-time advocate of using natural systems to treat reclaimed wastewater, in particular soil aquifer treatment (SAT).

"In my viewpoint, soil aquifer treatment has the potential of using biological processes to remove the majority of the organics that are present in a lot of different waters," says Fox. "Given sufficient time—a year or so in the subsurface—you can expect that the amount of organic carbon might be reduced to one milligram per liter or less, which is similar to a lot of natural groundwater. So if you're thinking of RO, maybe you should also look at soil aquifer treatment.

"In the Aurora project," he continues, "after soil aquifer treatment, they're going to treat that water with activated carbon and advanced oxidation to destroy or remove residual compounds. That way they don't have to use reverse osmosis to remove everything, because the matrix is so much cleaner that the oxidation technologies should be much more effective. To my mind, this is a much more sustainable type of operation."

Fox further gives his opinion: "My thought is we should be looking a lot closer for other types of indirect potable reuse, instead of doing all of this reverse osmosis," he says. "The Montebello Forebay in Los Angeles County has been doing basically soil aquifer treatment since 1962, and they've done epidemiological studies to show there's been no health effects. Scottsdale has seriously considered getting rid of their system—which they modeled after Water Factory 21—because they're having such problems with salt disposal. They're saying maybe they should look to just doing groundwater recharge and treat the water when they recover it. With Hydrosystems Inc., in Phoenix [AZ], they've pioneered Beta zone injection wells, which can be used where you don't have enough land for SAT."

"I think we need to think 'big picture,'" says Hoover Ing, of the WRD. "RO is a very energy-intensive process, and you've got the salts. The studies I've seen have shown that soil does a tremendously effective job of removing a lot of



contaminants. A few more pharmaceuticals tend to go through the soil than persist with RO, but a lot of these are removed with organic carbon. And, the water begins to look like what it was before it became wastewater.

"In Los Angeles, we are trying to get the regulators to allow us to use 100% recycled water in our seawater barriers," Ing goes on to say. "Right now, this is kind of uncharted territory. One concern is the RO water may leach out chemicals in the ground—that it's so pure it hasn't been quite stabilized. Which means, all things considered, percolation may not be as rudimentary as we've been thinking. Have enough barriers, have enough blending, and have enough travel time—these are at the heart of any kind of requirements. Monitor it carefully, and, if something isn't going right, shut it off."

From Los Angeles comes news that the city has revised its 1990 "Toilet to Tap" project. Ing remembers that, at the time it was first conceived and then abandoned, \$60 million in combined federal, state, and local funds had gone into constructing a 10-mile, 60-inch pipeline to take disinfected tertiary effluent from the Donald C. Tillman Wastewater Treatment Plant in the eastern San Fernando Valley, to spreading grounds at the far northern end of the San Fernando Valley Aquifer. Today, under Mayor Antonio Villaraigosa, indirect potable reuse has been given a new lease on life, although, at 15,000 acre-feet per year, the project will be approximately half the size of what was originally planned.

According to Jim McDaniel, Assistant General Manager at the Los Angeles Department of Water and Power (LADWP), a significant determining factor has been restoration of the Los Angeles River, in that effluent from the Tillman plant is needed to keep the river running in the summer. The city's recently completed comprehensive water supply plan emphasizes increased water conservation and expanded use of recycled water to generate an additional 100,000 acre-feet of new water a year, with 35,000 acre-feet of the recycled total coming from purple pipe uses and the remainder from the groundwater replenishment project.

The city is currently in the process of developing a Recycled Water Master Plan, which it hopes to have completed by 2011, and then the effluent flowing by 2019. Although the treatment chain is yet to be developed, McDaniel says the project will include a \$500-million upgrade of the Tillman plant.

In the meantime, LADWP is tackling the nemesis that brought down the 1990 East Valley Recycling Project. Taking a page from Orange County's book, it is already in the process of developing its public outreach campaign.

Topics: [Reuse](#), [Treatment](#), [Rivers](#)

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## Upland to participate in Green Valley Initiative

Sandra Emerson, Staff Writer

Created: 01/18/2009 07:04:51 AM PST

UPLAND - The city is joining a number of Inland Empire cities in an initiative to promote clean and green technology.

The Green Valley Initiative - which was launched in June 2007 - is a regional business and economic development program to promote investment in San Bernardino and Riverside counties as well as establish the region as a leader in green and clean technologies.

"Green Valley Initiative is just an effort on our part to join a group that's also involved and say we believe it and support it," Upland City Manager Robb Quincey said.

"It's very important to a community like ours because it's a lush and gorgeous community, and it's important we maintain that and continue to promote it."

The city plans to implement a recycled

water program to irrigate parks, school campuses and the Euclid Avenue median in order to conserve drinking water.

Solar- and wind-power alternatives have also been researched.

"The city is taking a very productive stance in initiating a myriad of practices that are taking us down that road. Whenever there's a situation that we can implement that will make us more efficient, more green, more on the cutting edge," Mayor John Pomierski said. "Then, just naturally, a lot of this stuff is just common sense in today's realm."

Being part of the initiative means the city will be conscious of different ways to becoming efficient and environmentally friendly.

"What it will change is thinking. It will continue to promote thinking in this area no different than anything else," Quincey said. "Unless we spend time focusing on it, then we won't find ourselves in the forefront of these technologies."

Chino, Fontana, Coachella, Desert Hot Springs and Corona are also taking part in the initiative.

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"We don't anticipate every city to join, but if it does happen that would be really great," said Deniene Husted, communications director for the Corona-based Green Valley Initiative.

"What we are looking for is broad support from the region because as a region we speak a lot louder than individual cities."

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## Judge issues go-ahead for perchlorate hearings

Jason Pesick, Staff Writer

Posted: 01/17/2009 03:09:45 PM PST

A Los Angeles Superior Court judge decided Thursday that state hearings to determine whether three companies need to help clean up contaminated drinking water in the Rialto area can proceed.

The State Water Resources Control Board has been trying since 2007 to hold hearings to decide whether Black & Decker, Goodrich and Pyro Spectaculars should pay to help cleanup the local water supply that is contaminated with a number of chemicals, including perchlorate.

The perchlorate, which interferes with the thyroid gland, is flowing from an industrial area in northern Rialto through the city and toward the Santa Ana River. The thyroid gland is necessary for mental and physical development, though local water purveyors are either treating highly contaminated water or not serving it to residents.

"The point is that it is a green light with conditions to proceed, to do what the State Water Board has wanted to do for a few years now," said Bill Rukeyser, the board's spokesman.

In 2007, the accused companies sued, saying the state's process was so flawed, the hearings could

not go forward. Acting board Executive Director Thomas Howard announced in 2007 that the board would take the matter from a local board that found itself unable to adjudicate the case.

A Los Angeles judge who has since retired halted the hearings to decide whether the companies were right. Then in the spring of 2008, the full state board tried to fix that potential procedural error by voting to take the case. The companies then sued again.

Though he has not yet issued his written order, Judge James Chalfant decided after oral arguments Thursday that the board had indeed erred in 2007 when Howard announced the board would take the case from the local board, but Chalfant also said the state board could hold hearings because of the 2008 vote by the full board.

The state board's lawyers will meet early this week and most likely send a letter to all the parties in the case explaining the board's plans "to get the hearings back on track," Rukeyser said.

"The process has been validated. It makes sense that you have a body which the law set up as being quasi judicial. It makes sense that state law has been validated," Rukeyser said.

Though state officials say the judge only had minor procedural quibbles with the board's actions, the judge's ruling that a state staffer could not exercise certain board powers may

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indicate many staff actions exceed staff authority on a whole host of matters not related to the Rialto case.

Regardless of what the state board decides to do next about perchlorate in Rialto, a number of suspected polluters in the case - Rialto's lawyers have identified dozens - are in settlement talks with officials from the Riverside-based Santa Ana Regional Water Quality Control Board to resolve the ongoing saga involving Rialto and Colton's water.

"We're very much engaged and focused on those and those remain our priority," said Goodrich spokesman Patrick Palmer.

The U.S. Environmental Protection Agency has also brought in a Superfund team because of fears the state will not be able to clean up the basin.

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## Water rationing may come by early spring

Ben Baeder, Staff Writer

Created: 01/13/2009 10:47:44 PM PST

There is a 50 percent chance Southern California's main water agency could ration water deliveries by spring, according to a report released Tuesday.

Previously, the agency said there was a 33 percent chance of rationing.

"We would basically be ... capping water supplies to our local agencies," said Bob Muir, a spokesman for the Metropolitan Water District of Southern California.

The MWD is the umbrella agency responsible for providing water to smaller water districts and cities serving 18 million Southern Californians.

If the rationing takes place, agencies that dole out too much water would have to pay extra.

"It imposes some pretty sizeable penalties, triple penalties," said Tim Jochem, general manager of the Upper San Gabriel Valley Municipal Water District, which buys some of its water from the MWD.

"It'll take water from like \$500 an acre-foot to like \$1,500 an acre-foot," Jochem said.

The Upper District covers most of the San Gabriel Valley, stretching from South Pasadena to Glendora.

In a worst-case scenario, the plan would likely result in higher water prices, said Tony Fellow, a director of the Upper District and MWD.

"What's going to happen, is you're going to see water prices going up," he said. "Water has been cheap. I hate to say that, because I pay a lot here where I live in Arcadia. But it's going to be like gasoline."

The policy change followed a decision by the Department of Fish and Game to restrict water deliveries to Southern California from waters near Sacramento.

Pumping water into aqueducts kills the delta smelt, according to the Department of Fish and Game.

"The population of the delta smelt has dropped to an all-time low," said Harry Morse, a spokesman for Department of Fish and Game.

The MWD gets up to 70 percent of its water from the Sacramento area, Muir said.

This year, the MWD is eligible for only 15 percent of its normal share of Sacramento-area water, he said.

In addition, drought conditions near Sacramento - possibly caused by the La Niña weather condition - are further decreasing the habitat of

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the small fish.

"The state needs to quit messing around and get something done," he said.

La Ni a's cold-water conditions force Alaskan storms to stay north of California, often leading to dry winters.

Biologists think that leaving more water in the San Joaquin/Sacramento delta will help fish breed.

Because many water agencies in the San Gabriel Valley have their own wells, the area is somewhat buffered from scaling back by the MWD, said Brian Dickinson, general manager of the Valley County Water District in Baldwin Park.

In Whittier, Councilman Greg Nordbak oversees water delivery to about half of his city. He also sits on the San Gabriel Basin Water Quality Authority, which is charged to clean up the area's groundwater.

He said it would be "disappointing" if the water agencies started penalizing homeowners and other water users.

"I think government can get carried away with these penalties," he said. "I'd like to see them do a voluntary program with incentives. Give them some incentives to reduce and then put some teeth in it if people go too far over."

Fellow said California needs to get serious about finding a long-term solution for water needs, such as taking water from further north in the river system near Sacramento.

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## Ontario helping homeowners save water

Liset Marquez, Staff Writer

Created: 01/11/2009 07:08:31 AM PST

ONTARIO - The city is in the process of converting some public and private landscapes to implement a water efficient design.

The new design blends native and drought-tolerant plants and trees into low-maintenance, sustainable water-saving landscapes, said Brent Schultz, Housing & Neighborhood Revitalization director for the city.

"Southern California is an area that doesn't get a lot of water so all the water we save now can go to some other need in the city," Schultz said.

The region is facing several issues with its water supply, from drought to low snowmelt runoff and court-ordered water restrictions in the Sacramento-San Joaquin Delta region.

The city has been engaged in water conservation efforts in partnership with

the Inland Empire Utilities Agency, Metropolitan Water District and the U.S. Bureau of Reclamation.

With the recent collaborations, the CARES program (Code Enforcement, Arterial Street Improvement, RE-Leaf Program, Sidewalk Program - Safe Route to School) has installed California friendly landscape in seven homes and there are plans for seven more, Schultz said.

The CARES program improves homes located in a designated area. The city is currently working on the homes in the Jay Littleton Park area.

About six months ago Schultz and Scott Melendrez, a senior analyst in the department, met with officials at Inland Empire Utilities Agency regarding a partnership.

Besides receiving technical assistance, the city was also able to secure a grant with the water agency to help out with some of the costs.

Incorporating a water efficient design costs about \$800 more per home, Schultz said.

Melendrez said they are not sure how

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much the changes will save residents or the city but will know more once the year end reports are available.

"We think it's well worth the effort because it helps us with water conservation and also creating a sustainable community," he said.

Besides drought tolerant plants, the new design also comes with a state-of-the art irrigation system, The new system uses less water and has no water runoff, Melendrez said.

The CARES program is not the only one in the city making the switch to be more water efficient. In September the City Council passed a resolution to promote voluntary water conservation measures throughout the city.

Recently the Parks and Maintenance Department converted a landscape garden along the Euclid Avenue median near the 60 Freeway to be water efficient.

There are plans to convert more city-owned properties such as medians and parks in the next couple of months, said Ken Jeske, director of Public Works/Community Services.

There are also several businesses in the community that are now using recycled or nonpotable water in their landscape.

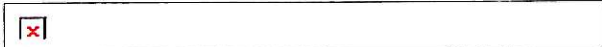
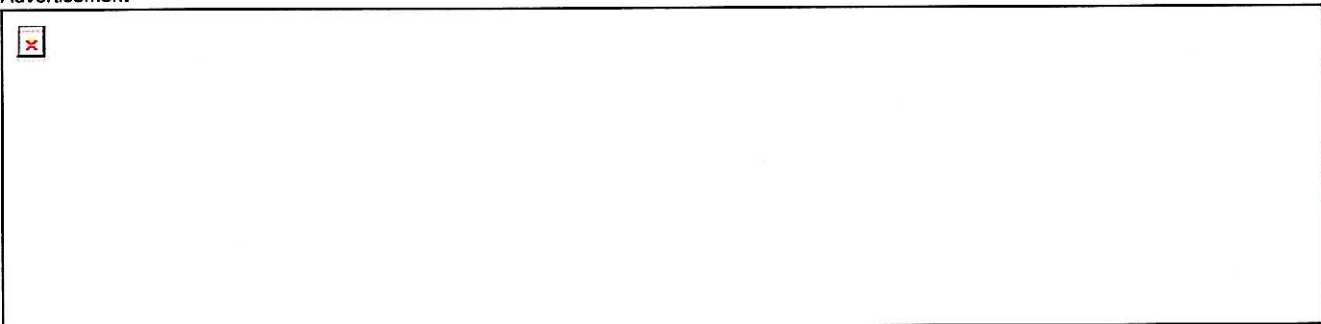
The city is in the process of converting its own facilities, where possible, to recycled water, Jeske said.

To help with conservation efforts, Jeske said residents can look to their own lawns. Residents need to make sure they have adjusted the sprinklers to accurately reflect the current conditions.

"That's a key element to saving water," Jeske said. "The water we save right now will become available to us for the summer."

To find out if you qualify for the CARES program contact the Ontario Housing and Neighborhood Revitalization Agency at (909) 395-2006 or [here](#) .

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# Water project to commence on Central

Neil Nisperos, Staff Writer

Created: 01/08/2009 05:01:48 PM PST  
CHINO - Scheduling a water project on Central Avenue during night hours will result in higher costs for the city, but it prevents the loss of daytime water service to nearby businesses.

The City Council on Tuesday approved a \$145,900 contract to AR Sarmiento Inc., of La Habra, for work related to deactivation of a leaky water main dating from 1912, and the rerouting of water lines from nearby businesses to a newer 1960s-era main.

"This project is required because the six-inch water main was constructed in 1912, and the deterioration is so bad now, our water utilities people are fixing water leaks almost on a weekly basis, sometimes several times a week, and this line needs to be repaired," said City Engineer Jim Hill.

"The 16-inch main was constructed in the 1960s, but it's in relatively good

condition," he added.

To accommodate surrounding businesses that depend on daytime water service, including the Canyon Ridge Hospital mental health facility and three restaurants, work will be done from 9 p. m. to 5 a.m.

Work along Central between Schaefer and Chino avenues, is expected to begin later this month, for a period of about 8 to 9 weeks, "weather allowing," officials said.

"There will be lane closures and, at some point, a possible road closure," said Jose Alire, Chino public works director.

The council had earlier approved a budget of \$136,000 for the design and construction of the water project.

"Our original estimate was based on the idea that we would do the work during the day, however Canyon Ridge Hospital and other businesses down the street need uninterrupted water services during the day and they requested that we perform the work in the evening," said Hill.

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"For this reason, the specifications were such that the work did require the work be done at night and this requirement did increase the level of the bids."

About \$10,000 has been expended for engineering services leaving \$126,000 in the budget remaining. Council also approved a request for \$14,600 for contingencies to fund unanticipated work and \$1,500 for construction engineering services.

Since the total construction cost, including contingencies and construction engineering services is estimated at \$162,000, an appropriation of \$36,000 from the Water Fund was approved. Officials said there is enough money in the Water Fund fund reserves to accommodate the additional cost.

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## MWD vice chairman removed from water board

Posted: 01/07/2009 12:11:05 PM PST

EL MONTE - An elected water official who has served for 16 years on the board to Southern California's largest water board was replaced on Tuesday.

The El Monte-based Upper San Gabriel Valley Municipal Water District voted 3-1 on Tuesday to replace Director Tony Fellow, who has served as Vice Chairman to the Metropolitan Water District of Southern California for the three years, with Director Bill Robinson.

Robinson has served as director on the Upper District for nearly 20 years, and Fellow was elected in 1990.

"It was a political vote," said Fellow, who was the lone dissenting vote. "It is very odd to replace the first vice chairman who has represented the San Gabriel Valley with distinction."

The Metropolitan Water District of Southern California imports water from

the Bay Area and from the Colorado River. The 37 member board is made up of appointed and elected water directors from other water agencies throughout Southern California.

MWD Chairman Timothy Brick said he was disappointed to hear Fellow would no longer serve as "his right hand man." "Tony plays an instrumental role in shaping legislative policy, and he is an absolutely indispensable director," Brick said on Wednesday. "He's been really a leader in shaping public policy in (MWD) for all of Southern California."

-Jennifer McLain, Staff Writer

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## Eastern Municipal Water District OKs modified tiered rate system



07:22 PM PST on Wednesday, January 7, 2009

By JANET ZIMMERMAN  
The Press-Enterprise

One of the Inland region's largest water agencies approved a tiered rate system Wednesday but adopted a lower per-unit cost following complaints from almost 200 customers, many of them on fixed incomes.

The board of directors for Eastern Municipal Water District, which serves 130,000 households in Moreno Valley, Hemet and other parts of western Riverside County, approved the rates to take effect March 1. The system penalizes household that use excessive amounts.

"We don't have any water to waste," board President Ronald Sullivan said. "Those that don't care can pay the freight."

The board has received more than 150 letters from customers who objected to the tiered system or had concerns that it might increase their bills. Another two dozen people attended a public hearing Wednesday at the board's Perris headquarters.

The board approved tiered rates that are 5 to 33 cents lower than the staff had recommended, depending on the tier. It will mean delaying \$4 million in spending for operations and maintenance.

Board members said tiered rates are a proven tool for curbing water waste.

The board also raised the daily service charge, effective next month, to cover higher prices charged by the district's supplier, Metropolitan Water District. The 6.2 percent increase will cost most customers about \$2.71 per month.

Similar rate systems, which impose higher prices on heavy consumers, are used nationwide to encourage water conservation.

The issue has become more critical in light of a statewide drought, depleted reservoirs and court rulings that have further reduced supplies.

Water districts that have implemented tiered rates report a 22 percent to 37 percent drop in water use.

Other areas that have adopted or are considering such systems include Coachella, Redlands, Rancho Cucamonga, southwest Riverside County, San Francisco and several cities in Nevada and North Carolina.

Now, Eastern's customers pay a flat \$1.91 per unit of water no matter how much they use.

Eastern customers will be given a "budget" of how much water they are expected to need based on household size, lot dimensions and weather conditions.

Preview bills in February and March will give customers an idea of how much they will pay under the new system, and the district's Web site, [www.emwd.org](http://www.emwd.org), now offers a calculator to figure the cost. The new rates will show up on April bills.

"Most people's fears will be eliminated once they see their shadow bills and how it works out for them," district spokesman Peter Odencrans said.

The budgets are based on a family of three for single-family homes, with each person being allotted 60 gallons per day, and 3,000 to 6,000 square feet of landscaping.

Those with acreage, large animals and large families will be able to apply for a variance.

The district estimates that more than 70 percent of customers will be within their water budgets. About 28 percent of users will be penalized for high use, unless they cut back or apply for a variance, according to the district.

For those who have already taken conservation measures, the district offers free home water audits to see where further cuts can be made.

Most of the speakers at Wednesday's meeting were angry, calling the system unfair in light of recent economic upheaval.

"There should be some consideration for those who have done all you asked" toward conservation, said Jackie McDonald, of Perris.

She told the board that while she and her husband, who are on a fixed income, have no grass, they do have fruit trees, a vegetable garden and cattle.

"Stop approving new tracts if you don't have enough water for the people who are already here," she said.

Winchester resident Dennis Kaczor urged the crowd to calm down, because they haven't seen what their bills will be.

"I think we're being crazy to jump up and down at this point.

"If we conserve ... they don't have to buy as much water and our rates will go down," he said.

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

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## **New Water Rates**

Eastern Municipal Water District is among the first Inland water agencies to penalize consumers who waste water. The new rates become effective March 1.

Customers now pay a flat rate of \$1.91 per unit (748 gallons) of water. Rates would vary under the new system:

Tier 1: Indoor use, based on number in household: \$1.30

Tier 2: Outdoor use, based on weather and size of irrigated area: \$2.382

Tier 3: Excessive use, for consumption exceeding the combined budget for tiers 1 and 2: \$4.26

Tier 4: Wasteful use, when consumption exceeds 150 percent of water budget: \$7.80

### **Comparisons based on 18 units:**

Current rates: \$44.30

Flat-rate with base rate increase: \$47.08

Tiered rates, with no excessive or wasteful use: \$45.68

Source: Eastern Municipal Water District

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## Test of snow pack shows some improvement in water supply

Rebecca Kilmitch, Staff Writer  
Created: 01/04/2009 02:59:16 PM PST

California's mountains from south to north may be capped with beautiful white snow, but so far it's looking like the state will face its third dry year in a row.

The results of the state's first measurement of snow pack this season are an improvement over last year, officials said last week. However, they don't promise enough water to secure water supplies and neither do long-term weather forecasts.

Despite storms that hit the state before Christmas, officials are once again urging conservation and threatening water rationing.

Like many people heading the the mountains, Frank Gehrke threw his skis in his truck and headed for the hills. He was greeted by sunshine, 45-degree weather, and exactly 41 inches of snow pack.


Gehrke is the state's chief snow surveyor for the Department of Water Resources. His trip to the Sierras took him to the department's Phillips Station, 90 miles east of Sacramento near South Lake Tahoe, at 6,800 feet. There he plunged into the snow an aluminum tube about 1.5 inches in diameter, with a sharpened steel cutter on one end.

What he found by measuring and weighing the snow depth is that the snow that has so far fallen in that area is the equivalent of approximately 10 inches of water - about 83 percent of the average for this time of year. Last year at this point, snow pack was at about 60 percent. Throughout the state, precipitation is about 80 to 90 percent of normal, according to DWR senior meteorologist

Elissa Lynn.

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Snow pack measurements are necessary to help officials determine how much water can be delivered to Southern California. Earlier this year, officials said they could only deliver 15 percent of requested amounts.

Two years of drought have left state reservoirs at half what they should be.

Though this year is looking better, the National Oceanic and Atmospheric Administration said that La Niña is back, meaning the Pacific will be colder than normal and rain and snowfall could end abruptly by March, Lynn said.

"We are worried we will have our third dry year if this happens," she said.

Southern California gets about 30 percent of its water from the Sierras. That supply has been slashed not only by drought, but also by recent regulatory decisions meant to prevent the environmental collapse of the Sacramento-San Joaquin River Delta. The delta serves as the epicenter of California's water delivery system - pumping northern water south.


To make up for the shortfall, Southern California has had to increasingly rely on local water sources.

"We know some areas have already found alternatives, and gone to their reserves, and those reserves may be running out. If we don't end up with more precipitation in Northern California, if we have a third dry year, we are going to end up with a supply crisis," Lynn said.

The Main San Gabriel Basin Watermaster, which is responsible for managing groundwater in the Main San Gabriel Basin, has already asked cities to cut water demand by 20 percent.

The Watermaster won't know until this week the effects of recent rain and snow on groundwater levels, but director Carol Williams said she certainly hopes there is more to come.

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"If that is all we have to look forward to, we are going to see a big push for more conservation," she said.

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# Water retailer reports \$4.5 million earnings for 3Q

Matt Wrye, Staff Writer

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On Friday, American States Water Co. reported \$4.5 million in earnings for its third quarter, which ended Sept. 30.

The \$590 million market- capitalized water and electricity retailer made \$19.1 million in the first nine months of 2008 versus \$22 million over the same period in 2007.

Robert Sprowls became president and CEO of the San Dimas-based company on Thursday.

Sprowls, who was formerly chief financial officer, replaces Floyd Wicks, who will receive a \$105,000 cash bonus for his performance in 2008.

Sprowls couldn't be reached for comment on Friday afternoon.

Eva Tang will become chief financial officer. Tang is the former vice president of finance for American States' main subsidiary, Golden State Water Co.

New York-based investment banking firm Jesup and Lamont upgraded American States shares from "hold" to "buy" status in December.

Like other publicly traded companies, American States shares experienced major volatility over the last few months as American stock markets got jolted by 2008's financial crisis and recession projections.

The company - founded in 1929 - saw its income and stock price steadily gain momentum since 1990. Earnings were almost \$12 million in 2003 and grew to more than \$28 million in 2007. Shares peaked at \$45 in late 2007.

Most of American States Water Co.'s earnings comes from its Golden State Water division, which sells water to about 240,000 customers and distributes electricity to more than 20,500 customers across California and Arizona.

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