

CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Thursday, March 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, March 26, 2009

9:00 a.m. – Advisory Committee Meeting

11:00 a.m. – Watermaster Board Meeting

(Lunch will be served)

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. – March 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 February 26, 2009 (*Page 1*)

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of February 2009 (*Page 15*)
2. Watermaster Visa Check Detail (*Page 19*)
3. Combining Schedule for the Period July 1, 2008 through January 31, 2009 (*Page 21*)
4. Treasurer's Report of Financial Affairs for the Period January 1, 2009 through January 31, 2009 (*Page 23*)
5. Budget vs. Actual July 2008 through January 2009 (*Page 25*)

II. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Court Hearing Update
2. Auction Price Floor Agreement & Storage & Recovery Agreement
3. Peace II CEQA Notice of Preparation

B. ENGINEERING REPORT

1. Recharge Master Plan Progress Report
2. Storage Loss Calculation Update
3. Budget Schedule Update

C. FINANCIAL REPORT

1. Dry Year Yield Financial Update

D. CEO/STAFF REPORT

1. Legislative Update
2. Recharge Update
3. Watermaster Consolidated Schedule of Reporting Due Dates
4. PERS Retirement Plan

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 *(Page 33)*
5. MWD Ordinance Requirements for Extraordinary Conservation Programs *(Page 35)*
6. Monthly Water Conservation Programs and Imported Water Deliveries/DYY Report *(Page 37)*
7. Recycled Water Newsletter *(Page 47)*
8. State and Federal Legislative Reports *(Page 53)*
9. Community Outreach/Public Relations Report *(Page 89)*

F. OTHER METROPOLITAN MEMBER AGENCY REPORTS

III. INFORMATION

1. Newspaper Articles *(Page 91)*

IV. COMMITTEE MEMBER COMMENTS

V. OTHER BUSINESS

VI. CONFIDENTIAL SESSION - POSSIBLE ACTION

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

VII. FUTURE MEETINGS

March 26, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
March 26, 2009	9:00 a.m.	Advisory Committee Meeting
March 26, 2009	11:00 a.m.	Watermaster Board Meeting
March 26, 2009	1:00 p.m.	Wildermuth Environmental Workshop
April 14, 2009	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
April 21, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA
April 23, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
April 23, 2009	9:00 a.m.	Advisory Committee Meeting
April 23, 2009	11:00 a.m.	Watermaster Board Meeting
April 27, 2009	9:30 a.m.	Chino Basin Watermaster Hearing, San Bernardino Court

Meeting Adjourn

**CHINO BASIN WATERMASTER
BOARD MEETING**

WITH

Mr. Ken Willis, Chair

Mr. Bob Kuhn, Vice-Chair

11:00 a.m. – March 26, 2009

At The Offices Of

Chino Basin Watermaster

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

PUBLIC HEARING

Take Comment on Resolution of Intent to Adopt PERS Amendment

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 Watermaster Board Meeting held February 26, 2009 (*Page 9*)

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of February 2009 (*Page 15*)
2. Watermaster Visa Check Detail (*Page 19*)
3. Combining Schedule for the Period July 1, 2008 through January 31, 2009 (*Page 21*)
4. Treasurer's Report of Financial Affairs for the Period January 1, 2009 through January 31, 2009 (*Page 23*)
5. Budget vs. Actual July 2008 through January 2009 (*Page 25*)

II. BUSINESS ITEM

A. PUBLIC EMPLOYEE RETIREMENT PLAN

Consider Approval of Resolution 09-04 declaring its intent to change the Public Employee Retirement (PERS) formula from 2.0% at 55 to 2.5% at 55 (*Page 27*)

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Court Hearing Update
2. Auction Price Floor Agreement & Storage & Recovery Agreement
3. Peace II CEQA Notice of Preparation

B. ENGINEERING REPORT

- 1. Recharge Master Plan Progress Report
- 2. Storage Loss Calculation Update
- 3. Budget Schedule Update

C. FINANCIAL REPORT

- 1. Dry Year Yield Financial Update

D. CEO/STAFF REPORT

- 1. Legislative Update
- 2. Recharge Update
- 3. Watermaster Consolidated Schedule of Reporting Due Dates

IV. INFORMATION

- 1. Newspaper Articles (*Page 91*)

V. BOARD MEMBER COMMENTS

VI. OTHER BUSINESS

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

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

VII. FUTURE MEETINGS

March 26, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
March 26, 2009	9:00 a.m.	Advisory Committee Meeting
March 26, 2009	11:00 a.m.	Watermaster Board Meeting
March 26, 2009	1:00 p.m.	Wildermuth Environmental Workshop
April 14, 2009	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
April 21, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA
April 23, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
April 23, 2009	9:00 a.m.	Advisory Committee Meeting
April 23, 2009	11:00 a.m.	Watermaster Board Meeting
April 27, 2009	9:30 a.m.	Chino Basin Watermaster Hearing, San Bernardino Court

Meeting Adjourn



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Advisory Committee Meeting – February 26, 2009



Draft Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING

February 26, 2009

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on February 26, 2009 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Agricultural Pool

Gene Koopman, Chair
Jennifer Novak
Bob Feenstra
Jeff Pierson
Pete Hall

Milk Producers Counsel
State of California Dept. of Justice, CIM
Ag Pool – Dairy
Ag Pool – Crops
State of California, CIM

Appropriative Pool

Mark Kinsey
Ken Jeske
Anthony La
Ron Craig
Dave Crosley
Charles Moorrees
Raul Garibay
Mike McGraw
Robert Young

Monte Vista Water District
City of Ontario
City of Upland
City of Chino Hills
City of Chino
San Antonio Water Company
City of Pomona
Fontana Water Company
Fontana Union Water Company

Non-Agricultural Pool

Bob Bowcock

Vulcan Materials Company (Calmat Division)

Watermaster Board Members Present

Michael Camacho

Inland Empire Utilities Agency

Watermaster Staff Present

Ken Manning
Sheri Rojo
Ben Pak
Danielle Maurizio
Sherri Lynne Molino

CEO
CFO/Asst. General Manager
Senior Project Engineer
Senior Engineer
Recording Secretary

Watermaster Consultants Present

Michael Fife
Andy Malone
Wen-Hsing Chaing
Tom McCarthy

Brownstein, Hyatt, Farber & Schreck
Wildermuth Environmental, Inc.
Wildermuth Environmental, Inc.
Wildermuth Environmental, Inc.

Others Present

Mohamad El Amamy
Scott Burton
Rick Hanson
Jack Safely
Bill Kruger
Terry Catlin
Sandra Rose
Steven Lee
Eunice Ulloa
Tom Dodson

City of Ontario
City of Ontario
Three Valleys Municipal Water District
Western Municipal Water District
City of Chino Hills
Inland Empire Utilities Agency
Monte Vista Water District
Reid & Hellyer
Chino Basin Water Conservation District
Tom Dodson & Associates

Chair Koopman called the Advisory Committee meeting to order at 9:01 a.m.

AGENDA - ADDITIONS/REORDER

Mr. Manning noted the Thirty-First Annual Report is now available on the back table.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Advisory Committee Meeting held January 22, 2009

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of January 2009
2. Watermaster Visa Check Detail
3. Combining Schedule 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. Budget vs. Actual July 2008 through December 2008

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

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

Moved to approve Consent Calendar A through C, as presented

II. BUSINESS ITEM

A. BUDGET TRANSFER

Mr. Manning stated this item was presented to the Pools and Advisory Committee and passed unanimously. Quarterly meetings take between staff and with consultants to ensure budgeted items are on task both regarding timing and funding. Recently in reviewing some of the projects by necessity, it was noted that some projects had to be shifted around and due to that shift funds needed to be moved around. Staff is asking for a recommendation to approve Budget Transfer Request T-09-02-01 which is detailed in the staff letter provided in the meeting package. Mr. Manning stated one of the items that Watermaster is undertaking is this coordination with three of the pumps in this basin to better understand the pumping patterns that they are working on in order to coordinate that activity better. This analysis is something that staff and consultants were not aware needed to be done at the time we prepared the budget. A brief discussion regarding this item ensued.

Motion by Kinsey, second by La, and by unanimous vote

Moved to approve 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, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Court Hearings

Counsel Fife stated there is another court hearing scheduled for April 9, 2009 at 9:30 a.m. at the San Bernardino Court. Counsel Fife noted at the February 2, hearing the court scheduled the next hearing for April 16, 2009; however, due to scheduling issues, an ex-parte motion was filed with the court to move the date from April 16, to another date and the court did move that to April 9, 2009. A notice of the court hearing was sent out last week and the purpose of the next hearing is to go through Program Elements 1 through 3 of the OBMP thoroughly. The court also wanted a declaration from legal counsel regarding Watermaster's reporting progress and that declaration will be sent out in advance of the April 9, hearing date.

2. Dry Year Yield Agreement

Counsel Fife stated the Agreement with Metropolitan Water District (MWD) regarding the Dry Year Yield Expansion of the 100,000 acre-foot account needs to be executed by September, 2009; due to the arrangement between MWD and Inland Empire Utilities Agency (IEUA) with regard to the LRP Funding for the desalters. One of the conditions for the expansion was that Agreement then gets executed by September, 2009. Staff has asked IEUA to prepare an application for that storage account along with the submitting of it. Once the draft agreement is ready, it will go through the Watermaster process for approval.

3. Non-Agricultural Pool Water Auction

Counsel Fife stated since the last set of meetings counsel has been talking with Western Municipal Water District (WMWD) and since Mr. Slater has been performing the majority of the work on this item, he will be giving a more detailed report at the Board meeting today. Currently the understanding from WMWD is that they are not interested in the entire 36,000 acre-feet of water. The proposed agreement that has been distributed assumed that WMWD would be the base bidder for the entire amount and would be bidding on the 36,000 acre-feet of water; however, that has now changed and counsel is now looking at ways to restructure the deal accordingly. One option is to divide the 36,000 acre-feet into four buckets of 9,000 acre-feet each; WMWD has indicated they would be more inclined to participate in a smaller acre-foot breakdown. A discussion regarding this matter ensued.

B. ENGINEERING REPORT

1. Wildermuth Environmental Engineering Update

Mr. McCarthy stated the Hydraulic Control and Monitoring Report are on schedule for an April 15, 2009 delivery to the Regional Board. Wildermuth Environmental is also working on the State of the Basin Report and this is on schedule for completion by the end of this fiscal year. With regard to the the Recharge Master Plan work, meetings have taken place with consultants and all consultants have reported to be on schedule with their tasks. Mr. McCarthy stated the majority of the data has been collected for the Well Optimization work and all Appropriators that pump over 1,000 acre-feet have been contacted; data collection should be completed this month and the modeling updated in the month of March. A Recharge Master Plan Workshop has been scheduled for March 26, 2009 following the Watermaster Board meeting.

Mr. Manning introduced Andy Malone and Wen-Hsing Chaing who will be giving a presentation on the 3D presentation which was given to Judge Wade at the recent hearing. Mr. Manning noted he discussed this presentation with Mr. Wildermuth about giving the same presentation to the Advisory Committee and Watermaster Board members. Mr. Malone stated this presentation will focus more on Hydraulic Control than the one given at the recent hearing. Mr. Malone stated this presentation will be reviewing some of the modeling results that demonstrate Hydraulic Control. Mr. Malone asked the parties to think about questions to be asked about specific parts of the basin that they are interested in seeing and possibly how they would want Wildermuth to construct the 3D visualizations to demonstrate water level changes or flow directions in the model results in the future. Mr. Malone reviewed several 3D scenarios using Wildermuth's simulation model and discussed the display detail. A lengthy discussion regarding Mr. Malone's presentation, water losses, and water reduction & demand ensued.

2. Dodson Peace II EIR Update
No comment was made regarding this item.

C. FINANCIAL REPORT

1. Watermaster Budget
Ms. Rojo stated staff is working with consultants on the first stages of preparing the upcoming budget. A Budget Workshop will be scheduled in April and are all invited to attend.

D. CEO/STAFF REPORT

1. Legislative Update
Mr. Manning stated the ACWA legislative conference is taking place right now but because of the Advisory and Board meetings he was not able to attend that conference. Mr. Manning stated he recently spent two days in Sacramento with Chris Frahm and Paul Bauer visiting with members of the Senate and several legislators. Meetings were scheduled with Senator Cogdill, Senator Huff, Senator Kehoe, Senator Padilla, Senator Simitian, and Senator Wolk, Assembly Members, Huffman, Caballero, Lowenthal, and Salas. These legislators are members of the respective water committees. Mr. Manning stated they also met with Assembly Members Curren-Price, Duvall, Huber, and with SWRCB member Baggett; it was a very busy two days. Now that the state budget is resolved, water issues generally, and groundwater specifically, are front and center in the Capitol. While there is significant disagreement on the timing and components of a water bond and Delta fix, a lot of ideas will be on the table Friday, which is the bill introduction deadline. Mr. Manning stated he will be scheduling another round of legislative visits in March.
2. Recharge Update
Mr. Manning stated the most current Recharge update is available on the back table. Mr. Manning stated there have been some significant storms in February and in working with IEUA there has been a lot of effort to capture as much storm water as possible. Mr. Manning commented on the San Sevaine Basin #5, with regard to one of the berms that needed strengthening and hardening that blew out in a recent storm and crews have been working with sand bags trying to fortify that broken berm.
3. Fontana Barrier Study
Mr. Manning stated Watermaster has been asked to act as the project manager for a study that will look at whether or not water is moving across the Rialto/Colton barrier into the Chino Basin. Mr. Manning has spoken to the parties who are involved in this study and have indicated there is an interest for Watermaster to act as the project manager under two conditions; 1) it does not cost Watermaster any money, and 2) will be granted accessibility to the data collected to use in our modeling. Final dialog or any agreements have not yet taken place or been presented. A brief discussion regarding this mater ensued. Mr. Manning stated they are interested in having Watermaster as a disinterested party to handle all of the data. Mr. Pak will be the project manager and will handle the administrative issues and Joe LeClaire will handle the scientific issues from Wildermuth; those salaries and time would be covered by that project. Fred Fudacz representing Fontana Water Company was the person who approached Watermaster regarding this study and additional discussions are scheduled. Mr. Manning noted this study will also help greatly in our modeling efforts.

E. INLAND EMPIRE UTILITIES AGENCY

1. MWD Water Supply Allocation Update
Mr. Shaw stated MWD implementing will make a decision in April for possible implementation in July.
2. IEUA's Draft "Strawman" Drought Allocation Plan Update
Mr. Shaw stated the IEUA Draft Strawman Drought Allocation Plan is in the meeting packet for your review. The original Strawman proposal was first circulated in October 2008 and the version which is in front of you is dated February 18, 2009; the only change is that a communications strategy has been added. This is to address the importance that a coordinated message is delivered should a drought be declared this summer or later in the year. A meeting regarding this takes place once a month with all water agency managers and a working group has been formed from those meetings. The goal from that working group is to present the IEUA Drought Plan at a workshop on April 1, 2009.
3. Dry Year Yield Expansion Update
Mr. Shaw stated the meetings regarding the Dry Year Yield Expansion are continuing. The Three Valleys Municipal Water District, IEUA, and Western Municipal Water District are all meeting together with MWD for ongoing progress on this expansion. Mr. Dodson is with IEUA as a carryover from a presentation that he made at this morning's DYY operating committee meeting.
4. Peace II CEQA Update and Draft Schedule
Mr. Dodson stated the environmental document process has already begun and a release of notice of preparation has been sent out. This notice communicates to all the parties that we are going to prepare a subsequent Environmental Impact Report. A document will be prepared that will be based upon the original OBMP PEIR that was adopted in 2000. Staff is evaluating the Peace II components that were agreed upon as part of the program for managing water within the Chino Basin into the future. Staff is going to update the environmental database for several of the environmental issues. The notice of preparation identifies seven issues that are going to be looked at. Fundamentally those are issues that staff feels has changed including air quality, some biological resource issues, hydrology, and some management issues related to regionally adopted biology management plans specifically for the southeast portion of the basin. The objectives are to look at the implementation of Peace II and what the environmental consequences are for that implementation and to provide a foundation to be able to continue to implement individual projects into the future. These projects that have being submitted to the state revolving fund for funding and/or to the federal government will have a database that will assist staff that is current and be able to be utilized for those specific individual projects in the future. The notice of preparation is available for comment until approximately March 25, 2009. The key issue is hydrology and staff is doing additional modeling in addition to the previous Peace II issues. Staff is also looking at optimization issues without creating any material physical injury. The environmental document will be released at the end of March or beginning of April and will be distributed for public review for 45 days; hopefully adoption will be around June. Mr. Manning offered comment on the EIR process and thanked Mr. Dodson for all his hard work on this project.
5. IRP Update
No comment was made regarding this item.
6. AB1420 & MWD Ordinance Requirements for Extraordinary Conservation Programs
Mr. Shaw stated AB1420 is a law that became effective January 1, 2009, and the significance of this law is for water agencies to now be eligible to receive state and federal funds on a going forward basis their agency must comply with the requirements of AB1420. There is a lot of work underway right now on helping agencies comply and understand AB1420 requirements.

- 7. Monthly Water Conservation Programs and Imported Water Deliveries/DYY Report
No comment was made regarding this item.
- 8. Quarterly Water Conservation Programs Update
No comment was made regarding this item.
- 9. Recycled Water Newsletter
No comment was made regarding this item.
- 10. State and Federal Legislative Reports
No comment was made regarding this item.
- 11. Community Outreach/Public Relations Report
No comment was made regarding this item.

F. OTHER METROPOLITAN MEMBER AGENCY REPORTS

Mr. Hanson stated in just a 24 hour period Orville had an inflow of over 30,000 acre-feet and Shasta over 40,000 acre-feet, unfortunately it seems to be too little too late. Mr. Hanson offered comment on state allocation. There was no replenishment water in 2008, nor is there expected to be any in 2009. For most of 2010 there will be no supplemental water for spreading purposes. A budget workshop was recently held at MWD and at that workshop there was a great deal of discussions regarding rate increases. Member agencies have spoken out against that type of rate increase even though there is a great deal of justification and rational when you review MWD's budget and realize that nearly two-thirds of their \$1.5B budget is fixed costs. On March 24, 2009 there will be another budget workshop and all interested parties are welcome to attend. Chair Koopman offered comment on rate increases. A discussion on costs and rate increases ensued.

IV. INFORMATION

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

V. COMMITTEE MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

No comment was made regarding this item.

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
March 17, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA
March 26, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
March 26, 2009	9:00 a.m.	Advisory Committee Meeting
March 26, 2009	11:00 a.m.	Watermaster Board Meeting
April 9, 2009	9:30 a.m.	Chino Basin Watermaster Hearing, San Bernardino Court
April 14, 2009	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
April 21, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA
April 23, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM

April 23, 2009	9:00 a.m.	Advisory Committee Meeting
April 23, 2009	11:00 a.m.	Watermaster Board Meeting

The Advisory Committee meeting was dismissed by Chair Koopman at 10:15 a.m.

Secretary: _____

Minutes Approved: _____

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Watermaster Board Meeting – February 26, 2009



Draft Minutes
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING
February 26, 2009

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on February 26, 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
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
Andy Malone	Wildermuth Environmental, Inc.
Wen-Hsing Chaing	Wildermuth Environmental, Inc.
Tom McCarthy	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
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
Raul Garibay	City of Pomona
Mohamad El Amamy	City of Ontario
Terry Catlin	Inland Empire Utilities Agency
Sandra Rose	Monte Vista Water District
Steven Lee	Reid & Hellyer
Eunice Ulloa	Chino Basin Water Conservation District

The Watermaster Board Meeting was called to order by 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.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Watermaster Board Meeting held January 22, 2009

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of January 2009
2. Watermaster Visa Check Detail
3. Combining Schedule 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. Budget vs. Actual July 2008 through December 2008

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

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

Moved to approve Consent Calendar A through C, as presented

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

Mr. Manning stated this item has been presented to the Pools and Advisory Committee and was passed unanimously. Quarterly meetings take place with consultants to ensure staff and consultants are on task, both on timing and on funding. In reviewing some of the projects, staff noted some projects had to be shifted around and due to that funds needed to be moved around as well. Staff is asking for a recommendation to approve Budget Transfer Request T-09-02-01 which is detailed in the staff letter provided in the meeting package starting on page 31. Mr. Manning stated one of the items that Watermaster is undertaking is this coordination with three of the pumpers in this basin to better understand the pumping patters that they are working on in order to coordinate that activity better. This was an analysis that staff and consultants did not anticipate but as the modeling was developed it became apparent that it needed to be done. It also needed to be done for the Dry Year Yield Study. This request will not result in an increase in the budget; it is just a matter of moving monies around.

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

Moved to approve 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, as presented

III. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT****1. Court Hearings**

Counsel Slater stated there is another court hearing scheduled on April 9, 2009 at 9:30 a.m. at the San Bernardino Court. Counsel Slater noted at the February 2 hearing the court scheduled a follow up hearing for April 16, 2009; however, due to scheduling issues an ex-parte motion was filed with the court to move the date from April 16, to another date and the court did move that to April 9, 2009. Counsel Slater thanked all the Board members for their attendance at the hearing and noted all information and credentials presented was

very compelling. This allowed the court to see the human side and the stewardship of Watermaster. A discussion about future reporting to the court ensued. A notice of the court hearing was sent out last week and the purpose of the next hearing is to go through Program Elements 1 through 3 of the OBMP thoroughly. The court also wanted a declaration from legal counsel regarding Watermaster's reporting progress and that declaration will be sent out in advance of the April 9, hearing date. Mr. Manning offered comment about court transcripts from the new court.

2. Dry Year Yield Agreement

Counsel Slater stated the agreement with Metropolitan Water District (MWD) regarding the Dry Year Yield Expansion of the 100,000 acre-foot account needs to be executed by September, 2009; due to the arrangement between MWD and Inland Empire Utilities Agency (IEUA) with regard to the LRP Funding for the desalters. One of the conditions for the expansion was that agreement then gets executed by September, 2009. Staff has asked IEUA to prepare an application for that storage account along with the submitting of it. Once the draft agreement is ready, it will go through the Watermaster process for approval.

3. Non-Agricultural Pool Water Auction

Counsel Slater stated this item was on the agenda last month and was discussed in great detail; this is a non action item. Since the last set of meetings counsel has been talking with Western Municipal Water District (WMWD). Currently the understanding from WMWD is that they are not interested in the entire 36,000 acre-feet of water. The proposed agreement that has been distributed assumed that WMWD would be the base bidder for the entire amount and would be bidding on the 36,000 acre-feet of water; however, that has now changed and counsel is now looking at ways to restructure the deal accordingly. One option is to divide the 36,000 acre-feet into four buckets of 9,000 acre-feet each; WMWD has indicated they would be more inclined to participate in smaller acre-foot breakdown. Mr. Vanden Heuvel commented on this item which he had only heard about last month. Mr. Vanden Heuvel offered comments on the possible ramifications on this large amount of water and money, including potential policy implications for the Watermaster. Mr. Vanden Heuvel stated he has several questions and Counsel Slater stated the Board is at any time completely within its rights providing leadership guidance to staff and counsel as to things that are working its way through the process. A series of questions were presented to staff and counsel and a lengthy discussion regarding current water obligations, replenishment water availability and cost, analysis of current water availability trends, the export of the water that will possibly be auctioned, storage and recovery account, and broad public benefit ensued. Counsel Slater discussed the differences between a onetime annual purchase of this water versus the benefits of selling the water to the highest possible bidder. A discussion on how this water is going to be marketed for bid ensued. It was noted this item will be discussed in closed session on the March agenda.

B. ENGINEERING REPORT

1. Wildermuth Environmental Engineering Update

Mr. McCarthy stated the Hydraulic Control and Monitoring Report is what they are working on now and it is on schedule for April 15, 2009 delivery to the Regional Board. Wildermuth Environmental is also working on the State of the Basin Report and this is on schedule for completion by the end of this fiscal year. With regard to the Recharge Master Plan work, meetings have taken place with consultants and all consultants have reported to be on schedule with their tasks. Mr. McCarthy stated the majority of the data has been collected for the Well Optimization work and all Appropriators that pump over 1,000 acre-feet have been contacted; data collection should be completed this month and the modeling updated in the month of March. A Recharge Master Plan Workshop has been scheduled for March 26, 2009 following the Watermaster Board meeting.

Mr. Manning introduced Andy Malone and Wen-Hsing Chaing who will be giving a presentation on the 3D presentation which was given to Judge Wade at the recent hearing. Mr. Manning noted he discussed this presentation with Mr. Wildermuth about giving the same presentation to the Advisory Committee and Watermaster Board members. Mr. Malone stated this presentation will focus more on Hydraulic Control than the one given at the recent hearing. Mr. Malone stated this presentation will be reviewing some of the modeling results that demonstrate Hydraulic Control. Mr. Malone asked the parties to think about questions to be asked about specific parts of the basin that they are interested in seeing and possibly how they would want Wildermuth to construct the 3D visualizations to demonstrate water level changes or flow directions in the model results in the future. Mr. Malone reviewed several 3D scenarios using Wildermuth's simulation model and discussed the display detail. A lengthy discussion regarding Mr. Malone's presentation, water losses, and water reduction & demand ensued.

C. FINANCIAL REPORT

1. Watermaster Budget

Mr. Manning stated staff is working with consultants on the first stages of preparing the upcoming budget. A Budget Workshop will be scheduled in April and all are invited to attend.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated the ACWA legislative conference is taking place right now but because of the Advisory and Board meetings he was not able to attend that conference. Mr. Manning stated he recently spent two days in Sacramento with Chris Frahm and Paul Bauer visiting with members of the Senate and several legislators. Meetings were scheduled with Senator Cogdill, Senator Huff, Senator Kehoe, Senator Padilla, Senator Simitian, and Senator Wolk, Assembly Members, Huffman, Caballero, Lowenthal, and Salas. These legislators are members of the respective water committees. Mr. Manning stated they also met with Assembly Members Curren-Price, Duvall, Huber, and with SWRCB member Baggett; it was a very busy two days. Now that the state budget is resolved, water issues generally, and groundwater specifically, are front and center in the Capitol. While there is significant disagreement on the timing and components of a water bond and Delta fix, a lot of ideas will be on the table Friday, which is the bill introduction deadline. Mr. Manning stated he will be scheduling another round of legislative visits in March.

2. Recharge Update

Mr. Manning stated the most current Recharge update is available on the back table. Mr. Manning stated there have been some significant storms in February and in working with IEUA there has been a lot of effort to capture as much storm water as possible. Mr. Manning commented on the San Sevaine basin # 5, with regard to one of the berms that needed strengthening and hardening that blew out in the recent storm and crews have been working with sand bags trying to fortify that broken berm.

3. Fontana Barrier Study

Mr. Manning stated Watermaster has been asked to act as the project manager for a study that will look at whether or not water is moving across the Rialto/Colton barrier into the Chino Basin. Mr. Manning has spoken to the parties who are involved in this study and have indicated there is an interest for Watermaster to act as the project manager under two conditions; 1) it does not cost Watermaster any money, and 2) will be granted accessibility to the data collected to use in our modeling. Final dialog or any agreements have not yet taken place or been presented. A brief discussion regarding this matter ensued. Mr. Manning stated they are interested in having Watermaster as a disinterested party to handle all of the data. Mr. Pak will be the project manager and will handle the administrative issues and Joe LeClaire will handle the scientific issues from Wildermuth; those salaries

and time would be covered by that project. Fred Fudacz representing Fontana Water Company was the person who approached Watermaster regarding this study and additional discussions are scheduled. Mr. Manning noted this study will also help greatly in our modeling efforts.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. COMMITTEE MEMBER COMMENTS

Mr. Curatalo commented on the amount of time between the Advisory Committee meeting and the Watermaster Board meeting.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

No comment was made regarding this item.

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
March 17, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA
March 26, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
March 26, 2009	9:00 a.m.	Advisory Committee Meeting
March 26, 2009	11:00 a.m.	Watermaster Board Meeting
April 9, 2009	9:30 a.m.	Chino Basin Watermaster Hearing, San Bernardino Court
April 14, 2009	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
April 21, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA
April 23, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
April 23, 2009	9:00 a.m.	Advisory Committee Meeting
April 23, 2009	11:00 a.m.	Watermaster Board Meeting

The Watermaster Board meeting was dismissed by Chair Willis at 12:15 p.m.

Secretary: _____

Minutes Approved: _____

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

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





CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: March 12, 2009
March 17, 2009
March 26, 2009

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report

SUMMARY

Issue – Record of cash disbursements for the month of February 2009.

Recommendation – Staff recommends the Cash Disbursements for February 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 February 2009 were \$990,014.67. The most significant expenditures during the month were Inland Empire Utilities Agency in the amount of \$518,986.00, Wildermuth Environmental Inc. in the amount of \$215,630.72, and Brownstein Hyatt Farber Schreck in the amount of \$89,721.96.

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
February 2009

Type	Date	Num	Name	Amount
Feb 09				
Bill Pmt -Check	2/3/2009	13002	AMERICAN GROUND WATER TRUST	-250.00
Bill Pmt -Check	2/3/2009	13003	BLACK & VEATCH CORPORATION	-11,925.00
Bill Pmt -Check	2/3/2009	13004	BOWCOCK, ROBERT	-125.00
Bill Pmt -Check	2/3/2009	13005	CITY OF RIALTO	-40.00
Bill Pmt -Check	2/3/2009	13006	CLARK PLUMBING SPECIALTIES, INC.	-1,117.65
Bill Pmt -Check	2/3/2009	13007	COMPUTER NETWORK	-932.04
Bill Pmt -Check	2/3/2009	13008	DIRECTV	-76.98
Bill Pmt -Check	2/3/2009	13009	EMPIRE CLEANING SUPPLY	-45.88
Bill Pmt -Check	2/3/2009	13010	KONICA MINOLTA BUSINESS SOLUTIONS	-330.92
Bill Pmt -Check	2/3/2009	13011	KUHN, BOB	-250.00
Bill Pmt -Check	2/3/2009	13012	MWH LABORATORIES	-640.00
Bill Pmt -Check	2/3/2009	13013	OFFICE DEPOT	-237.08
Bill Pmt -Check	2/3/2009	13014	QUILL	-138.19
Bill Pmt -Check	2/3/2009	13015	R&D PEST SERVICES	-85.00
Bill Pmt -Check	2/3/2009	13016	STATE COMPENSATION INSURANCE FU...	-1,094.96
Bill Pmt -Check	2/3/2009	13017	TLC STAFFING	-488.00
Bill Pmt -Check	2/3/2009	13018	VANDEN HEUVEL, GEOFFREY	-125.00
Bill Pmt -Check	2/3/2009	13019	VISION SERVICE PLAN	-62.19
Bill Pmt -Check	2/3/2009	13020	WHITEHEAD, MICHAEL	-125.00
Bill Pmt -Check	2/3/2009	13021	WILLIS, KENNETH	-250.00
Bill Pmt -Check	2/3/2009	13022	YUKON DISPOSAL SERVICE	-142.88
Bill Pmt -Check	2/4/2009	13023	AMERICAN WATER WORKS ASSOCIATI...	-198.00
Bill Pmt -Check	2/4/2009	13024	CALIFORNIA PUBLIC EMPL RETIREMEN...	-200.00
Bill Pmt -Check	2/4/2009	13025	CITISTREET	-1,300.00
Bill Pmt -Check	2/4/2009	13026	COMPUTER NETWORK	-1,276.84
Bill Pmt -Check	2/4/2009	13027	HSBC BUSINESS SOLUTIONS	-739.48
Bill Pmt -Check	2/4/2009	13028	JAMES JOHNSTON	-975.00
Bill Pmt -Check	2/4/2009	13029	LOS ANGELES TIMES	-46.40
Bill Pmt -Check	2/4/2009	13030	MYRON L COMPANY	-312.21
Bill Pmt -Check	2/4/2009	13031	PARK PLACE COMPUTER SOLUTIONS, I...	-4,875.00
Bill Pmt -Check	2/4/2009	13032	PAYCHEX	-321.95
Bill Pmt -Check	2/4/2009	13033	PREMIERE GLOBAL SERVICES	-810.86
Bill Pmt -Check	2/4/2009	13034	QUILL	-175.63
Bill Pmt -Check	2/4/2009	13035	RAUCH COMMUNICATION CONSULTAN...	-6,824.16
Bill Pmt -Check	2/4/2009	13036	SAFETY CLEAN JANITORIAL SERVICES	-590.00
Bill Pmt -Check	2/4/2009	13037	TLC STAFFING	-480.00
Bill Pmt -Check	2/4/2009	13038	VANDEN HEUVEL, GEOFFREY	-250.00
Bill Pmt -Check	2/4/2009	13039	VERIZON	-402.95
Bill Pmt -Check	2/4/2009	13040	W.C. DISCOUNT MOBILE AUTO DETAILI...	-75.00
Bill Pmt -Check	2/5/2009	13041	INLAND EMPIRE UTILITIES AGENCY	-518,986.00
General Journal	2/7/2009	09/02/03	PAYROLL	-7,624.24
General Journal	2/7/2009	09/02/03	PAYROLL	-27,056.44
Bill Pmt -Check	2/11/2009	13042	ASSOCIATION OF GOVERNMENT ACCO...	-74.00
Bill Pmt -Check	2/11/2009	13043	BANC OF AMERICA LEASING	-3,186.17
Bill Pmt -Check	2/11/2009	13044	CINDY NAVAROLI CONSULTING SERVIC...	-900.00
Bill Pmt -Check	2/11/2009	13045	COMPUTER NETWORK	-19.40
Bill Pmt -Check	2/11/2009	13046	g.Neil	-54.99
Bill Pmt -Check	2/11/2009	13047	INLAND EMPIRE UTILITIES AGENCY	-40.00
Bill Pmt -Check	2/11/2009	13048	QUILL	-72.55
Bill Pmt -Check	2/11/2009	13049	REID & HELLYER	-9,860.82
Bill Pmt -Check	2/11/2009	13050	SAFEGUARD DENTAL & VISION	-57.68
Bill Pmt -Check	2/11/2009	13051	SANTA ANA WATERSHED PROJECT AU...	-3,327.00
Bill Pmt -Check	2/11/2009	13052	THE STANDARD INSURANCE COMPANY	-156.56
Bill Pmt -Check	2/11/2009	13053	UNION 76	-67.24
Bill Pmt -Check	2/11/2009	13054	UNITED PARCEL SERVICE	-99.91
Bill Pmt -Check	2/11/2009	13055	WESTERN DENTAL SERVICES, INC.	-26.50
Bill Pmt -Check	2/11/2009	13056	WILDERMUTH ENVIRONMENTAL INC	-215,630.72
Bill Pmt -Check	2/11/2009	13057	BETTY J. KELLEY, C.S.R.	-1,650.00
Bill Pmt -Check	2/11/2009	13058	MWH LABORATORIES	-10,634.00
Bill Pmt -Check	2/11/2009	13059	TELECOM SERVICES	-1,139.92
Check	2/12/2009	13060	SOCAL SANDBAGS	-9,922.50
Bill Pmt -Check	2/13/2009	13061	SANTA ANA WATERSHED PROJECT AU...	-9,625.00
Bill Pmt -Check	2/19/2009	13062	PETTY CASH	-564.00
General Journal	2/21/2009	09/02/05	PAYROLL	-7,689.29
General Journal	2/21/2009	09/02/05	PAYROLL	-27,226.61
Bill Pmt -Check	2/26/2009	13063	A & R TIRE	-146.41
Bill Pmt -Check	2/26/2009	13064	ACWA SERVICES CORPORATION	-209.95
Bill Pmt -Check	2/26/2009	13065	BANK OF AMERICA	-2,085.63

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
February 2009

Type	Date	Num	Name	Amount
Bill Pmt -Check	2/26/2009	13066	BROWNSTEIN HYATT FARBER SCHRECK	-89,721.96
Bill Pmt -Check	2/26/2009	13067	COMPUTER NETWORK	-190.59
Bill Pmt -Check	2/26/2009	13068	FIRST AMERICAN REAL ESTATE SOLUTI...	-125.00
Bill Pmt -Check	2/26/2009	13069	INLAND EMPIRE UTILITIES AGENCY	-250.50
Bill Pmt -Check	2/26/2009	13070	MCI	-1,169.95
Bill Pmt -Check	2/26/2009	13071	OFFICE DEPOT	-85.02
Bill Pmt -Check	2/26/2009	13072	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	2/26/2009	13073	QUILL	-31.66
Bill Pmt -Check	2/26/2009	13074	STAULA, MARY L	-136.61
Bill Pmt -Check	2/26/2009	13075	TLC STAFFING	-1,008.00
Bill Pmt -Check	2/26/2009	13076	VERIZON WIRELESS	-683.00
Bill Pmt -Check	2/26/2009	13077	W.C. DISCOUNT MOBILE AUTO DETAILI...	-40.00
Feb 09				-990,014.67

3:38 PM
03/05/09

CHINO BASIN WATERMASTER
Check Detail
February 2009

Type	Num	Date	Name	Account	Paid Amount
Bill Pmt -Check	13065	2/26/2009	BANK OF AMER...	1012 · Bank of America Gen'l Ckg	
Bill	4024...	1/31/2009		6191 · Conferences	-618.40
				6212 · Meeting Expense	-243.51
				6312 · Meeting Expenses	-347.46
				6141.3 · Admin Meetings	-29.37
				6112 · Subscriptions/Publications	-209.00
				6111 · Membership Dues	-110.00
				8412 · Meeting Expenses	-193.90
				6031.7 · Other Office Supplies	-165.84
				6192 · Training & Seminars	-50.00
				6909.1 · OBMP Meetings	-118.15
TOTAL					-2,085.63

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE
 PERIOD JULY 1, 2008 THROUGH JANUARY 31, 2009

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL APPROPRIATIVE	POOL AGRICULTURAL NON-AGRIC.	POOL REPLENISHMENT	GROUNDWATER SB222 FUNDS	GROUNDWATER REPLENISHMENT FUNDS	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2008-2009
Administrative Revenues			7,993,307						8,166,124	\$7,841,054
Administrative Assessments			54,254	6,258		172,817		18	61,858	174,368
Interest Revenue						1,328				148,410
Mutual Agency Project Revenue										0
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	398,374								398,374	619,960
Watermaster Board-Advisory Committee	34,444								34,444	61,201
Pool Administration		832,496	13,052	76,508	2,891				92,451	166,523
Optimum Basin Mgmt Administration		3,385,847							832,496	1,913,484
OBMP Project Costs									3,385,847	5,392,289
Education Funds Use										375
Mutual Agency Project Costs										10,000
Total Administrative/OBMP Expenses	432,818	4,218,343	13,052	76,508	2,891				4,743,612	8,163,832
Net Administrative/OBMP Income	(432,818)	(4,218,343)								
Allocate Net Admin Income To Pools	432,818		324,637	97,348	10,833					
Allocate Net OBMP Income To Pools		4,218,343	3,163,983	948,775	105,586					
Agricultural Expense Transfer			1,101,424	(1,101,424)						
Total Expenses	4,603,096	21,206	4,603,096	21,206	119,310				4,743,612	8,163,832
Net Administrative Income	3,444,465	(14,948)	3,444,465	(14,948)	54,835			18	3,484,370	-
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			3,444,465	(14,948)	54,835			18	9,922,013	-
Working Capital, July 1, 2008			5,413,216	481,995	143,157		158,251	1,343	6,492,359	
Working Capital, End Of Period			8,857,681	467,047	197,992		158,251	1,361	16,414,372	
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%	

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
JANUARY 1 THROUGH JANUARY 31, 2009**

DEPOSITORIES:			
Cash on Hand - Petty Cash		\$	500
Bank of America			
Governmental Checking-Demand Deposits		\$	54,535
Zero Balance Account - Payroll			54,535
Local Agency Investment Fund - Sacramento			<u>15,540,455</u>
TOTAL CASH IN BANKS AND ON HAND	1/31/2009	\$	15,595,490
TOTAL CASH IN BANKS AND ON HAND	12/31/2008		<u>9,259,896</u>
PERIOD INCREASE (DECREASE)		\$	<u>6,335,594</u>

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets:	Accounts Receivable	\$	(154,459)
	Assessments Receivable		7,750,903
	Prepaid Expenses, Deposits & Other Current Assets		(9,855)
(Decrease)/Increase in Liabilities	Accounts Payable		(160,949)
	Accrued Payroll, Payroll Taxes & Other Current Liabilities		(163)
	Transfer to/(from) Reserves		<u>(1,089,883)</u>
	PERIOD INCREASE (DECREASE)	\$	<u>6,335,594</u>

SUMMARY OF FINANCIAL TRANSACTIONS:

	12/31/2008	1/31/2009	Period Increase (Decrease)
Balances as of	\$ 500	\$ 54,535	\$ 54,035
Deposits	-	7,741,049	7,741,049
Transfers	-	(7,368,455)	(7,368,455)
Withdrawals/Checks	-	(1,337,000)	(1,337,000)
	\$ 500	\$ 15,540,455	\$ 15,540,455
	\$ -	\$ (964,406)	\$ (964,406)
PERIOD INCREASE OR (DECREASE)			<u>6,335,594</u>

	<u>Jul '08 - Jan 09</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	0	148,410	-148,410	0.0%
4110 · Admin Asmnts-Approp Pool	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%
Total Income	<u>8,227,982</u>	<u>8,163,832</u>	<u>64,150</u>	<u>100.79%</u>
Gross Profit	8,227,982	8,163,832	64,150	100.79%
Expense				
6010 · Salary Costs	334,086	484,302	-150,216	68.98%
6020 · Office Building Expense	50,373	102,000	-51,627	49.39%
6030 · Office Supplies & Equip.	13,330	46,500	-33,170	28.67%
6040 · Postage & Printing Costs	39,528	87,380	-47,852	45.24%
6050 · Information Services	78,115	144,000	-65,885	54.25%
6060 · Contract Services	56,484	98,000	-41,516	57.64%
6080 · Insurance	15,706	17,730	-2,024	88.58%
6110 · Dues and Subscriptions	11,336	16,750	-5,415	67.68%
6140 · WM Admin Expenses	895	4,000	-3,105	22.39%
6150 · Field Supplies	864	2,500	-1,636	34.54%
6170 · Travel & Transportation	15,772	39,200	-23,428	40.24%
6190 · Conferences & Seminars	18,113	26,500	-8,387	68.35%
6200 · Advisory Comm - WM Board	9,174	19,181	-10,007	47.83%
6300 · Watermaster Board Expenses	25,270	42,020	-16,750	60.14%
8300 · Appr PI-WM & Pool Admin	13,052	24,008	-10,956	54.37%
8400 · Agri Pool-WM & Pool Admin	12,146	24,820	-12,674	48.93%
8467 · Ag Legal & Technical Services	59,663	98,000	-38,337	60.88%
8470 · Ag Meeting Attend -Special	4,700	12,000	-7,300	39.17%
8500 · Non-Ag PI-WM & Pool Admin	2,891	7,695	-4,804	37.57%
6500 · Education Funds Use Expens	0	375	-375	0.0%
9500 · Allocated G&A Expenditures	-236,228	-448,902	212,674	52.62%
	<u>525,269</u>	<u>848,059</u>	<u>-322,790</u>	<u>61.94%</u>
6900 · Optimum Basin Mgmt Plan	762,182	1,845,421	-1,083,239	41.3%
6950 · Mutual Agency Projects	0	10,000	-10,000	0.0%
9501 · G&A Expenses Allocated-OBMP	70,314	137,959	-67,645	50.97%
	<u>832,496</u>	<u>1,993,380</u>	<u>-1,160,884</u>	<u>41.76%</u>
7101 · Production Monitoring	79,041	107,515	-28,474	73.52%
7102 · In-line Meter Installation	31,054	87,931	-56,877	35.32%
7103 · Grdwtr Quality Monitoring	111,437	210,458	-99,021	52.95%
7104 · Gdwtr Level Monitoring	245,179	342,538	-97,359	71.58%
7105 · Sur Wtr Qual Monitoring	2,433	46,717	-44,284	5.21%

	<u>Jul '08 - Jan 09</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7107 · Ground Level Monitoring	143,220	651,468	-508,248	21.98%
7108 · Hydraulic Control Monitoring	301,667	743,476	-441,809	40.58%
7200 · PE2- Comp Recharge Pgm	1,317,651	1,185,883	131,768	111.11%
7300 · PE3&5-Water Supply/Desalte	57,498	148,477	-90,979	38.73%
7400 · PE4- Mgmt Plan	143,303	217,371	-74,068	65.93%
7500 · PE6&7-CoopEfforts/SaltMgmt	28,843	76,411	-47,568	37.75%
7600 · PE8&9-StorageMgmt/Conj Use	246,713	76,909	169,804	320.79%
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	165,914	310,943	-145,029	53.36%
	<u>3,385,847</u>	<u>5,322,393</u>	<u>-1,936,546</u>	<u>63.62%</u>
Total Expense	<u>6,101,377</u>	<u>11,005,271</u>	<u>-4,903,894</u>	<u>55.44%</u>
Net Ordinary Income	2,126,604		2,126,604	100.0%
Other Income/Expense				
Other Income				
4210 · Approp Pool-Replenishment	6,427,596			
4220 · Non-Ag Pool-Replenishment	10,047			
Total Other Income	<u>6,437,643</u>			
Other Expense				
9999 · To/(From) Reserves	9,922,012			
Total Other Expense	<u>9,922,012</u>			
Net Other Income	<u>-3,484,369</u>			
Net Income	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>



CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

A. PERS RETIREMENT PLAN





CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
 Chief Executive Officer

Staff Report

DATE: March 26, 2009
TO: Board Members
FROM: Kenneth Manning/CEO
SUBJECT: PERS amendment

Issue:

Staff recommends that the Watermaster Board of Directors adopt Resolution 09-04 declaring its intent to change the Public Employee Retirement (PERS) formula to from 2.0% at 55 to 2.5% at 55.

Discussion and Background:

Currently the Watermaster offers a PERS retirement benefit of 2% at 55. Nearly all of the other agencies in the Watermaster service area offer a PERS benefit of at least 2.5% at 55 as indicated below. In order to recognize the contribution that staff make to the organization, and to remain competitive in the Watermaster service area, staff recommends adopting the change in retirement benefits to 2.5% at 55 as of July 1, 2009. This change will cover all current and future employees, but will not cover employees that have retired as of the adoption date.

MEMBER AGENCIES	RETIREMENT PLAN
City of Chino	2.7% at 55
City of Chino Hills	2.0% at 55
Cucamonga Valley Water District	2.7% at 55
Inland Empire Utilities Agency	2.5% at 55
Jurupa Community Services District	2.7% at 55
Monte Vista Water District	2.5% at 55
City of Norco	2.7% at 55
City of Ontario	2.5% at 55
City of Pomona	2.0% at 55
City of Upland	2.5% at 55

A recent PERS report has determined that a change from 2.0% to 2.5% would only increase the Watermaster employer contribution rate by 2% and the employee contribution rate by 1%, for a total increase of 3% of payroll. At the Personnel Committee meeting on March 2, 2009, it was the recommendation of the committee to process the plan amendment provided Watermaster staff pay the cost of the 3% from their respective payroll. PERS requires that Watermaster staff hold a secret ballot election to determine if staff approves of the change.

On March 11, 2009 the employees voted unanimously in a secret ballot election in favor of amending the Public Employee Retirement (PERS) retirement contract from a 2.0% at 55 to a 2.5% at 55 formula, agreeing that the increase in the employee PERS rate caused by the amendment will be fully paid by the employees (approximately 3% of annual salary). The next step in this process is to hold a public hearing where the Board will vote on the resolution of intent to adopt the PERS amendment. A board adopted resolution of intent is required by PERS to process the plan amendment.

Recommendation:

Staff recommends that the Watermaster Board of Directors adopt Resolution 09-04 declaring a resolution of intent to amend the PERS formula from 2.0% at 55 to 2.5% at 55.

Fiscal Impact:

The fiscal impact of this change is a 2% increase in the employee PERS rate and a 1% increase in the employer PERS rate. As recommended, the staff will assume the entire 3% of the cost related to this amendment to the plan. The estimated annual cost is less than \$30,000 based on current salary levels.

RESOLUTION 09-04

RESOLUTION OF INTENT TO APPROVE AN AMENDMENT TO CONTRACT
BETWEEN THE BOARD OF ADMINISTRATION, CALIFORNIA PUBLIC EMPLOYEES'
RETIREMENT SYSTEM, AND THE BOARD OF THE CHINO BASIN WATERMASTER

WHEREAS, The Public Employees' Retirement Law permits the participation of public agencies and their employees in the Public Employees' Retirement System by the execution of a contract, and sets forth the procedure by which said public agencies may elect to subject themselves and their employees to amendments to said Law; and

WHEREAS, one of the steps in the procedures to amend this contract is the adoption by the governing body of the public agency of a resolution of intent to approve an amendment to said contract, which resolutions shall contain a summary of the change proposed in said contract; and

WHEREAS, the following is a statement of the proposed change:

To provide a PERS benefit of 2.5% at 55 for local miscellaneous members.

NOW, THEREFORE, BE IT RESOLVED, that the Chino Basin Watermaster governing body does hereby approve a resolution of intent to approve an amendment to the contract between said public agency and the Board of Administration of the Public Employees' Retirement System.

ADOPTED by the Watermaster Board on this 26th day of March 2009.

APPROVED:

Chairman, Watermaster Board
Chino Basin Watermaster

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. 09-04, was adopted at a regular meeting of the Chino Basin Watermaster Board by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Board Secretary
Chino Basin Watermaster

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION



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. MWD Ordinance Requirements for Extraordinary Conservation Programs
6. Monthly Water Conservation Programs and Imported Water Deliveries/DYY Report
7. Recycled Water Newsletter
8. State and Federal Legislative Reports
9. Community Outreach/Public Relations Report



CHINO BASIN WATERMASTER

ADVISORY COMMITTEE

March 26, 2009

AGENDA

INTERAGENCY WATER MANAGERS' REPORT

Chino Basin Watermaster

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

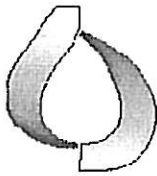
Discussion Items:

- MWD Water Supply Allocation Update (oral)
- IEUA's Draft Drought Allocation Plan Update (oral)
- Dry Year Yield Program & Expansion Update (oral)
- Peace II CEQA Update (written)
- MWD Ordinance Requirements for Extraordinary Conservation Programs (written)

Written Items:

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

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION



Inland Empire
UTILITIES AGENCY

Memorandum

DATE: March 18, 2009

TO: CBWM Advisory Committee (3/26/09)

FROM: Marv Shaw, Manager of Planning & Water Resources

SUBJECT: DRAFT PEACE II CEQA Schedule

(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. (COMPLETE)

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

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

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

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.

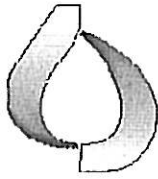
5/28/09—End of 45-day public review period.

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

7/1/09—IEUA Board adoption.

-end-

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION



Inland Empire
UTILITIES AGENCY

Memorandum

DATE: March 18, 2009

TO: CBWM Advisory Committee (3/26/09)

FROM: Marv Shaw, Manager of Planning & Water Resources

SUBJECT: MWD Ordinance Requirements For Extraordinary Conservation Programs
– Update & Background Information

Update

This is an update of the status of IEUA member agencies' compliance with The Metropolitan Water District of Southern California (MWD) Extraordinary Conservation Program - Ordinance requirement. To be eligible for Public Sector, Turf Removal and MWD Enhanced and Innovative Grant program funding, IEUA member agencies must comply with new requirements which are summarized below.

As of this time, the cities of Upland and Chino Hills fully comply; the City of Ontario and Cucamonga Valley Water District have re-submitted their compliance paperwork to MWD and are anticipating approval. On March 22, the Monte Vista Water District (MVWD) Board of Directors is scheduled consider adoption of a "Stage 2 Drought Level." If adopted, MVWD staff will re-submit compliance paperwork to MWD and come into compliance. The City of Chino, Fontana Water Company and San Antonio Water Company are all progressing with the objective of coming into compliance with MWD's requirement by July 2009.

Background Information

To be eligible to receive MWD Extraordinary Conservation Program funding for the Public Sector, Turf Removal and the Enhanced and Innovative Grant Program, IEUA member agencies must satisfy MWD requirements through one of the following three options:

Option 1-Full Compliance

Full compliance requires adoption of an Ordinance that includes the following provisions:

- 1) Prohibited water uses
 - a. No washing down of hard or paved surfaces
 - b. Fix leaks within reasonable time
- 2) Outdoor irrigation practices
 - 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

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.

-end-

Water Resources and Conservation Programs

Monthly Report

FEBRUARY 2009 (REPORTING JANUARY 2009 DATA)

Highlights

California Water Supply News...Page 1

MWD and IEUA Drought Actions...Page 2

IEUA Water Supply Programs...Page 2

Conservation Programs...Page 3

Rebate Programs...Page 5

Calendar of Events ..Page 7

Imported Water Deliveries...Page 8

California Water Supply News



On February 20th, DWR announced this year's State Water Project allocation will remain at 15 percent of SWP contractors' requests. The decision was made because, despite recent storms, reservoir levels are low and statewide precipitation is still below normal. The January snow survey puts average snow water content in the Sierras at 61% of normal for this time of year.

Recent regulatory actions related to fish populations in the Bay-Delta have also severely impacted the water supply. Additional restrictions are expected soon for longfin smelt, which was recommended for listing as threatened in early February and for salmon and steelhead, which will be the subject of a new Biological Opinion in March.

At the request of DWR, IEUA is hosting the Southern California Drought Planning Workshop on March 23rd. As a former member of the Governor's Drought Planning Task Force, Rich Atwater will lead the discussion on the activities in Southern California to implement drought contingency plans.

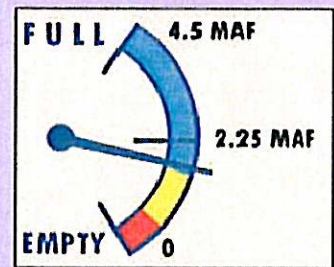
MWD and IEUA Drought Actions

MWD estimates there is now a 75% chance it will implement its Water Supply Allocation Plan (WSAP) at its April 14th Board meeting. If implemented, the WSAP would take effect 7/1/09 and extend through 6/30/10.

On February 4th, the IEUA Board held a public hearing to consider the draft "Strawman" IEUA Drought Plan and to hear questions and comments concerning the plan. IEUA will hold a public hearing to discuss the final version of the Drought Plan on April 1st and final IEUA Board action to adopt the plan is scheduled for April 15th.

At IEUA's monthly Drought Planning Meeting on February 18th, water supply agencies discussed the following topics: proposed modifications to the draft Strawman Drought Plan; anticipated changes by MWD to the WSAP water supply allocation formula; and a drought communications strategy (developed in coordination with conservation coordinators). A workgroup was formed to review and verify the accuracy of data and to further review proposed modifications. The group agreed to defer IEUA Board action on the plan until April.

MWD Water Reserves in Storage (1.8 MAF)



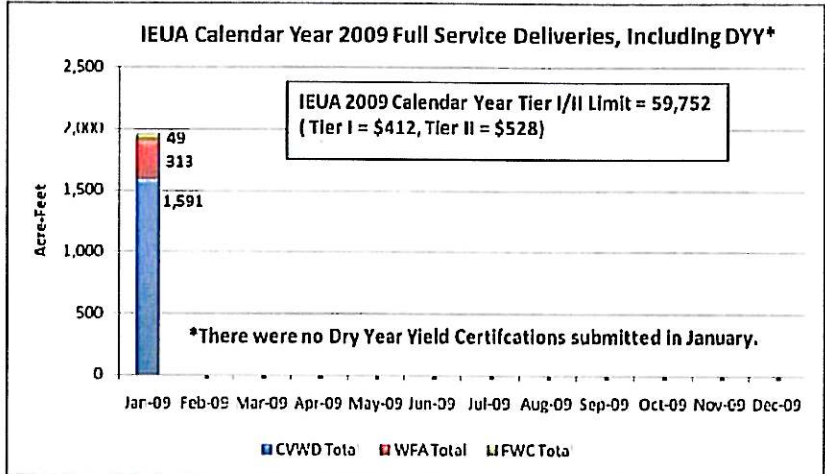
IEUA Water Supply Programs

Imported Water Deliveries

For the month of January, IEUA purchased 1,953 AF of Tier I water.

Dry Year Yield Program (DYY)

IEUA retail agencies are on track to meet their DYY Program obligations for the year ending in April 2009. DYY participants have certified they have pumped 25,354 AF (82% of IEUA's obligation of 31,000 AF) from the groundwater storage account. MWD imported water deliveries have been reduced by 20,434 AF (66% of IEUA's obligation of 31,000 AF).



DYY Program Expansion

Draft term sheets and deal points were distributed at the January monthly DYY Operating Committee Meeting. Representatives of IEUA, Three Valley Water Municipal Water District (TVMWD) and Western Municipal Water District (Western) are meeting with MWD representatives to begin development of an agreement. DYY participants have until September 2009 to negotiate a final agreement including funding with MWD for the expansion of the program. As part of the DYY Expansion program, a Groundwater Storage Agreement will need to be submitted to Chino Basin Watermaster and receive approval from their Board. The stakeholders have until September 2009 to complete the final agreement.



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 January, there was 21,225 AFY of connected capacity, with another 6,000 AFY expected over the next 6 months.



Chino Desalter Authority (CDA)

This fiscal year, the two desalters have produced 16,121.3 AF of water (of which 8,898 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

Inland Empire Landscape Alliance

The regional model "Chino Basin Water Efficient Landscape Ordinance" was completed and adopted by the Inland Empire Landscape Alliance Board unanimously on February 12th. The technical committee received high praise for their work, with the Board Members called out the significance of speaking with one regional voice on the importance of water efficiency landscaping. The Board also approved participation in a grant proposal by the Water Resources Institute to develop a web-based planning tool that will assist the public in developing landscape water budgets and water efficient landscape designs.



AB 1420 Compliance Requirements

Effective January 1st, water agencies must comply with the requirements of AB 1420 in order to be eligible to receive state grants and loans. IEUA's compliance with AB 1420 is confirmed at the regional level and IEUA is working together with individual agencies to ensure compliance of each agency at the retail level. In general, this requires an agency to implement water conservation Best Management Practices (BMPs) or otherwise achieve equivalent water savings.

MWD Conservation Ordinance Requirement

MWD's new conservation ordinance requirement became effective January 1st, which affects agencies' eligibility to receive Phase II-Public Sector Program, Turf Removal Program, and MWD Enhanced and Innovative Grants Program funding. To be eligible for the funding, agencies must either adopt an ordinance that meets MWD's requirements, commit to adopt an appropriate ordinance by July 1, 2009, or achieve an equivalent level of water savings.

Conservation Legislation

Water conservation is a high priority in the current legislative session with at least four bills pending. AB 49 (Feuer/Huffman) is expected to be the legislative vehicle to implement the Governor's 20 by 2020 initiative (calling for a 20% reduction in water use by the year 2020). IEUA is keeping member agencies informed of legislative developments and working directly with stakeholders and the legislature to develop a cohesive proposal.

Landscape Audit Program

In Phase III, Chino Basin Water Conservation District has completed 96 landscape audits with a potential savings of 599 AFY. This is in addition to 1200 AFY in Phase II. There are currently 13 sites scheduled to be audited, 18 sites awaiting scheduling, and 123 release forms are waiting to be returned and processed. The MWD California Friendly Landscape Training Classes were held in January in both English and Spanish with great attendance and success. The Professional Series for Plant Classes scheduled in February have been filled to capacity.



Desert Beard Tongue

Water Wise Residential Landscape Program

Over 100 applications were received thru December 31, 2008. 95 conversions have been completed, with the cumulative area of landscape retrofitted since program inception being 120,658 sq ft. This represents an annual water savings of 17 AFY. The program has been put on hold as of December 31 and is awaiting the initiation of the new MWD Turf Buy Back Program this spring. While no new applications are being accepted, approximately 40 applications are still in the process of being converted and should be completed by June 30th.

Garden in Every School

The Garden in Every School Workshop for 2009/2010 school applications was held on February 21st. For current participating schools, irrigation supplies have been delivered to Ontario Center, Glenmeade, Jasper, and Grapeland elementary schools. Each school is coordinating trenching and irrigation installation days with their maintenance staff and parent/teacher volunteers. Ana Borba Elementary's garden location has been moved and a final design is being reviewed by Chino Valley Unified maintenance staff. Planting days are expected to begin late February to early March.



Penstemon

Water Education Water Awareness Committee (WEWAC)

WEWAC finalized budget allocations for the year. A Project Facilitator's Training Workshop will be held on March 12th in Chino Hills (see Calendar of Events) and again in October in Rancho Cucamonga. 14 schools received the EduGrant.

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.

USBR Water-Energy PAC

A study of opportunities for a combined Water and Energy Efficiency Program (WEEP) in the Commercial, Industrial, and Institutional (CII) sector is in its final draft stage and should be completed within the next three months. The U.S. Bureau of Reclamation (USBR), the California Energy Commission, and MWD are jointly sponsoring the study, which includes a review of the integrated marketing and outreach practices being implemented by energy utilities and water districts in southern California.

MWD Water Efficiency Programs

MWD Annual Programs Review Committee (PAC) –Through the annual review of its conservation program, MWD is considering changes in rebate levels for a number of conservation devices, such as high efficiency washers, and possible elimination of existing programs, such as ultra low flow toilets, within the next five years. A number of member agencies are not supportive of these recommendations.

MWD Integrated Regional Planning (IRP) Technical Workgroups – IRP technical workgroup meetings were held in February for Conservation, Stormwater/Urban runoff, Recycled Water, Ocean Desalination, and Graywater. A new timeline has been prepared calling for "draft" issue papers being prepared by April 2009 for submission to the technical oversight committee for review. The final IRP should be completed by September 2009 with adoption of the plan by the MWD Board in November 2009.

MWD High-Efficiency Washer Rebate Program- Effective January 29, 2009, MWD modified their existing high-efficiency washer rebate from \$135 to \$85 as a result of the suspension of state bond funds. This program is subsidized by a DWR Proposition 50 grant that adds an additional \$50 to each MWD rebate of \$85.

MWD Education Coordinator's Meeting- Preparations are underway for Solar Cup 2009, which will be held in May at Lake Skinner. All sponsorship checks have been delivered to participating schools. MWD has an Education Website under construction. IEUA will be hosting the Traveling Art Exhibit in June (see Calendar of Events).

Major Conservation Rebate Programs

Public/Private Sector

Table I below summarizes 3 major rebate programs sponsored by MWD for the public and private sector. Overall, 49,504 devices/rebates were issued since program inception, for an annual water savings of 3,328 acre-feet per year.

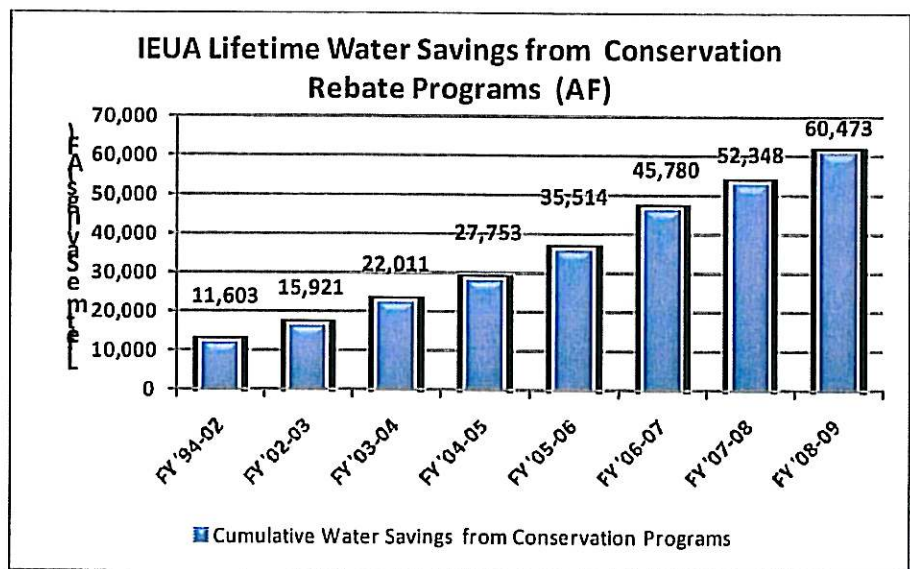


Public Agency Sector

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. No activity has occurred since October 2008 because funding was put on hold until the new MWD conservation ordinance requirement could be adopted and implemented.

Lifetime Savings

The cumulative expected lifetime water savings from water conservation devices that have been applied in the service area currently totals 60,473 acre feet. The Lifetime Water Savings graph illustrates the growth trend in water savings due to rebate and retrofit programs. It does not include the savings from public educational and outreach programs, which are difficult to quantify. Additional details on rebates and retrofits are provided in Tables I and II.



MWD Public/Private and Public Agency Rebate Programs

TABLE I—MWD Public/Private Sector Rebate Programs

Device Name	Current Fiscal Year through January '09		Since Program Inception	
	# Devices Installed	Equivalent Annual Water Savings (AFY)	Cumulative # Devices Installed	Equivalent Annual Savings (AFY)
Commercial, Industrial, Institutional Program				
High-Efficiency Clothes Washers	7	0.6	464	39.3
Multi-Family High-Efficiency Clothes Washers	5	0.4	6	0.5
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	681	29	3,102	131.8
Zero Water Urinals	60	7	1,086	133.0
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 Sprinklers	0	0	0	0
Dry Vacuum Pumps	0	0	0	0
Steam Sterilizer Retrofits	0	0	0	0
Pre-Rinse Spray Head (PRSH)	31	7.9	33	8.4
Water Broom	4	0.6	700	107.4
X-Ray Recirculation Units	0	0	11	35.2
Subtotal	878	48.8	7533	1157.7
Multi-Family Direct-Install Program				
Ultra Low-Flush Toilets	0	0	14,283	495.6
High-Efficiency Toilets	1682	71.5	1744	74.1
Subtotal	1682	71.5	16,027	569.7
Residential Program				
Ultra Low-Flush and High Efficiency Toilets	809	28.1	12,878	446.9
High-Efficiency Clothes Washers	533	45.1	10,175	860.8
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)	73	0.0	135	8.1
Water-Wise Residential Landscapes Retrofit Program (rebates)	75	0.0	95	16.9
Subtotal	1518	79.1	25,944	1690.4
TOTALS	4078	199.4	49504	3327.9

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

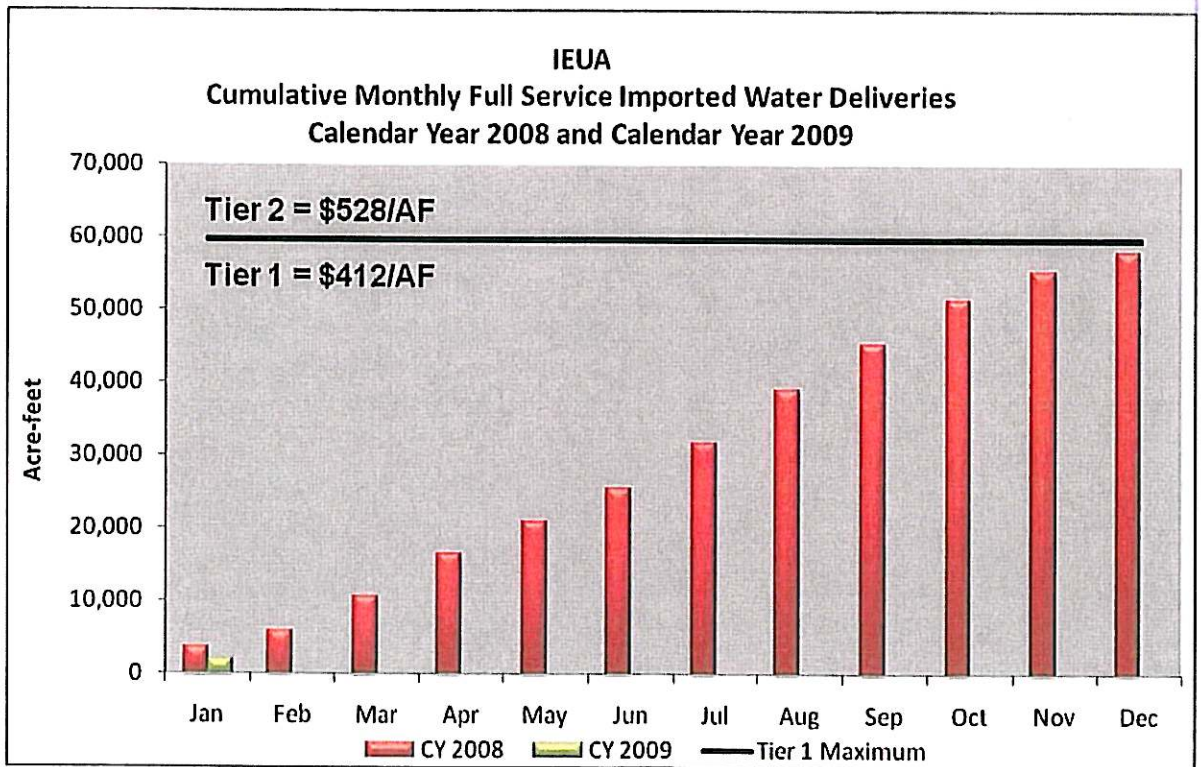
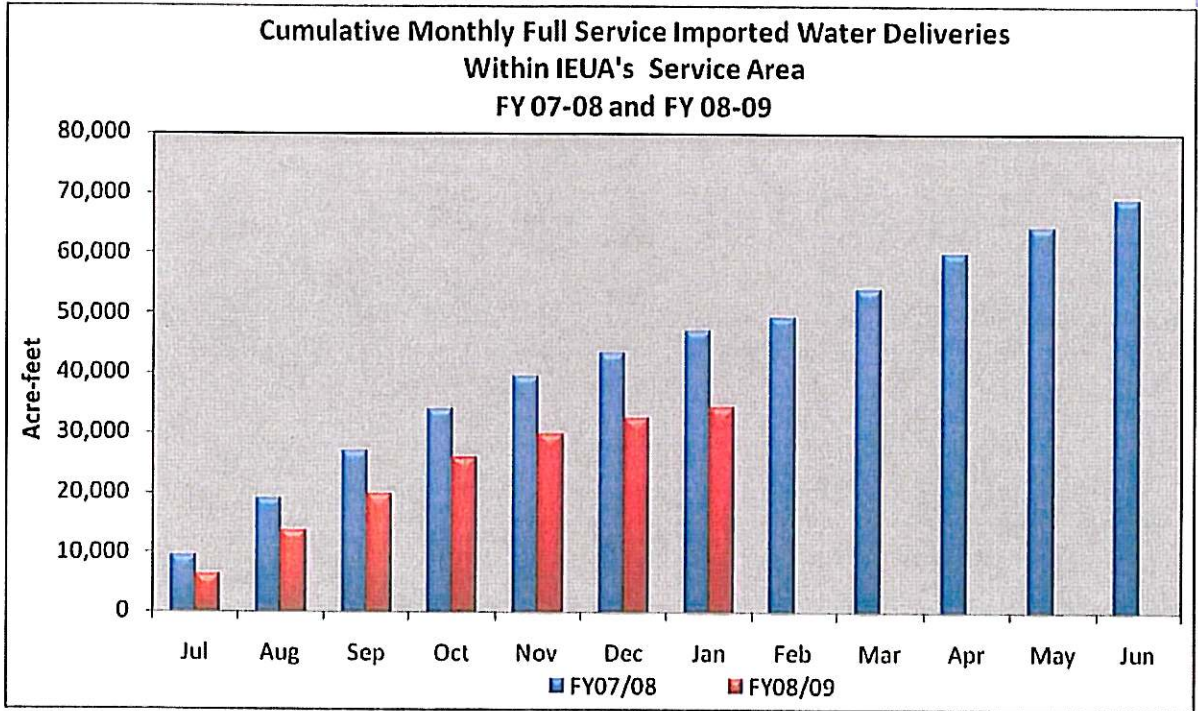
Customer	Device Quantity	Award	Annual Water Savings (AFY)	Lifetime Water Savings (AF)
City of Ontario	72	\$445,340.02	93.8	936.9
Chino Valley Unified School District (Cities of Chino, Chino Hills, Ontario)	277	\$361,375.50	123.5	1200
Cucamonga School District	10	\$10,347.13	7.7	76.9
Central School District	32	\$31,619.94	11.9	119.3
Edwards School District	39	\$125,206.38	32.2	321.8
Chaffey Joint Union School District (City of Ontario, CVWD, BVWD)	86	\$222,832.50	43.5	434.3
Monte Vista Water District	6	\$2,356.46	0.4	8.3
Alta Loma School District	22	\$36,338.62	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	\$597,425.00	199.5	1994.9
TOTALS	906	\$2,612,227	575.4	5,702

Calendar of Upcoming Events and Meetings

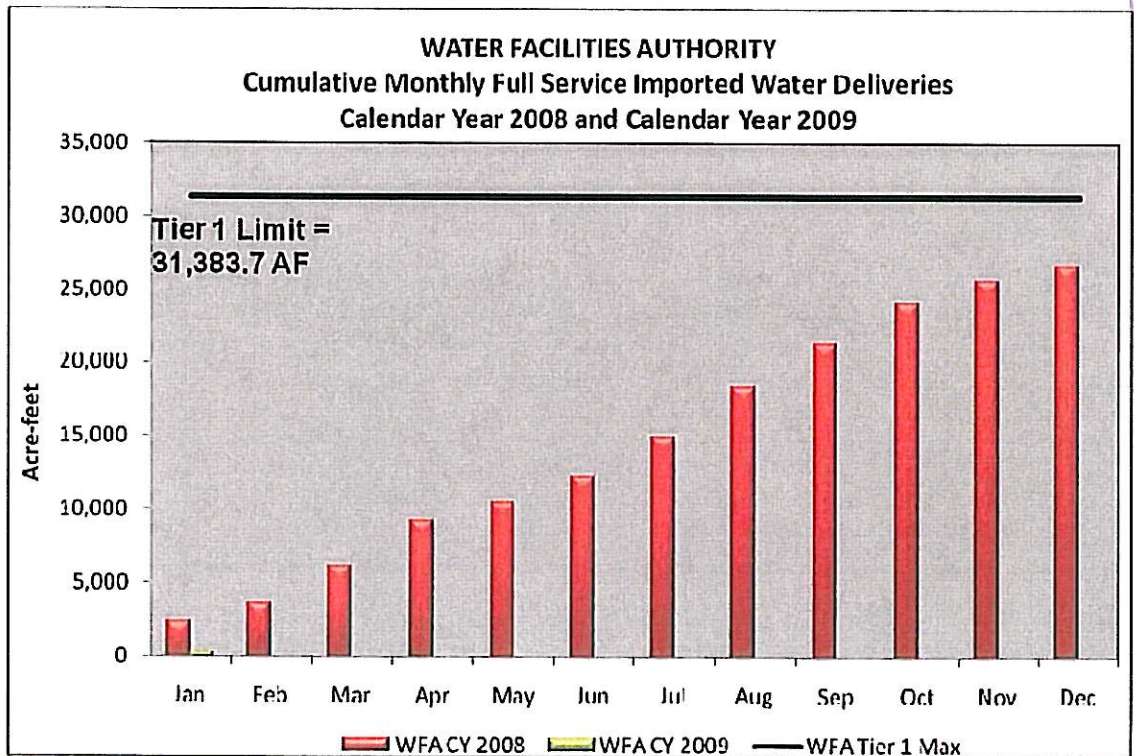
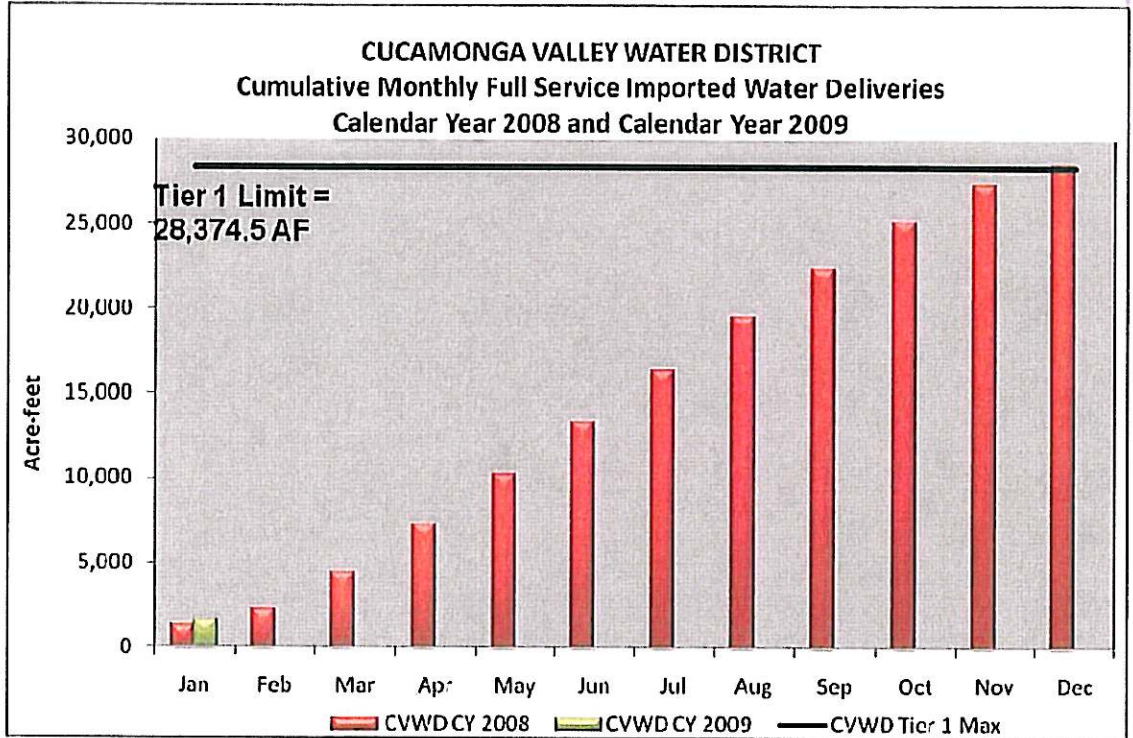
March 6, 2009	Earth Day/Arbor Day Event @ City of Chino Youth Museum, 3:00 pm
March 12, 2009	Recycled Water Site Supervisor Training
March 12, 2009	WEWAC WET Facilitator's Training Workshop @ McCoy Equestrian Center, Chino Hills, from 8:00 am-4:00 pm
March 18, 2009	BMP Tour of Chino for San Bernardino County Board of Supervisors, 1:00 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
May 17-18, 2009	Solar Cup 2009 @ Lake Skinner
Jun 15-18, 2009	IEUA hosts Traveling Water Conservation Art Exhibit, Building A Lobby



Attachment: Imported Water Deliveries



Imported Water Deliveries (Continued)



THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION



MARCH 2009

RECYCLED WATER PROGRAM NEWSLETTER

Highlights:

- 137 AFY New Recycled Water Customers Connected.....Page 2
- Funding Development/Stimulus Funding.....Page 3
- Construction of New Recycled Water Facilities.....Page 5

AGENCY UPDATES

Inland Empire Utilities Agency

Due to recent stormy weather there were no significant Recycled Water deliveries for recharge in February. The Control Structures for discharge to the San Antonio Channel (leading to Brooks Street Basin) was completed and training was held.

On another note, IEUA was selected by the California Water Environment Association (CWEA), Santa Ana River Basin Section. The Engineering Research Award of the Year for the "Optimo" Facilities Balancing and Optimization Model and also the Medium Plant of the Year award for the RP-5 Water Recycling Facility. The team that inspected RP-5 stated that they had been impressed by the efficient operation of the facility. They noted that RP-5 makes excellent use of computerized and remote control systems. The team that evaluated Optimo stated that they appreciated the increased forecasting capabilities available through Optimo to guide the development of the Agency's Ten-Year Capital Implementation Plan. Optimo is a dynamic, computerized model that represents IEUA's collection, treatment and RW system in an integrated fashion.



 **California Water Environment Association**
Protecting our water environment through education and training.

 **Inland Empire**
UTILITIES AGENCY

UPCOMING EVENTS

- Red Team Meeting (IEUA and Member Agency Implementation).....4:15pm, March 5th, 2009 at CVWD
- Recycled Water Site Supervisor Training8:00am-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 Training8:00am-12:00pm, June 11th, 2009 at IEUA
- Recycled Water Site Supervisor Training8:00am-12:00pm, September 10th, 2009 at IEUA

Recycled Water Customers and Usage Data:

Recent Connections:

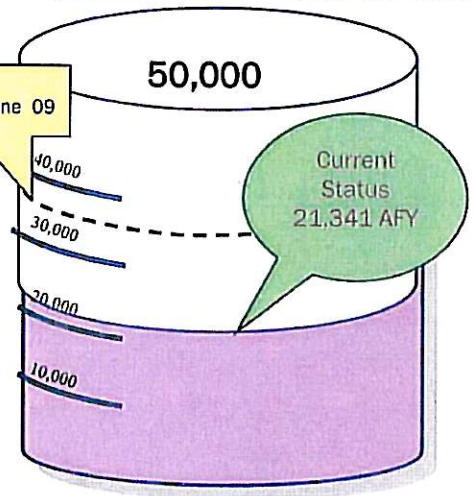
- Vineyard Elementary School (40AFY)
- Corona Elementary School (21AFY)
- Mathis Brothers (10AFY)
- 3491 E. Concours, Retail (6AFY)
- 3333 E. Concours, Plaza (9 AFY)
- Carl's Jr. Restaurant (4 AFY)
- Preserve Master Community (10AFY)
- Watson Land Company (5AFY)
- City of Rancho Cucamonga 4 Medians (20AFY)
- Rockefeller Group (12 AFY)

Upcoming Connections:

- Bellevue Cemetery (Ontario, 220 AFY)
- Montclair Park (Montclair, 90 AFY)
- Ontario-Montclair School District (Ontario, 177 AFY)
- Cintas I (Ontario, 120 AFY)

Total New Connections:
137 AFY

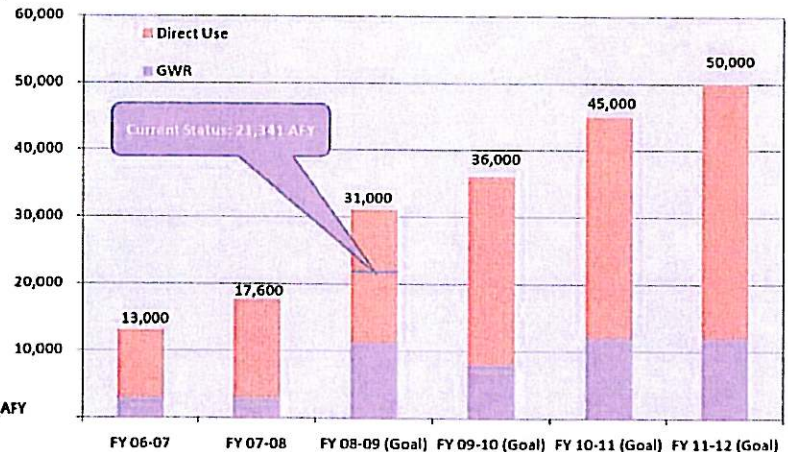
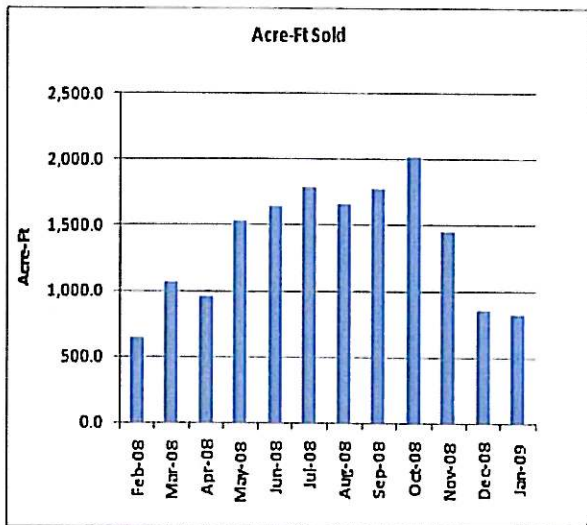
Annual Goal
31,000 AFY by June 09



Monthly Recycled Water Sales

January Direct & Recharge:

- Direct Sales -463 AF
- Recharge -356 AF
- Total - 819 AF



PROJECTED DIRECT USE

Projected Direct Use Connections (AFY)					
	Mar-09	Apr-09	May-09	Jun-09	Total
Chino					
Chino Hills				32	32
Ontario	2,379		52	2,803	5,234
MVWD	27	16		23	66
CVWD	29				29
Total (AFY)	2,435	16	52	2,858	5,361

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

Stimulus Funding: President Obama signed the American Recovery and Reinvestment Act of 2009 on February 17, 2009 that allocated \$6 billion for water and wastewater infrastructure improvements. Wastewater Projects in California will receive \$280 million dollars through the Clean Water State Revolving Fund (CWSRF) Program and drinking water projects in California will receive \$160 million through the Drinking Water State Revolving Fund (DWSRF) Program. IEUA is aggressively pursuing stimulus funding for the NE Area Project through the CWSRF Program. Also, the USBR has been allocated \$126 million for the Title XVI projects in the stimulus bill recently passed by congress. IEUA is in line for \$19 million of the total appropriation through its Title XVI Recycled Water Business Plan Authorization. The President's 2009 Budget contains a \$5 million appropriation for the IEUA project and it is expected that the remaining \$14 million will be appropriated next year.

FUNDING DEVELOPMENTS: Stimulus Funding

Clean Water State Revolving Fund (CWSRF): The California Water Resources Control Board will be considering a new CWSRF Policy at their March 17, 2009 meeting. The new policy is available for public comment and is designed to streamline and simplify the financial aid application process. The revised policy will also allow public sector on-site retrofits as an eligible cost.

Program Description & Financial Status

FUNDING DEVELOPMENTS: *Funding Agreements*

Metropolitan Water District (MWD), Local Resources Program (LRP): IEUA has signed an LRP Agreement with MWD to provide funding assistance for the Recycled Water Business Plan. The agreement is for 33,000 AFY and will pay up to \$250/AF of recycled water. This LRP Agreement is the first to allow cost sharing for groundwater recharge of recycled water. Reimbursement is on a sliding scale with a ceiling of \$250/AF and depends on actual costs above MWD's prevailing water rate (currently about \$560/AF). To get the full \$250/AF, IEUA's unit cost must exceed \$810/AF.

FUNDING DEVELOPMENTS: *Retrofit Rebates*

MWD Public Sector Retrofit Rebates: IEUA is starting to receive rebate requests for processing through MWD. If you have not submitted your retrofit cost back-up information, please do so to insure funding availability



PROJECTS IN PLANNING

Northeast Project Area: The Projects are on schedule to deliver recycled water to Victoria and San Sevaine Re-charge basins in April 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 Construction 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 Sevaline Recharge Basins. The design has been completed and is going through permitting process and a funding application is undergoing review by the State Water Resources Control Board (SWRCB) as part of the State Revolving Fund (SRF) loan requirements. The project is anticipated to be advertised for construction in March 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 March 2009.
- **MW & Lysimeters at Victoria & San Sevaline Basins:** The project is in the final design stage. The design has been completed on these facilities and 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 31, 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 March 2009.



Vineyard Elementary School

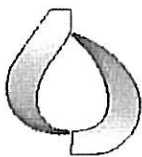


Montclair High School



Vineyard Elementary School

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION



Inland Empire
UTILITIES AGENCY

Date: March 18, 2009
To: The Honorable Board of Directors
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: February Legislative Report from Agricultural Resources

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

Agricultural Resources

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

February 27, 2009

Legislative Report

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

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

SU: Legislative Report, February 2009

Highlights:

- *Stimulus Enacted – \$126 Allocated to Title XVI*
- *FY 2009 Appropriations Conference Bill Moves in House – \$5 Million for IEUA Title XVI Project – Final Action Pending in Senate*
- *Interior, BuRec Stimulus Implementation*
- *S. 22 – Action Pending on Prado, Chino Desalters*
- *Cabinet Appointments, Obama-Salazar Interior Appointments*
- *Pending Appointments – Key Agencies – DOI, USDA, EPA, DOD*
- *Climate Change, Energy Legislation*
- *Drought Conditions/Water Supply*
- *IEUA Working Partners*

Stimulus Enacted – \$126 Million to Title XVI. The Stimulus bill finally reached President Obama's desk and was signed into law. The House-Senate Conference agreed upon \$1 Billion dollars for the Bureau of Reclamation. The bill included special money designated for CALFED and another \$50 Million for drought mitigation/response. Significantly, the House and Senate

agreed upon \$126 million for the Title XVI program (the original number proposed by the House). As previously reported, these funds came after a budget request in 2008 of mere \$7.5 million – a 15-fold increase.

Appropriations Conferenced, House Passes Report, Final Action Pending in Senate.

The Continuing Resolution (funding for nine departments for the current fiscal year) expires at the end of the first week in March 2009. The House and Senate finished work on their annual funding bills, drafted and then approved a Conference Report. The House voted to approve the bill and it was sent to the Senate for final action in early March. The Energy and Water section of the bill contains slightly less than \$50 million for Title XVI (this is in addition to the stimulus funds). The Conferees directed that \$5 million be allocated for the IEUA water recycling project.

Interior – Bureau of Reclamation – Stimulus Implementation.

The Acting Commissioner, Bill McDonald, told water reps in late February that BuRec was working to move stimulus funding “out the door” as quickly as possible. He reported that they’re attempting to rehire retirees to assist with the crush of paperwork to accomplish the movement of these funds on a timely basis. There was no pretense. They readily admitted that it was an overwhelming undertaking.

S. 22. Authorization for Prado Wetlands, Chino Desalters. The Senate moved a massive package of individual bills – some 150+ park, public land, Indian and water authorizations and submitted it to the House. An effort is underway to block the bill notwithstanding the fact that it has broad bi-partisan support. House leadership is attempting to line up support for the bill prior to presenting it to the full House. It was expected to be before the House in late February. Now, it is expected to be considered sometime in March. If the House passed the bill, without changes, then it goes straight to the President, who has signaled that he will sign it.

Cabinet Appointments – Interior. David Hayes, who served as Deputy Secretary under President Clinton and Secretary Babbitt has been nominated to serve in the same capacity for Secretary Salazar. He is expected to be involved in California water issues – and Colorado River issues – on behalf of the Secretary. According to “rumor control,” Michael Conner, Counsel, Water and Power Subcommittee, Senate Energy and Natural Resources Committee is the likely nominee for Commissioner, Bureau of Reclamation.

Pending Appointments. Last month, I reported that this group of appointments was of great interest to IEUA. With the exception of Hayes’ nomination, none of the other positions have been filled.

I reported – and this remains accurate and unchanged – 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 [Nominated – Senate Confirmation Hearing Pending]
- * 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,

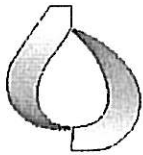
Climate Change/Energy Legislation. Last month, I reported that two issues will be prominent in the coming months. Little has occurred, but both remain high priorities. Departments are still waiting for key appointments to begin. The Hill, meanwhile, is taking preliminary steps to initiate legislation. Few details – and the Administration has yet to advance any proposals. It is possible that climate change and energy legislation could become one massive bill. Look for these issues to become more and more prominent over the next several months.

Drought Conditions and Water Supplies. The drought has worsened. The Governor has declared an emergency. Many water district, agencies and communities are beginning to impose drought allocation cutbacks and water use reductions. According to the USDA and NOAA’s formal web-published Drought Monitor, drought conditions persist throughout California with the most severe current conditions occurring in Northern California – at this particular time. The Colorado River remains in a water deficit. Almost 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



Inland Empire
UTILITIES AGENCY

Date: March 18, 2009
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (3/11/09)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: February Legislative Report from Innovative Federal Strategies, LLC

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD

Enclosure

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

Innovative Federal Strategies LLC

Comprehensive Government Relations

MEMORANDUM

To: Martha Davis and Rich Atwater
IEUA

From: Letitia White, Alex Shockey and Heather McNatt

Date: March 1, 2009

Re: February Monthly Legislative Update

Washington, DC has been buzzing with action during the month of February! The Congress worked frantically on the historic economic stimulus legislation in order to get it passed and signed into law before mid-February. In addition, the Congress has been wrapping up the fiscal year 2009 appropriations process while also moving forward with fiscal year 2010. Groups from all over the country have been in Washington this month to exercise their First Amendment right to petition their federal government. The halls of the House and Senate office buildings and Capitol have been teeming with people lobbying in support of issues, programs and projects near and dear to their hearts. We were pleased to see some of our IEUA friends during the Association of California Water Agencies (ACWA) last week.

Economic Stimulus Legislation

The economic stimulus conference report totals \$787.2 billion, including a tax title portion of \$478 billion, \$87 billion of which would help states with Medicaid costs. Other tax provisions include a \$7,500 credit for first-time tax credit for first time home buyers and a provision that allows a tax deduction for sales and excise taxes on purchases of cars and some other vehicles. The \$311 billion spending section of the bill includes \$53.6 billion for states as part of a fiscal stabilization fund, aimed primarily at education. The bill also includes \$27.5 billion for highway investments, \$8.4 billion for investments in public transportation and \$1.5 billion for competitive grants to state and local governments for transportation investments.

We are thrilled with the final outcome of the economic stimulus legislation where it concerns funding for water, especially for the Title XVI program. The \$126 million provided for Title XVI also comes with unlimited reprogramming authority for the Bureau, meaning that amount is a floor rather than a ceiling for Title XVI funding. IEUA is well-positioned to take advantage of this Title XVI funding because of the ongoing success of your program. Now that the bill has been signed into law, the Bureau is obligated to spend the money as quickly as possible. IEUA staff should coordinate closely with all Bureau staff and let us know where we can be helpful. We will continue to monitor the Bureau's spending of the economic stimulus funding and keep you posted on new developments in Washington.

Innovative Federal Strategies LLC

Fiscal Year 2009 Appropriations

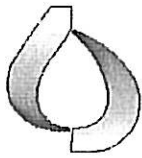
The House and Senate Appropriations Committee staff finalized a fiscal year 2009 omnibus appropriations bill consisting of the nine remaining FY09 domestic appropriations bills, including Energy and Water Appropriations where our Bureau of Reclamation earmarks were pending.

We are very pleased that the House-Senate conference retained the full \$5 million provided by the House for our Regional Recycling Project. Most earmarks were dramatically reduced in the omnibus. In fact, many projects that had both a House and Senate mark found their final mark reduced to the average of the two marks. In our case we would have been left with only \$3 million. We are very grateful to the strong support of our legislators.

Fiscal Year 2010 Appropriations

We have hit the ground running this month in preparation for the fiscal year 2010 appropriations process. While only a broad outline of the President's budget request has to come up to the Hill, most Congressional offices set their appropriations deadlines for February. We worked with your staff to finalize the requisite forms and paperwork and submit them on time in the correct process and format. We have set up meetings with appropriations staff from the Miller, Dreier, Baca, Calvert, Feinstein and Boxer offices for Rich this week where he will make the case for another \$5 million appropriation for our recycling project.

We will continue to keep you posted on FY09 and FY10 appropriations and other news critical to your agenda.



Inland Empire
UTILITIES AGENCY

Date: March 18, 2009
To: The Honorable Board of Directors
Through: Public, Legislative and Water Resources Committee (3/11/09)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: February Legislative Report from Geyer and Associates

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD

Enclosure

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION



MEMORANDUM

TO: Rich Atwater and Martha Davis
FROM: Jennifer West
DATE: February 27, 2009
RE: February Legislative Report

Bill Deadline Date

Now that the budget crisis has been resolved, at least for the near future, legislators have begun introducing their own bills. Today is the deadline for bills to be introduced for the regular legislative session of 2009. I will be providing a supplemental bill list to the IEUA Board that will reflect today's introductions.

New Water Bond Measures Introduced

Largely driven by the deepening drought, Senator Pro Tem Darrell Steinberg, the Governor and other legislative leaders are making the passage of a new water bond a major priority. Two water bond measures have been introduced to date: SB 371 (Cogdill) and SB 301 (Florez) that are proposed to go before voters in the next statewide election.

Highlights of SB 371 (Cogdill), a \$9.98 billion bond include:

- \$3 billion for water storage projects
- \$1.5 billion for IRWMP, \$146 million to go towards the Santa Ana DWR subregion.
- \$200 million for the Coastal Conservancy, including grants to Santa Ana River Parkway.
- \$500 million for water recycling and advanced treatment technology

SB 301 (Florez), a \$15 billion bond includes much of the same funding categories as the Cogdill bond. However, it contains \$4 billion in additional funding for surface and groundwater storage projects.

Residential Water Softeners – Salinity Control

IEUA is sponsoring a measure that will give local agencies greater control over salinity discharges from residential self-regeneration water softeners. A similar measure was vetoed last year, but the IEUA and the other bill sponsors were encouraged by the Governor's office to reintroduce the measure, but make it applicable to areas of the state with the greatest salinity problems. The bill will be introduced today (see attachments).

Water Recycling and Salinity Management

Because of water quality and water supply problems caused by salt used in residential self-regenerating water softeners (SRWS), a coalition of water agencies throughout California is sponsoring legislation that will allow local agencies in areas where salinity is a significant problem to take appropriate action. Below is a description of the problem and how the bill will help resolve this threat to water quality and water supply.

Problem

Salts from residential self-regeneration water softeners, known as SRWS, can contaminate local surface and groundwater supplies and inhibit water recycling projects. SRWS discharge, on average, one pound a day of salt into the sewer system and are one of the only controllable sources of salinity in the residential sector.

A single SRWS wastes up to 70 to 300 gallons a week when it "flushes" brine into the sewer system. This means one SRWS discharges 12,000 to 54,000 gallons a year of salty brine into our water supply, according to Pelican Natursoft Salt Free Softeners sold by Waterfilter USA.

Geographic Scope of the Bill

The legislation proposed to deal with the problems caused by SRWS will apply only to areas of the state with significant salinity problems. These areas include the South Coast, the Central Coast, the San Joaquin Valley, Tulare Lake and the lower half of the Sacramento Valley DWR hydrologic region. These areas have been identified by Cal-EPA and the State Water Resources Control Board as having numerous surface water bodies impaired by salinity and containing high use groundwater basins susceptible to salinity contamination.

Provisions of the Bill

The proposed legislation would provide local agencies in areas threatened by excess salinity with additional authority to manage these salts. Below is a summary of these powers:

- In the identified areas, local agencies would be authorized to bypass existing law, which is burdensome (see below), and pass ordinances that can limit the salt contribution from SRWS.
- This authority would be provided only IF a regional board within these areas makes a finding that the limitation on softeners will contribute to achievement of water quality objectives.
- The regional board finding would be based on evidence and data in the record -- as currently required of all board findings and water quality actions.
- The bill would allow local control and local solutions that would protect water supplies and balance the overall needs of the community. No agency is required to pass an ordinance if a finding is made.
- The bill would allow a variety of actions to be taken, by ordinance, to limit salinity from SRWS. It does not require removal of SRWS.

- The bill would require community input and local economic issues to be considered before an ordinance is adopted.
- If a local agency decided to require the removal of existing SRWS, the bill states that a local agency must provide reasonable compensation.

Background -- Salts, SRWS Softeners and Recycled Water

One of the barriers to using recycled water is a high salt content. . Salt is very difficult to remove in the water treatment process. Excess salt can also contaminate local surface and groundwater resources, critically important for the state's water supply as we go into our third year of drought.

SRWS have long been recognized as a controllable source of salinity in the residential sector. In response to this problem, the 2003 DWR, SWRCB Recycled Water Task Force Report recommended that: *"The Legislature should amend the Health and Safety Code to reduce the restrictions on local ability to impose bans on, or more stringent standards for, residential water softeners"*.

Under Section 116786 of the Health and Safety Code, local agencies are prohibited from placing restrictions on existing softeners, and are authorized to restrict the use of prospective softeners only, provided the local agency first does all of the following:

- Regulates all other nonresidential salt sources in the area.
- Conducts an independent study quantifying the levels of all salinity discharges in the area.
- Determines that restricting softeners is a "necessary means" of achieving compliance with water quality requirements.

The requirements in existing law essentially give one product, "the self-regenerating softener," a higher protected status than all other sources of salt pollution regulated by the state and regional boards. Government Code Section 54739 et seq authorizes local agencies to regulate discharges from industrial (and commercial) sources.

The proposed legislation leaves existing law in place, but allows local communities in areas with salinity problems to more readily control salinity from residential SRWS to protect the quality of existing groundwater supplies and provide safe and usable recycled water to address the water needs of a growing state.

DRAFT

Questions and Answers on AB _____ (Feuer/Caballero/Strickland)

The Governor vetoed the water softener bill last year. Why are you bringing it back?

The Governor's office requested that the bill be reintroduced and limited to areas of the state that are experiencing significant salinity problems.

How does this bill differ from last year's water softener bill?

- It applies only to the South Coast, the Central Coast, the San Joaquin Valley and half of the Sacramento Valley. These areas were identified by SWRCB as having significant salinity problems that threaten surface water bodies and high use groundwater basins.
- It clarifies that local agencies in these areas do not have to adopt a SRWS ordinance if they choose not to for any reason.
- It specifically requires local communities to receive community input and consider economic consequences before adopting an ordinance.
- It makes clear that portable exchange residential SRWS and salt-free, anti-scaling devices can not be impacted by an ordinance under the authority granted by this measure.

Why does AB ___ focus only on salinity discharges from residential self-regenerating water softeners (SRWS)?

- Residential SRWS discharge, on average, a pound a day of salt into the sewer system. This salt discharge can threaten surface and groundwater supplies. The high salinity content can inhibit recycled water projects (according to LA County Sanitation Agency studies).
- Residential SRWS are often the leading controllable source of salinity in the residential sector. All other sectors are regulated. In some areas, discharges from these devices account for 10 percent or more of the controllable salinity in a jurisdiction. This is why controlling salt discharges from SRWS was a major recommendation of the Recycling Water Task Force Report, issued by Department of Water Resources in 2003.
- Residential SRWS waste from 70 to 300 gallons of water a week when they "flush" the brine discharge into the sewer system (according to US Waterfilter).
- Statutory protections in current law for residential SRWS make it very difficult for local agencies to control salinity from these appliances.

Why aren't you focusing on reducing salinity discharges from agricultural, commercial and industrial sources?

Under current law, local agencies already have authority to regulate commercial and industrial discharges. This authority is contained in Government Code Section 54739 et

seq. The RWQCB also have regulatory authority over discharges from agricultural sources. These industries are being regulated because they do not have the statutory protections of the residential SRWS. In fact, current law requires that local agencies must regulate all sources of commercial and industrial discharges BEFORE they can consider an ordinance on residential SRWS.

What is wrong with the existing law concerning residential SRWS?

Under Section 116786 of the Health and Safety Code, local agencies are prohibited from placing restrictions on *existing* softeners, and are authorized to restrict the use of *prospective* softeners only, provided the local agency first does all of the following:

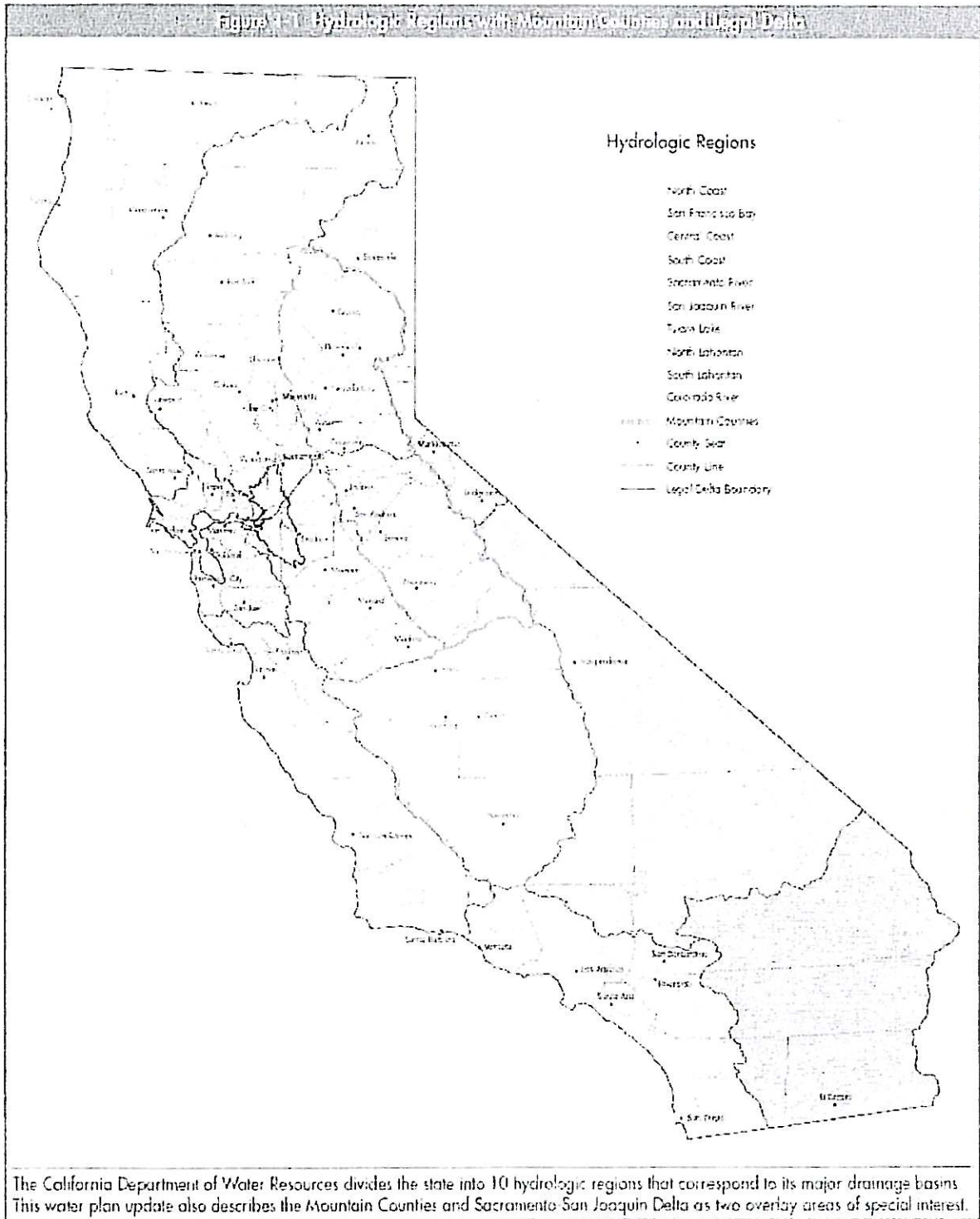
- Regulates all other nonresidential salt sources in the area.
- Conducts an independent study quantifying the levels of all salinity discharges in the area.
- Determines that restricting softeners is a “necessary means” of achieving compliance with water quality requirements.

The requirements in existing law essentially grant one product, “the self-regenerating softener,” higher protected status than all other sources of salt pollution regulated by the state and regional boards.

If residential SRWS are banned by a community, what options do homeowners have?

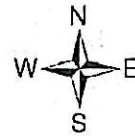
- **Portable exchange.** In many areas of the state, such as Southern California, devices are available that provide the exact same service as a SRWS. These portable devices are periodically picked up by the water softening company at the home, similar to bottled water service, and the salt brine is discharged into a permitted facility where the brine will not cause a water quality problem.
- **Salt-free anti scaling devices.** Any internet search will reveal numerous companies that offer salt-free technology for all communities in California. Salt-free, anti-scale appliances have been successful used in Europe for more than a decade.

Figure 1-1 Hydrologic Regions with Mountain Counties and the Sacramento-San Joaquin Delta






The California Department of Water Resources divides the state into 10 hydrologic regions that correspond to its major drainage basins. This water plan update also describes the Mountain Counties and Sacramento-San Joaquin Delta as two overlay areas of special interest.

2006 CALIFORNIA 303(d) LISTED * WATERS FOR SALINITY



* Includes waters requiring TMDLs, and those being addressed by completed TMDLs or actions other than a TMDL.

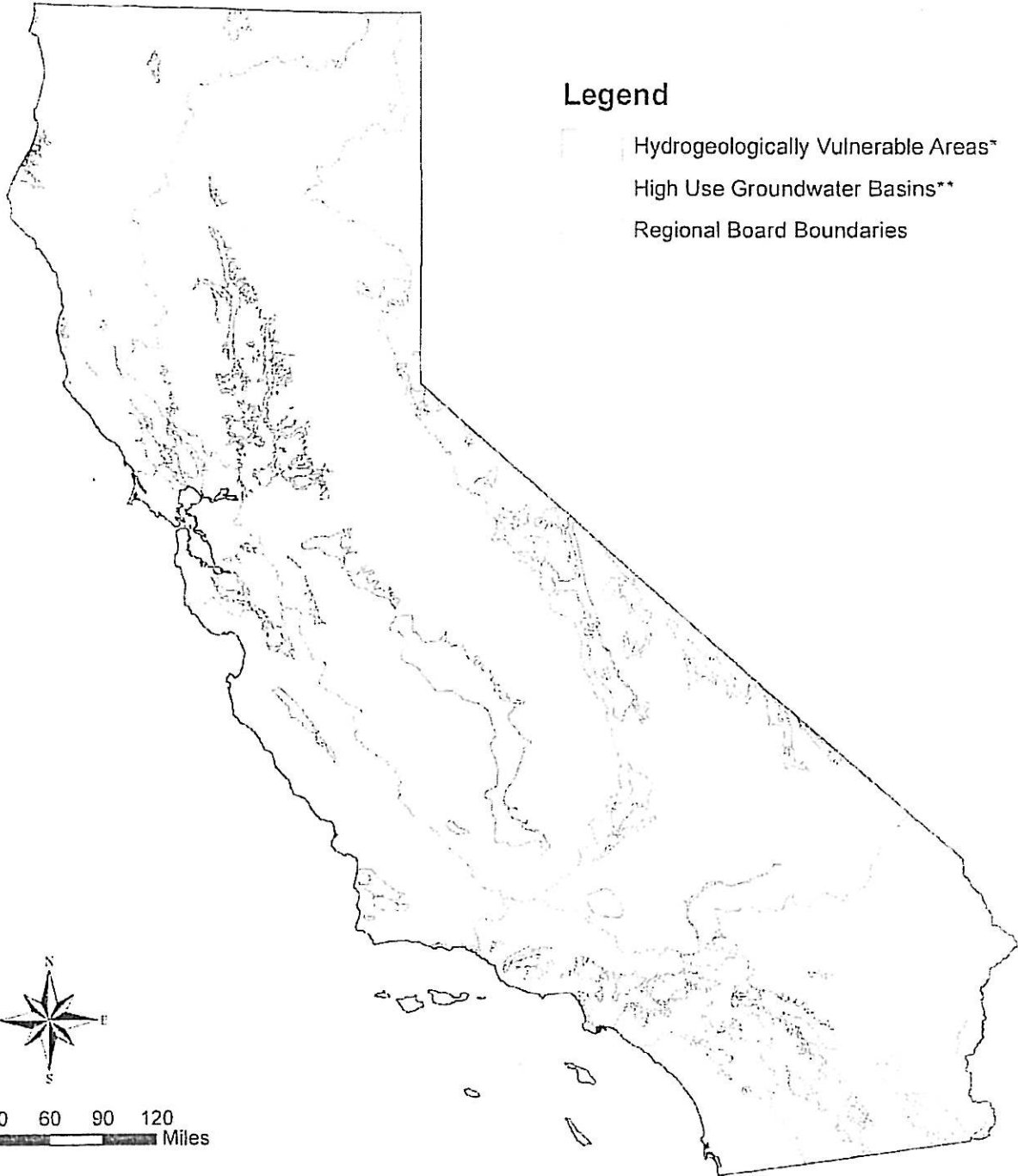


-  2006 303(d) salinity listed rivers and shorelines
-  2006 303(d) salinity listed bays, estuaries, lakes, and wetlands
-  Regional Board Boundaries

Data Source: 2006 California 303(d) List of Water Quality Limited Segments
Salinity listing names: Salinity, Salinity/TDS/Chlorides, Sodium, Specific Conductance, Electrical Conductivity, Total Dissolved Solids (TDS)

Map created by Nancy Kopolus, January 2003, for Division of Water Quality, SWRCB

Hydrogeologically Vulnerable Areas and High Use Groundwater Basins



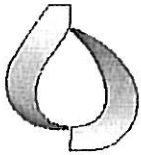
Legend

- Hydrogeologically Vulnerable Areas*
- High Use Groundwater Basins**
- Regional Board Boundaries

* In response to Executive Order D-5-99, State Water Resources Control Board (SWRCB) staff has created a map displaying areas where published hydrogeologic information indicates conditions that may be more vulnerable to groundwater contamination.
Data Source: SWRCB November 2000

** Groundwater Ambient Monitoring and Assessment (GAMA) Priority Basins





Inland Empire
UTILITIES AGENCY

Date: March 18, 2009
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (3/18/09)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: February Legislative Report from Dolphin Group

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD

Enclosure

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION



February 26, 2009

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

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

After a protracted battle spanning over 4 months and including plenty of drama, the California Legislature was finally able to reach a compromise including increased taxes and reduced spending to resolve a \$42 billion budgetary shortfall. Governor Schwarzenegger signed the agreement on February 20. The agreement was reached just shortly before State Controller John Chiang was prepared to declare that the state was officially out of cash.

The budget compact makes mid-year corrections to the current 2008-09 state budget, and also approves the budget for the 2009-10 fiscal year, marking the earliest date the Legislature has ever adopted a state spending plan for the next fiscal year.

As a result of the final agreement, a special election has been scheduled for May 19, 2009 asking voters to approve five measures to fully enact the plan.

On the regulatory front, the California Public Utilities Commission continued to hold hearings on feed-in tariffs, although staff set the agenda in a manner that largely excluded many issues of importance to California's water agencies. Secondly, the CPUC is also currently considering the adoption of a settlement related to electricity prices for Southern California Edison, which could reduce rates for large pumpers of water later this year.

On the legislative front, lawmakers have been holding hearings on utility company efforts to meet the renewable portfolio standard (RPS) goal of 20% by 2010 and have initiated discussions to expand the goal to 33% by 2020.

Chino Basin / OBMP Coalition

Status Report – February 2009

ENERGY/REGULATORY

CPUC Feed-in Tariff Workshop

On February 10, the California Public Utilities Commission held an all-day hearing on issues related to feed-in tariffs (FiTs). FiTs were implemented by the CPUC last Spring, and are based on legislation that was sponsored by the Inland Empire Utilities Agency (AB 1969 – Yee – 2006). DGI attended the meeting on behalf of IEUA and the Coalition.

Unfortunately, CPUC staff narrowly scoped the meeting to only discuss the technical problems and opportunities associated with expanding the size of eligible projects beyond the current 1.5 MW limitation, ignoring issues that have been recently identified within the existing FiT programs. The vast majority of those attending were representatives of the utilities or companies associated with renewable electricity generation technologies.

Many of the comments were in support of expanding the size as quickly as possible, emulating the models currently in place in European countries, namely Germany and Spain. These countries offer very high contract prices for renewable electricity, on a standard contract, for projects generators up to 20 MW. California's price, the market price referent (MPR), is currently based on natural gas electricity generation, and falls short of providing a strong incentive to encourage significant renewable generation. Although the MPR has risen nearly 20% in the last two years, it pales in comparison to prices compensated under FiTs in other locations.

At the hearing, DGI warned that in expanding the size of the FiTs, the CPUC should be cognizant that many of the small-to-mid sized generators, such as water agencies, require an easily understood and executable contract. As a result, the CPUC should retain the relative simplicity currently embedded in the contracts aimed at these customers, and not permit the contracts and interconnection agreements to become overly complicated as they are expanded to apply to much larger projects that will likely be managed by professional energy companies.

Secondly, although it was not included as part of the agenda, DGI did argue that the major impediments to greater participation by water agencies and other small generators result largely from previous policy decisions that preclude customers from using rebates from the utilities or other state agencies to invest in FiT projects.

CPUC staff assured parties that this workshop was the beginning of a broader conversation, and that the issues raised in the meeting (and in comments submitted in December) will be addressed in the near future.

Upcoming Edison Rate Changes

As a result of two recent CPUC decisions, the average electricity rates for customers of Southern California Edison will rise approximately 13.4% over 2008 electricity rates. The two major factors in the rate increases are rising natural gas prices, as well as Edison's increasing cost of providing electricity distribution to customers.

However, the CPUC is considering another decision that would mitigate at least some of this increase for larger water pumping customers by later this year. Large water pumping accounts over 500 kW are placed on industrial, not agricultural and water pumping rates. The rate change would occur if the CPUC adopts a settlement reached by nearly all parties on how to reallocate rates for all SCE customers. This rate change, expected to occur in October 2009, is a "zero-sum" rate change, meaning that the total revenues SCE collects will remain the same, but various customer classes will assume a smaller or larger percentage of total revenue.

The following chart illustrates 2008 rates against the rates that would take effect in October 2009, if this agreement is adopted by the CPUC. The Commission has approved every similar settlement over the last decade, and is expected to do so in this case as well.

Customer Class	2008 Rates	Proposed Oct Rate	Percent Change 2008-Oct 2009
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.

Under this agreement, average residential rates would increase approximately 2.75%, while industrial customers and large water pumping customers would see rates fall by 3.3% in October 2009. Smaller water pumping customers would see average rates fall slightly by 0.1%.

The 2009 average increase of 13.4% is based largely upon SCE's forecast of natural gas prices for the year, which effects the commodity prices of electricity delivered. Because SCE forecasted their price late in the summer of 2008, as global oil and gas prices were falling, many analysts believe they over-estimated these costs. If SCE has over-estimated in their forecast, the CPUC can issue a mid-year adjustment to reduce rates to reflect the actual costs. This adjustment, if it occurs, will likely be instituted prior to the adopted October rate change, but would not effect the net changes included in the October change.

Rule 12 Bill Analysis

Southern California Edison's Rule 12 grants all customers the right to have Edison perform an analysis to ensure that customers are enrolled on the proper rate. Due to the adopted 2009 rate increases, the various rate components embedded in energy prices (off-peak rates, demand

charges, month customer charges, etc) will change in various ways. As a result, the optimum rate for each particular customer account may differ from what was previously most economic. **DGI encourages all Coalition members to request new bill analysis from SCE to ensure they remain on the lowest rate through the process of implementing both these major changes.**

STATE BUDGET AGREEMENT

The Capitol is used to budget battles in the summer, but winter was the time for high drama in Sacramento this year. Taxes, spending cuts, special elections, propositions and even a political coup kept the Legislature a very interesting place over the last few months.

Faced with a \$42 billion shortfall over the next eighteen months, the Legislature was finally able to reach a deal by mid-February to keep the state afloat and ensure its ability to borrow money in the short term to balance the budget. The Governor signed the deal on February 20, and called a special election for May 19th to ask voters to approve parts of the deal. (Details on the budget agreement are included on the next page of this report).

The source of most of the intransigence was the need to get a supermajority of 2/3 of both the Assembly and the Senate to approve any tax rate increases. This required three Republican "Aye" votes in both houses to reach the supermajority.

In early February, the two Minority Leaders, Assemblymember Mike Villines (R-Clovis) and Senate Dave Cogdill (R-Modesto) finally agreed to a deal with Democratic leaders that included a combination of tax increases, spending cuts and further borrowing. However, the vast majority of Republicans continued to balk at any tax increases. While Villines was able to secure the necessary three votes in the Assembly, Cogdill was unable to deliver two additional votes in the Senate.

Soon thereafter, the Senate Republicans voted to oust Cogdill as leader and elected Senator Dennis Hollingsworth (R-Murrieta) to replace him. Hollingsworth immediately called to renegotiate the deal with no tax increases.

However, Senate President Pro Tem Darrell Steinberg (D-Sacramento) chose to continue to try to convince one more Senate Republican to agree to the deal. Wooing both Dave Cox (R-Fair Oaks) and Abel Maldonado (R-Santa Maria) over a couple of days, Maldonado finally agreed to vote for the deal after gaining support for a number of initiatives he wanted placed on the ballot. The potential for federal assistance through the recent stimulus package also helped provide room for agreement between the two sides.

The process underscored the stark partisanship at the Capitol, and has led to a renewed effort by many Democrats to lower the threshold to approve a budget or tax increases to 55% or a simple majority. Initiatives have already been launched to place this question on a future ballot. On the Republican side, the six members who voted for the deal have been roundly criticized by many members of the party.

BUDGET AGREEMENT DETAILS

The state budget accord resolves the \$42 billion shortfall in three ways: Enhanced revenues, spending cuts and further borrowing.

Revenues

The plan would raise up to \$12.8 billion through June 2010 by imposing a variety of temporary taxes. The higher taxes would be in effect for two years. The tax increases would be extended — through the 2013-14 fiscal year — if voters approve a state spending cap during a special election in May.

- Increases the state sales tax by 1 cent on the dollar, generating \$5.8 billion through the next fiscal year.
- Raises the Vehicle License Fee (VLF) to 1.15 percent of market value, up from the current .65 percent. The move is projected to generate \$1.5 billion. A portion of the fee will be dedicated to local law enforcement.
- Raises state personal income tax rates by 0.25 percent, generating \$3.7 billion in the next fiscal year. If the state receives more than expected from the federal government, the tax rate increase would be reduced to 0.125 percent.
- Reduces the amount taxpayers can claim on a dependent care credit to the federal level of \$100 instead of \$300, adding \$1.4 billion.

Spending Cuts

Reduces state general fund spending by \$15.1 billion through the end of June 2010 by forcing education and social service programs to absorb much of the pain. Among other cuts adopted:

- Reduces education spending by \$8.6 billion over two years. The proposal also would give districts greater flexibility in spending money that is normally dedicated to specific programs.
- Imposes a 10 percent across-the-board cut to the University of California and California State University systems, saving \$264.4 million.
- Continues furloughs for 238,000 state workers, trims overtime pay and eliminates Lincoln's Birthday and Columbus Day as paid state holidays, saving \$1.4 billion. The furloughs would be reduced from two days a month to one and workers would receive two personal days off in exchange for giving up the paid holidays under a tentative contract agreement reached recently between the governor and the state's largest employee union.
- Eliminates annual cost-of-living increases for recipients of the state's welfare-to-work program, known as CalWORKS, to save \$79 million.
- Eliminates the state and federal cost-of-living increase for seniors and the disabled who are receiving Supplemental Security Income/State Supplementary Payment, saving \$594.1 million.
- Depending on whether the federal government provides additional aid, the budget compromise would make further reductions to Medi-Cal, the state's health insurance program for the poor; CalWORKS; in-home support for seniors; and other social service programs by \$948 million.

Borrowing

- Approves a \$5 billion plan to borrow against the value of the lottery's future revenue. Voters must approve changes to the lottery to make it more marketable in the hope that it will bring in more money, and then the state would have to entice investors to buy the bonds.
- Authorizes the state to borrow \$6 billion to cover bills that will not get paid in the current fiscal year. Lawmakers expect to avoid this loan by using federal aid.
- \$400 million transferred from various special funds.

MAY 19, 2009 SPECIAL ELECTION

The May 19 Special election will feature seven propositions, five of which are directly tied to the budget agreement. Proposition 1F was placed on the ballot at the request of Senator Maldonado in order to secure his vote (he also requested a initiative to change state elections to “open” primaries on the June 2010 ballot.)

Proposition 1A – Creates a special “Rainy Day” fund, puts new limits on state spending and if passed would extend temporary tax increases

Proposition 1B – Alters repayment schedule for schools and community colleges owed Proposition 98 funds by the state

Proposition 1C – Allows state to borrow money for the general fund based on future profits from the state lottery

Proposition 1D – Temporarily shifts cigarette taxes away from California Children and Families Program and into the general fund and eliminates the state’s First 5 Commission and uses money for the general fund

Proposition 1E – Amends the “millionaire’s tax” for mental health services from 2004’s Proposition 63 to change which mental health programs the money funds

Proposition 1F – Forbids the California Citizens Compensation Commission from raising legislator’s and state officer’s pay when the state is running a deficit

Proposition 13 – Bars property tax increases on construction for seismic retrofit.

LEGISLATIVE UPDATE

While the legislative leaders were largely preoccupied with budget discussions, most rank-and-file legislators remained busy preparing their legislation for the upcoming session, introducing hundreds of bills.

As of February 24, the Senate has introduced 223 bills, while 429 have been submitted by Assemblymembers. All new measures must be introduced by February 27, by which time the total number is expected to exceed 1500 pieces of legislation.

Major Energy Legislation

While three measures have been introduced that pertain to renewable energy production and greenhouse gas regulation, Senate Bill 14 (Simitian D-Palo Alto) has emerged as the center of conversation thus far. It primarily addresses strategies to increase the renewable portfolio standard (RPS) to 33% by 2020 (it is currently set at 20% by 2010). One informational hearing has already been held, with another formal hearing scheduled for March 3.

When originally introduced, the measure would have eliminated the market price referent (MPR), which establishes the price currently offered by the new feed-in tariffs. After receiving feedback from various parties, including DGI on behalf of IEUA, the bill was amended to retain this proxy price at least until the state achieves 20% renewable portfolio standard (the state is currently at ~12%). While there appears to be a lot of interest in replacing the MPR with a better price signal, no consensus has yet been reached on what that will be. DGI remains involved in discussions pertaining to all these measures.

SB 32 (Negrete-McLeod D-Chino) pertains the feed-in tariff programs, the price paid for that energy and also removes some barriers that currently exist for water agencies and other customers to participate in the programs. AB 64 (Huffman D-San Rafael) also increases the RPS to 33%.

CA SB 14	AUTHOR:	Simitian [D]
	TITLE:	Public Utilities Commission: Renewable Energy Rates
	INTRODUCED:	12/01/2008
	DISPOSITION:	Pending
	COMMITTEE:	Senate Energy, Utilities and Communications Committee
	HEARING:	03/03/2009 9:30 am
	SUMMARY:	Relates to the Public Utilities Commission (PUC) meeting requirements, PUC recordkeeping, 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. Relates to citing of transmission resources. Provides funding for development solar energy in a specified area.
	AUTHOR:	Negrete McLeod [D]

CA SB 32

TITLE: Renewable Electric Generation Facilities.
INTRODUCED: 12/02/2008
DISPOSITION: Pending
LOCATION: Senate Energy, Utilities and Communications Committee
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 AB 64

AUTHOR: Krekorian [D]
TITLE: Renewable Energy Resources: Generation and Transmission
INTRODUCED: 12/09/2008
DISPOSITION: Pending
LOCATION: Assembly Utilities and Commerce Committee
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.

Other Energy Legislation

CA AB 19

AUTHOR: Ruskin [D]
TITLE: Greenhouse Gas Emissions: Consumer Product Labeling
INTRODUCED: 12/01/2008
DISPOSITION: Pending
LOCATION: Assembly Natural Resources Committee
SUMMARY:

Enacts the Carbon Labeling Act of 2009. Requires the State Air Resources Board to develop and implement a program for the voluntary assessment, verification, and standardized labeling of the carbon footprint of consumer products sold in this state.

CA AB 45

AUTHOR: Blakeslee [R]
TITLE: Distributed Generation: Small Wind Energy Systems
INTRODUCED: 12/01/2008
DISPOSITION: Pending
LOCATION: ASSEMBLY
SUMMARY:

States the intent of the Legislature to encourage local agencies to support the state's renewable energy procurement requirements by developing and adopting ordinances that facilitate the installation of distributed generation small wind energy systems.

CA AB 46

AUTHOR: Blakeslee [R]
TITLE: Energy: Energy Conservation Assistance
INTRODUCED: 12/01/2008
DISPOSITION: Pending
LOCATION: Assembly Utilities and Commerce Committee
SUMMARY:

Amends the provisions of existing law that provides for the administration of the State Energy Conservation Assistance Account that provides grants and loans to local governments and public institutions for energy use savings. Extends the operation of those provisions. Extends the financial assistance program and the Local Jurisdiction Energy Assistance Account that provides loans to local jurisdictions for energy projects. Authorizes the receipt and deposit of federal recovery funds into the accounts.

CA AB 49

AUTHOR: Feuer [D]
TITLE: Water Conservation: Urban Water Use
INTRODUCED: 12/01/2008
DISPOSITION: Pending
LOCATION: Assembly Water, Parks and Wildlife Committee
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
DISPOSITION: Pending
LOCATION: ASSEMBLY
SUMMARY:

Expresses the intent of the Legislature to enact legislation 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 150

AUTHOR: Smyth [R]
TITLE: Sales and Uses Taxes: Energy Proficient Products
INTRODUCED: 01/22/2009
DISPOSITION: Pending
LOCATION: ASSEMBLY
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
DISPOSITION: Pending
LOCATION: ASSEMBLY
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 AB 177

AUTHOR: Price [D]
TITLE: Energy: Green Economy Inclusion Act of 2009
INTRODUCED: 02/02/2009
DISPOSITION: Pending
LOCATION: ASSEMBLY
SUMMARY:

Enacts the Green Economy Inclusion Act of 2009. States the intent of the Legislature to enact legislation to ensure greater equity and inclusion of all Californians in the future of developing and implementing climate change, transportation, land use, and economic stimulus policies to reduce such emissions in the State.

CA AB 222

AUTHOR: Adams [R]
TITLE: Energy: Biofuels
INTRODUCED: 02/04/2009
DISPOSITION: Pending
LOCATION: ASSEMBLY
SUMMARY:

Relates to biofuels and environmental quality, electrical system reliability, efficiency of energy-using technologies and lower electrical costs. States the intent of the Legislature to enact legislation to advance biofuels and green power production.

CA AB 228

AUTHOR: Huffman [D]
TITLE: Energy: Outdoor Lighting Efficiency
INTRODUCED: 02/04/2009
DISPOSITION: Pending
LOCATION: ASSEMBLY
SUMMARY:

Requires the State Energy Resources Conservation and Development Commission to adopt minimum energy efficiency standards for outdoor lighting.

CA AB 238 **AUTHOR:** Adams [R]
TITLE: Renewable Energy Resources
INTRODUCED: 02/06/2009
DISPOSITION: Pending
LOCATION: ASSEMBLY
SUMMARY:
Revises the legislative findings and declarations to declare that new and modified electric transmission facilities, including the employment of smart grid technologies, may be necessary to facilitate the state achieving its energy efficiency goals and renewables portfolio standard targets.

CA AB 394 **AUTHOR:** Fuentes [D]
TITLE: Solar Energy Systems
INTRODUCED: 02/23/2009
DISPOSITION: Pending
LOCATION: ASSEMBLY
SUMMARY:
States the intent of the Legislature to further facilitate the efforts of local publicly owned electric utilities to increase the installation of residential and commercial solar energy systems.

CA AB 413 **AUTHOR:** Fuentes [D]
TITLE: Energy Rates
INTRODUCED: 02/23/2009
DISPOSITION: Pending
LOCATION: ASSEMBLY
SUMMARY:
Relates to the Public Utilities Commission authority to fix rates and charges for every public utility. Prohibits the commission from requiring or permitting an electrical corporation to employ time-variant pricing for residential customers. Authorizes the commission to authorize an electrical corporation to offer customers the option of receiving service pursuant to time-variant pricing.

CA SB 7 **AUTHOR:** Wiggins [D]
TITLE: Renewable Energy Sources: Net Metering
INTRODUCED: 12/01/2008
DISPOSITION: Pending
LOCATION: Senate Energy, Utilities and Communications Committee
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 17 **AUTHOR:** Padilla [D]
TITLE: Electricity: Smart Grid Systems
INTRODUCED: 12/01/2008
DISPOSITION: Pending
LOCATION: Senate Energy, Utilities and Communications Committee
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
DISPOSITION: Pending
LOCATION: Senate Environmental Quality Committee
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 42 **AUTHOR:** Corbett [D]
TITLE: Coastal Resources: Seawater Intake
INTRODUCED: 01/06/2009
DISPOSITION: Pending
LOCATION: Senate Energy, Utilities and Communications Committee
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
DISPOSITION: Pending
LOCATION: Senate Environmental Quality Committee
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.

CA SB 128

AUTHOR: Padilla [D]
TITLE: State Climate Change Institute
INTRODUCED: 02/05/2009
DISPOSITION: Pending
LOCATION: SENATE
SUMMARY:

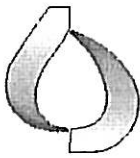
States the intent of the Legislature to enact legislation to create the Climate Change Institute to identify and support, through a merit-based peer-reviewed competitive grant process, research and education to be undertaken at academic and research institutions and laboratories throughout the state, and to oversee, coordinate and manage a nonduplicative, targeted research and development program for the purposes of achieving the state's targets for reducing emission of greenhouse gas.

CA SB 225

AUTHOR: Florez [D]
TITLE: Emission Reduction Credits
INTRODUCED: 02/23/2009
DISPOSITION: Pending
LOCATION: SENATE
SUMMARY:

Authorizes an air quality management district and an air pollution control district to create an emission reduction credit from the emission reductions resulting from a project that is funded from both public and private moneys if specified requirements are met.

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION



Date: March 18, 2009

To: The Honorable Board of Directors

Through: Public, Legislative Affairs and Water Resources Committee (03/11/09)

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

Submitted by: Sondra Elrod
Public Information Officer

Subject: Public Outreach and Communications

RECOMMENDATION

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

Calendar of Events

March 2009

- **March 4**, Ontario State of the City Address, 4:00 p.m. to 8:00 p.m., Ontario Convention Center
- **March 5**, IEUA Leadership Breakfast, 7:30 a.m. in the Event Center
- **March 5**, Chino Hills City Manager, Doug LaBelle's retirement dinner at the Richard Nixon Library, 5:30 p.m. to 8:30 p.m.
- **March 5**, League of California Cities Dinner, 5:30 p.m.
- **March 5**, Chino Earth Day Event, 3:00 p.m. to 5:00 p.m. at the Chino Youth Museum
- **March 9**, CASA Washington DC Conference
- **March 12**, CVWD's Frontier Project Foundation "Topping Off" Ceremony, 11:00 a.m.
- **March 16**, IEUA hosts Special District Dinner at the Panda Inn in Ontario, 6:00 p.m.
- **March 17**, Water Agencies of the Inland Empire
- **March 22 - 24**, WateReuse 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

May 2009

- **May 8**, Tentative date for IERCF Dedication
- **May 9**, CVWD's Water Awareness Day, 11:00 a.m. to 2:00 p.m. at CVWD

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. The 8-page ad that features each of our partners appeared in the paper on Friday, February 27 and a two page Education piece will appear in the paper sometime in March.

WATER CONSERVATION OUTREACH

IEUA is continuing to work its conservation partners to plan its 2009 Daily Bulletin Community Outreach Conservation ads. The next meeting of the Ad-hoc committee will take place on Wednesday, March 4 at 3:00 p.m. at MVWD.

On Wednesday, February 25, 2009, IEUA held its "Day at the Park" from 3:30 p.m. to 5:30 p.m. Agencies participating in the event included:

- Santa Ana Watershed Association
- Inland Empire Regional Composting Authority
- LSA Associates, Inc.
- Inland Empire Resources Conservation District
- DVWD
- Native Grow Nursery
- Rancho Santa Ana Botanical Gardens
- City of Chino
- AQMD
- Greenlee Nursery
- Chino Basin Water Conservation District

AGENCY TOURS

During the month of February staff provided a number of tours of the HQ, RP-5 and RP-5 SHF. Tours of the RP-5 SHF, HQ, RP-5, Chino Creek Wetlands and Educational Park, and the Turner Recharge Basin were taken by those who attended the State Water Resource Control Board's meeting at IEUA on February 23 and 24. There is also a tour of the LEED HQ, with a presentation by Patrick Shields, to the Los Angeles Community College Trustees and Faculty.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.



CHINO BASIN WATERMASTER

VII. INFORMATION

1. Newspaper Articles



Sherri Lynne Molino

To: Committee Email Distribution List 2; Committee Email Distribution List 1; Committee Email Distribution List 3
Subject: Gov. Schwarzenegger Takes Action to Address California's Water Shortage
Importance: High

From: Governor's Office of External Affairs

Sent: Fri Feb 27 13:19:04 2009

Subject: Gov. Schwarzenegger Takes Action to Address California's Water Shortage
GAAS:079:09

For Immediate Release:
Friday, February 27, 2009

Contact: Aaron McLearn
Lisa Page
916-445-4571

Gov. Schwarzenegger Takes Action to Address California's Water Shortage

Proclaims State of Emergency, Directs Government to Utilize Resources, Help People

To combat California's third consecutive year of drought, Governor Arnold Schwarzenegger today proclaimed a state of emergency and ordered immediate action to manage the crisis. In the proclamation, the Governor uses his authority to direct all state government agencies to utilize their resources, implement a state emergency plan and provide assistance for people, communities and businesses impacted by the drought.

"Even with the recent rainfall, California faces its third consecutive year of drought and we must prepare for the worst – a fourth, fifth or even sixth year of drought," Governor Schwarzenegger said. "Last year we experienced the driest spring and summer on record and storage in the state's reservoir system is near historic lows. This drought is having a devastating impact on our people, our communities, our economy and our environment – making today's action absolutely necessary. This is a crisis, just as severe as an earthquake or raging wildfire, and we must treat it with the same urgency by upgrading California's water infrastructure to ensure a clean and reliable water supply for our growing state."

The Governor's order directs various state departments to engage in activity to provide assistance to people and communities impacted by the drought. The proclamation:

- Requests that all urban water users immediately increase their water conservation activities in an effort to reduce their individual water use by 20 percent
- Directs the Department of Water Resources (DWR) to expedite water transfers and related efforts by water users and suppliers
- Directs DWR to offer technical assistance to agricultural water suppliers and agricultural water users, including information on managing water supplies to minimize economic impacts and implementing efficient water management practices
- Directs DWR to implement short-term efforts to protect water quality or water supply, such as the installation of temporary barriers in the Delta or temporary water supply connections
- Directs the Labor and Workforce Development Agency to assist the labor market, including job training and financial assistance
- Directs DWR to join with other appropriate agencies to launch a statewide water conservation campaign calling for all Californians to immediately decrease their water use
- Directs state agencies to immediately implement a water use reduction plan and take immediate water conservation actions and requests that federal and local agencies also implement water use reduction plans for facilities within their control

In particular, the order directs that by March 30, 2009, DWR shall provide an updated report on the state's drought conditions and water availability. According to the proclamation, if the emergency conditions have not been sufficiently mitigated, the Governor will consider additional steps. These could include the institution of mandatory water rationing and mandatory reductions in water use; reoperation of major reservoirs in the state to minimize impacts of the drought; additional regulatory relief or permit streamlining as allowed under the Emergency Services Act; and other actions necessary to prevent, remedy or mitigate the effects of the extreme drought conditions.

DWR and California's Department of Food and Agriculture will also recommend, within 30 days, measures to reduce the economic impacts of the drought, including but not limited to water transfers, through-Delta

emergency transfers, water conservation measures, efficient irrigation practices, and improvements to the California Irrigation Management Information System.

Last week, DWR announced that California's severe drought had prevented it from increasing its State Water Project (SWP) delivery allocations for the first time since 2001. This year's allocation as of February is at just 15 percent of SWP contractor's requests. This is only the second time in SWP history that the February allocation has been this low.

The drought conditions and water restrictions are causing additional devastating economic and business losses. Agricultural revenue losses exceed \$300 million to date and could exceed \$2 billion in the coming season, with a total economic loss of nearly \$3 billion in 2009.

Full text of proclamation:

A PROCLAMATION

BY THE GOVERNOR OF THE STATE OF CALIFORNIA

WHEREAS the State of California is now in its third consecutive year of drought; and

WHEREAS in each year of the current drought, annual rainfall and the water content in the Sierra snowpack have been significantly below the amounts needed to fill California's reservoir system; and

WHEREAS the rainfall and snowpack deficits in each year of the current drought have put California further and further behind in meeting its essential water needs; and

WHEREAS statewide, 2008 was the driest spring and summer on record, with rainfall 76 percent below average; and

WHEREAS the Sacramento and San Joaquin River systems, which provide much of the state's reservoir inflow, were classified as Critically Dry for the 2008 water year; and

WHEREAS in the second year of this continuous drought, on June 4, 2008, I issued an Executive Order proclaiming a statewide drought, and I ordered my administration to begin taking action to address the water shortage; and

WHEREAS because emergency conditions existed in the Central Valley in the second year of the drought, I issued an Emergency Proclamation on June 12, 2008, finding that conditions of extreme peril to the safety of persons and property existed in the counties of Sacramento, San Joaquin, Stanislaus, Merced, Madera, Fresno, Kings, Tulare, and Kern caused by severe drought conditions, and I ordered my administration to take emergency action to assist the Central Valley; and

WHEREAS the drought conditions and water delivery limitations identified in my prior Executive Order and Emergency Proclamation still exist, and have become worse in this third year of drought, creating emergency conditions not just in the Central Valley, but throughout the State of California, as the adverse environmental, economic, and social impacts of the drought cause widespread harm to people, businesses, property, communities, wildlife and recreation; and

WHEREAS despite the recent rain and snow, the three year cumulative water deficit is so large there is only a 15 percent chance that California will replenish its water supply this year; and

WHEREAS in the time since the state's last major drought in 1991, California added 9 million new residents, experienced a significant increase in the planting of permanent, high-value crops not subject to fallowing, and was subjected to new biological opinions that reduced the flexibility of water operations throughout the year; and

WHEREAS because there is no way to know when the drought will end, further urgent action is needed to address the water shortage and protect the people and property in California; and

WHEREAS rainfall levels statewide for the 2008-2009 water year are 24 percent below average as of the February 1, 2009 measurement; and

WHEREAS the second snow pack survey of the 2009 winter season indicated that snow pack water content is 39 percent below normal; and

WHEREAS as of February 23, 2009, storage in the state's reservoir system is at a historic low, with Lake Oroville 70 percent below capacity, Shasta Lake 66 percent below capacity, Folsom Lake 72 percent below capacity, and San Luis Reservoir 64 percent below capacity; and

WHEREAS low water levels in the state's reservoir system have significantly reduced the ability to generate hydropower, including a 62 percent reduction in hydropower generation at Lake Oroville from October 1, 2008 to January 31, 2009; and

WHEREAS a biological opinion issued by the United States Fish and Wildlife Service on December 15, 2008, imposed a 30 percent restriction on water deliveries from the State Water Project and the Central Valley Project to protect Delta Smelt; and

WHEREAS State Water Project water allocations have now been reduced to 15 percent of requested deliveries, matching 1991 as the lowest water allocation year in State Water Project history, and Central Valley Project water allocations for agricultural users have now been reduced to zero; and

WHEREAS the lack of water has forced California farmers to abandon or leave unplanted more than 100,000 acres of agricultural land; and

WHEREAS California farmers provide nearly half of the fresh fruits, nuts and vegetables consumed by Americans, and the crop losses caused by the drought will increase food prices, which will further adversely impact families and economies throughout California and beyond our borders; and

WHEREAS agricultural revenue losses exceed \$300 million to date and could exceed \$2 billion in the coming season, with a total economic loss of nearly \$3 billion in 2009; and

WHEREAS it is expected that State Water Project and Central Valley Project water delivery reductions will cause more than 80,000 lost jobs; and

WHEREAS the income and job losses will adversely impact entire communities and diverse sectors of the economy supported by those jobs and income, including the housing market and commercial business; and

WHEREAS these conditions are causing a loss of livelihood for many thousands of people, an inability to provide for families, and increased harm to the communities that depend on them; and

WHEREAS this loss of income and jobs will increase the number of defaults, foreclosures and bankruptcies, and will cause a loss of businesses and property at a time when Californians are already struggling with a nationwide and worldwide economic downturn; and

WHEREAS the Central Valley town of Mendota, as one example, already reports an unemployment rate of more than 40 percent and lines of a thousand or more for food distribution; and

WHEREAS when jobs, property and businesses are lost, some families will move away from their communities, causing further harm to local economies, lower enrollments in local schools and reduced funding for schools; and

WHEREAS at least 18 local water agencies throughout the state have already implemented mandatory water conservation measures, and 57 agencies have implemented other water conservation programs or restrictions on water deliveries, with many agencies considering additional rationing and water supply reductions in 2009; and

WHEREAS the lack of water has forced local communities to draw water from their emergency water reserves, putting communities at risk of further catastrophe if emergency reserves are depleted or cut off; and

WHEREAS the state recently endured one of its worst wildfire seasons in history and the continuing drought conditions increase the risk of devastating fires and reduced water supplies for fire suppression; and

WHEREAS on February 26, 2009, the United States Department of Agriculture and the United States Department of Interior created a Federal Drought Action Team to assist California to minimize the social, economic, and environmental impacts of the current drought; and

WHEREAS the circumstances of the severe drought conditions, by reason of their magnitude, are beyond the control of the services, personnel, equipment and facilities of any single county, city and county, or city and require the combined forces of a mutual aid region or regions to combat; and

WHEREAS under the provisions of section 8558(b) of the California Government Code, I find that conditions of extreme peril to the safety of persons and property exist in California caused by the current and continuing severe drought conditions and water delivery restrictions.

NOW, THEREFORE, I, ARNOLD SCHWARZENEGGER, Governor of the State of California, in accordance with the authority vested in me by the California Constitution and the California Emergency Services Act, and in particular California Government Code sections 8625 and 8571, **HEREBY PROCLAIM A STATE OF EMERGENCY** to exist in California.

IT IS HEREBY ORDERED that all agencies of the state government utilize and employ state personnel, equipment and facilities for the performance of any and all activities consistent with the direction of the California Emergency Management Agency (CalEMA) and the State Emergency Plan.

I FURTHER DIRECT THAT:

1. The California Department of Water Resources (DWR) shall, in partnership with other appropriate agencies, launch a statewide water conservation campaign calling for all Californians to immediately decrease their water use.
2. DWR shall implement the relevant mitigation measures identified in the Environmental Water Account Environmental Impact Report, Environmental Impact Statement, Supplement, and Addendums for the water transfers made through the 2009 Drought Water Bank. In addition, the California Air Resources Board shall, in cooperation with DWR and other agencies, expedite permitting and development of mitigation measures related to air quality impacts which may result from groundwater substitution transfers.
3. DWR and the State Water Resources Control Board (SWRCB) shall expedite the processing of water transfers and related efforts by water users and suppliers that cannot participate in the 2009 Drought

Water Bank, provided the water users and suppliers can demonstrate that the transfer will not injure other legal users of water or cause unreasonable effects on fish and wildlife.

4. The SWRCB shall expedite the processing and consideration of the request by DWR for approval of the consolidation of the places of use and points of diversion for the State Water Project and federal Central Valley Project to allow flexibility among the projects and to facilitate water transfers and exchanges.

5. DWR shall implement short-term efforts to protect water quality or water supply, such as the installation of temporary barriers in the Delta or temporary water supply connections.

6. The SWRCB shall expedite the processing and consideration of requests by DWR to address water quality standards in the Delta to help preserve cold water pools in upstream reservoirs for salmon preservation and water supply.

7. To the extent allowed by applicable law, state agencies within my administration shall prioritize and streamline permitting and regulatory compliance actions for desalination, water conservation and recycling projects that provide drought relief.

8. The Department of General Services shall, in cooperation with other state agencies, immediately implement a water use reduction plan for all state agencies and facilities. The plan shall include immediate water conservation actions and retrofit programs for state facilities. A moratorium shall be placed on all new landscaping projects at state facilities and on state highways and roads except for those that use water efficient irrigation, drought tolerant plants or non-irrigated erosion control.

9. As a condition to receiving state drought financial assistance or water transfers provided in response to this emergency, urban water suppliers in the state shall be required to implement a water shortage contingency analysis, as required by California Water Code section 10632. DWR shall offer workshops and technical assistance to any agency that has not yet prepared or implemented the water shortage contingency analysis required by California law.

10. DWR shall offer technical assistance to agricultural water suppliers and agricultural water users, including information on managing water supplies to minimize economic impacts, implementing efficient water management practices, and using technology such as the California Irrigation Management Information System (CIMIS) to get the greatest benefit from available water supplies.

11. The Department of Public Health shall evaluate the adequacy of emergency interconnections among the state's public water systems, and provide technical assistance and continued financial assistance from existing resources to improve or add interconnections.

12. DWR shall continue to monitor the state's groundwater conditions, and shall collect groundwater-level data and other relevant information from water agencies, counties, and cities. It is requested that water agencies, counties and cities cooperate with DWR by providing the information needed to comply with this Proclamation.

13. DWR and the Department of Food and Agriculture shall recommend, within 30 days from the date of this Proclamation, measures to reduce the economic impacts of the drought, including but not limited to, water transfers, through-Delta emergency transfers, water conservation measures, efficient irrigation practices, and improvements to CIMIS.

14. The Department of Boating and Waterways shall recommend, within 30 days from the date of this Proclamation, and in cooperation with the Department of Parks and Recreation, measures to reduce the impacts of the drought conditions to water-based recreation, including but not limited to, the relocation or extension of boat ramps and assistance to marina owners.
15. The Labor and Workforce Development Agency shall recommend, within 30 days from the date of this Proclamation, measures to address the impact of the drought conditions on California's labor market, including but not limited to, identifying impacted areas, providing one-stop service, assisting employers and workers facing layoffs, and providing job training and financial assistance.
16. DWR and the Department of Food and Agriculture shall be the lead agencies in working with the Federal Drought Action Team to coordinate federal and state drought response activities.
17. The emergency exemptions in Public Resources Code sections 21080(b)(3), 21080(b)(4) and 21172, and in California Code of Regulations, title 14, section 15269(c), shall apply to all actions or efforts consistent with this Proclamation that are taken to mitigate or respond to this emergency. In addition, Water Code section 13247 is suspended to allow expedited responses to this emergency that are consistent with this Proclamation. The Secretary for the California Environmental Protection Agency and the Secretary for the California Natural Resources Agency shall determine which efforts fall within these exemptions and suspension, ensuring that these exemptions and suspension serve the purposes of this Proclamation while protecting the public and the environment. The Secretaries shall maintain on their web sites a list of the actions taken in reliance on these exemptions and suspension.
18. By March 30, 2009, DWR shall provide me with an updated report on the state's drought conditions and water availability. If the emergency conditions have not been sufficiently mitigated, I will consider issuing additional orders, which may include orders pertaining to the following:
 - (a) institution of mandatory water rationing and mandatory reductions in water use;
 - (b) reoperation of major reservoirs in the state to minimize impacts of the drought;
 - (c) additional regulatory relief or permit streamlining as allowed under the Emergency Services Act; and
 - (d) other actions necessary to prevent, remedy or mitigate the effects of the extreme drought conditions.

I FURTHER REQUEST THAT:

19. All urban water users immediately increase their water conservation activities in an effort to reduce their individual water use by 20 percent.
20. All agricultural water suppliers and agricultural water users continue to implement, and seek additional opportunities to immediately implement, appropriate efficient water management practices in order to minimize economic impacts to agriculture and make the best use of available water supplies.
21. Federal and local agencies also implement water use reduction plans for facilities within their control, including immediate water conservation efforts.

I FURTHER DIRECT that as soon as hereafter possible, this proclamation be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this proclamation.

IN WITNESS WHEREOF I have hereunto
set my hand and caused the Great Seal of
the State of California to be affixed this 27th
day of February, 2009.

ARNOLD SCHWARZENEGGER
Governor of California

ATTEST:

DEBRA BOWEN
Secretary of State

###

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

THE SACRAMENTO BEE sacbee.com

This story is taken from Sacbee / Our Region / Top Stories

Water watchers cast a wary eye

mweiser@sacbee.com

Published Monday, Feb. 02, 2009

Water experts are having a hard time finding the right words to describe what lies ahead, after recording a dismally dry January in California.

"Scary," "grim," and possible "conservation mandates" are offered up.

Yet it's easy for the experts to sound out a clear warning: This may become, simply, the worst drought California has ever seen.

"Our worst fears appear to be materializing," said Wendy Martin, drought coordinator at the state Department of Water Resources. "It's going to be a huge challenge."

The bottom line, water officials said, is that right now, everyone must start using less water. The public can expect higher water bills and fines if they don't, because the alternative is a real water shortage – one that is threatening tens of thousands of Valley jobs.

"It's pretty scary," said Tim Quinn, executive director of the Association of California Water Agencies, who has more than three decades in the water-supply business. "The public needs to tighten their belts. You have to rearrange all the molecules in your brain to think about using water differently."

What worries the water gurus is not just a likelihood that 2009 may be a third dry year in a row, but what appears to be the state's dramatically reduced flexibility to respond.

Among the reasons:

- Sacramento-San Joaquin Delta is in an ecological crisis. It's the funnel for most of California's precipitation, but its ability to move water from north to south is compromised by the need to keep Delta fish from going extinct.
- California has added 10 million people since the last big drought in 1991, substantially boosting demand on the available supply.
- Farmers have shifted hundreds of thousands of acres to permanent crops such as fruit, nuts and grapes, which cannot be fallowed in droughts like the row crops they replaced.

Thousands of acres of row crops already have been fallowed, and more will follow.

"The situation is very grim for all farmers," said Sarah Woolf, spokeswoman for the San Joaquin Valley's giant Westlands Water District, which warned customers they may not get any water this year. "There simply will be drastic fallowing and, in all likelihood, significant impacts that result in some businesses not making it through."

Richard Howitt, professor of resource economics at UC Davis, last week offered sobering numbers to the state Board of Food and Agriculture.

Using computer economic models and DWR water data, Howitt estimates 40,000 jobs will be lost, along with \$1.15 billion in income.

But this is just the first splash of trouble, because Howitt's estimate applies only to areas of the Central Valley south of the Delta, and only in the farm sector.

It also relies upon DWR's most recent official estimate that its water contractors will get only 15 percent of normal deliveries. But a DWR official told The Bee last week that the next forecast, expected by mid-February, will almost certainly promise even less water.

All these factors mean the statewide economic impacts will increase substantially from current estimates, Howitt said. He expects this drought will be worse than those in 1977 and 1991, the most severe in modern times.

"What's eye-popping to me is these job losses," Howitt said. "If you say you're losing 40,000 jobs in small Valley towns where the people who are losing their jobs are least able to do anything about it, you're talking about real costs to people's living."

January is one of the months water officials had hoped would yield enough water to pull the state out of a two-year dry spell. But it did the opposite: January, often the wettest month of the year in California, was in 2009 one of the driest on record.

The statewide snowpack, in surveys conducted Thursday, proved to be just 61 percent of average. It was worse, at 49 percent, in the Northern Sierra, home to some of the state's most important reservoirs.

Rainfall totals mirror the bad news. Sacramento in January saw just 1.5 inches of rain, against the historical average of 4.2 inches, according to the National Weather Service.

Redding fared even worse, recording only 0.93 of an inch compared with the January average of 6.5 inches.

Water agencies throughout the state are scrambling to adopt conservation mandates – largely because many customers have so far failed to cut back enough on their use.

The East Bay Municipal Utility District, for instance, ordered 15 percent mandatory conservation in May. Customers achieved 10 percent.

The city of Folsom last year adopted the Sacramento region's strictest measures: a Stage 2 drought alert with a voluntary 20 percent conservation target.

Utilities Director Ken Payne said customers achieved that goal, but consumption this winter soared above normal.

Within weeks it is likely to move to a Stage 3 warning, which will make the 20 percent target mandatory and limit outdoor watering to just two days per week.

The city gets its water from Folsom Lake, which today stands at 25 percent of capacity. If the water level drops another 40 feet, Payne said, the city could have trouble drawing water from its lake intake.

The city of Sacramento does not expect supply problems because it has ample water rights in both the Sacramento and American rivers. But it has come under growing criticism in recent years for its gluttony.

Sacramento's per capita water use, at 278 gallons per day, is double the state average.

The city was forced by a 2004 state law to install water meters at all customer accounts. But it doesn't plan to do so any sooner than a 2025 deadline.

Critics note an ingrained attitude among many Sacramentans, who believe they can use all the water they want because it simply flows back into local rivers.

That perception is false, according to state data.

In the Sacramento Valley, an average of 44 percent of water used for urban purposes is lost to evaporation and plant growth, according to DWR research. This means that in an average year, 312,000 acre-feet of water used in the region doesn't return to rivers. That's enough to serve 600,000 households for a year.

Sacramento has never ordered water rationing in its 160-year history. But Utilities Department spokeswoman Jessica Hess said that on Feb. 24, the City Council will consider such a mandate, along with stronger enforcement against water waste.

"It is not just about us," Hess said in an e-mail. "In times like these, it is important to consider the greater good of the state and region."

Call The Bee's Matt Weiser, (916) 321-1264.

THIS PAGE
HAS
INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION