



CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Thursday, April 23, 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, April 23, 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. – April 23, 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 March 26, 2009 *(Page 1)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of March 2009 *(Page 13)*
2. Watermaster Visa Check Detail *(Page 17)*
3. Combining Schedule for the Period July 1, 2008 through February 28, 2009 *(Page 19)*
4. Treasurer's Report of Financial Affairs for the Period February 1, 2009 through February 28 2009 *(Page 21)*
5. Budget vs. Actual July 2008 through February 2009 *(Page 23)*

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Santa Ana River Water Company hereby transfers to Jurupa Community Services District in the quantity of 1,000 acre-feet of corresponding Operating Safe Yield. Date of Application: February 2, 2009 *(Page 25)*
2. **Consider Approval for Notice of Sale or Transfer** – Chino Basin Watermaster will purchase 1,800.000 acre-feet of water from the Santa Ana River Water Company. Watermaster will purchase the water at \$295.00 per acre-foot, which is the MWD's replenishment rate (not including IEUA and OCWD fees). The transfer will be made first from SARWC's net under-production in Fiscal Year 2008-09, with any remainder to be recaptured from storage. Date of Application: March 2, 2009 *(Page 35)*
3. **Consider Approval for Notice of Sale or Transfer** – Chino Basin Watermaster will purchase 5,085.000 acre-feet of water from the City of Chino. Date of Application: March 2, 2009 *(Page 49)*

II. BUSINESS ITEM

A. BUDGET TRANSFER T-09-04-01

Consider Budget Transfer No. T-09-04-01 for the Funding of the Farming Portion of the Middle Santa Ana Watershed TMDL Study in the Amount of \$21,000 *(Page 63)*

B. BUDGET TRANSFER T-09-04-02

Consider Budget Transfer No. T-09-04-02 for Agricultural Pool Legal & Technical from OBMP Account 6906 to Account 8467 in the Amount of \$30,000 (*Page 67*)

C. STATUS REPORT 2008-2

Consider Approval of Status Report 2008-2 for Filing with the Court (*Page 71*)

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. April 27, 2009 Hearing
2. Hanson Aggregates Update
3. Notice Application for Storage Account by Inland Empire Utilities Agency, Three Valleys Municipal Water District, and Western Municipal Water District on behalf of Metropolitan Water District of Southern California for an additional 74,000.000 acre-feet in addition to the 100,000.000 acre-feet existing DYY Storage Account
4. Development and Use of the City of Upland's Storm Drains Agreement

B. ENGINEERING REPORT

1. Recharge Master Plan Update and Schedule
2. Summary of Findings from Max Benefit/Hydraulic Control Monitoring Report
3. Results of InSAR Work

C. FINANCIAL REPORT

1. Budget Workshop and Related Items

D. CEO/STAFF REPORT

1. Legislative Update
2. Recharge Update
3. Zone 1 Repair to San Sevaine Channel Agreement

E. INLAND EMPIRE UTILITIES AGENCY

1. MWD Water Supply Allocation Update - Oral
2. IEUA's Drought Plan Update - Oral
3. Recycled Water Status Report - Oral
4. Peace II CEQA Update - Oral
5. Monthly Water Conservation Programs (*Page 95*)
6. Imported Water Deliveries/DYY Performance Report (*Page 102*)
7. Recycled Water Newsletter (*Page 113*)
8. State and Federal Legislative Reports (*Page 119*)
9. Community Outreach/Public Relations Report (*Page 163*)
10. MWD Drought Plan and Press Release (*Page 165*)
11. IEUA Drought Plan and Press Release (*Page 169*)
12. MWD Water Rates and Charges Board Letter (*Page 187*)
13. Revised Peace II CEQA Schedule (*Page 191*)

F. OTHER METROPOLITAN MEMBER AGENCY REPORTS

IV. INFORMATION

1. Newspaper Articles (*Page 193*)

V. COMMITTEE MEMBER COMMENTS

VI. OTHER BUSINESS

VII. 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.

1. Meeting with Agricultural Pool Regarding Special Projects
2. Personnel Committee Matters

VIII. FUTURE MEETINGS

April 14, 2009	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
April 21, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA
April 21, 2009	2:00 p.m.	Budget Workshop
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 23, 2009	1:00 p.m.	WE Workshop #2 Task 6.1
April 27, 2009	9:30 a.m.	Chino Basin Watermaster Hearing, San Bernardino Court
April 28, 2009	9:00 a.m.	GRCC Meeting
May 14 2009	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
May 19, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA
May 28, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
May 28, 2009	9:00 a.m.	Advisory Committee Meeting
May 28, 2009	11:00 a.m.	Watermaster Board Meeting
May 28, 2009	1:00 p.m.	WE Workshop #3 Tasks 8.2 through 8.5

Meeting Adjourn

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**CHINO BASIN WATERMASTER
BOARD MEETING**

WITH

Mr. Ken Willis, Chair

Mr. Bob Kuhn, Vice-Chair

11:00 a.m. – April 23, 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

I. CONSENT CALENDAR

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B. BUDGET TRANSFER T-09-04-02

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C. STATUS REPORT 2008-2

Consider Approval of Status Report 2008-2 for Filing with the Court (Page 71)

D. PERS AMENDMENT – RESOLUTION NO. 09-04

Consider Approval of Resolution No. 09-04 Declaring its Intent to Change the Public Employee Retirement (PERS) formula from 2.0% at 55 to 2.5% at 55 (Page 83)

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

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1. Budget Workshop and Related Items

D. CEO/STAFF REPORT

1. Legislative Update
2. Recharge Update
3. Zone 1 Repair to San Sevaine Channel Agreement

IV. INFORMATION

1. Newspaper Articles (Page 193)

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.

VIII. FUTURE MEETINGS

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Meeting Adjourn

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CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Advisory Committee Meeting – March 26, 2009



Draft Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING
March 26, 2009

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

ADVISORY COMMITTEE MEMBERS PRESENT

Appropriative Pool

Robert DeLoach, Vice-Chair	Cucamonga Valley Water District
Mark Kinsey	Monte Vista Water District
Mohamad El Amamy	City of Ontario
Anthony La	City of Upland
Dave Crosley	City of Chino
Charles Moorrees	San Antonio Water Company
Raul Garibay	City of Pomona
Mike McGraw	Fontana Water Company
Robert Young	Fontana Union Water Company

Agricultural Pool

Jennifer Novak	State of California Dept. of Justice, CIM
Jeff Pierson	Ag Pool – Crops
Pete Hall	State of California, CIM

Non-Agricultural Pool

Kevin Sage	Vulcan Materials Company (Calmat Division)
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Watermaster Board Members Present

Michael Camacho	Inland Empire Utilities Agency
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Watermaster Staff Present

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

Watermaster Consultants Present

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

Others Present

Jack Safely	Western Municipal Water District
Tom Crowley	Western Municipal Water District
Sandra Rose	Monte Vista Water District
Steven Lee	Reid & Hellyer
Eunice Ulloa	Chino Basin Water Conservation District
Martha Davis	Inland Empire Utilities Agency
Rich Atwater	Inland Empire Utilities Agency
Terry Catlin	Inland Empire Utilities Agency
Marv Shaw	Inland Empire Utilities Agency
Gil Aldaco	City of Chino
Marty Zvirbulis	Cucamonga Valley Water District
Ben Adlin	Coro/Chino Basin Watermaster

Vice-Chair DeLoach called the Advisory Committee meeting to order at 9:03 a.m.

AGENDA - ADDITIONS/REORDER

No additions or reorders were made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Advisory Committee Meeting held February 26, 2009

B. FINANCIAL REPORTS

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

Motion by Pierson, second by El Amamy, and by unanimous vote

Moved to approve Consent Calendar A through B, as presented

II. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Court Hearing Update

Counsel Fife stated the new hearing date has now been rescheduled to Monday, April 27, 2009 at 9:30 a.m. Counsel Fife stated meetings regarding testimony and for this upcoming hearing will be scheduled in April.

2. The Auction Price Floor Agreement & Storage & Recovery Agreement

Counsel Fife stated a meeting took place recently with Watermaster staff and the Appropriative Pool members regarding the sale of the Non Agriculture water we currently do not have a floor bidder for the water that will be available for the upcoming auction. Different ways to restructure the auction are being considered and once a more definitive plan is done more information will be presented to this Pool. Chair Jeske offered comment on the recent meeting and noted a to-do list was given out at that meeting and another meeting was scheduled.

3. Peace II CEQA Notice of Preparation

Counsel Fife stated in the Peace II Agreement there was commitment to do a CEQA analysis and Mr. Dodson has been hired to perform that work. Inland Empire Utilities Agency (IEUA) is acting as the lead agency. The CEQA document is going to review the Peace II agreements and also will be an update to the original PEIR that was done in 2000. A notice of preparation did go out on February 25, 2009 which began the 30 day comment period which expired yesterday.

B. ENGINEERING REPORT

1. Recharge Master Plan Progress Report

No comment was made regarding this item.

2. Storage Loss Calculation Update

No comment was made regarding this item.

3. Budget Schedule Update

Mr. Wildermuth stated the quarterly report that is prepared for Watermaster on a quarterly basis and summarizes Wildermuth tasks and budget status is now available. The report reads by task order for all the work that is done within a week or two. Mr. Wildermuth stated the most recent ECAC spreadsheet is available on the back table and if there are any questions on the report call himself, Joe LeClaire, or Sheri Rojo.

C. FINANCIAL REPORT

1. Dry Year Yield Financial Update

Ms. Rojo stated the Dry Year Yield Program that was entered into between Chino Basin Watermaster, Metropolitan Water District, with Inland Empire Utilities Agency acting as the lead agency started last fiscal year 2007-2008. MWD agreed to reimburse Watermaster \$400,000 and some of that has already been received and the balance will be received this fiscal year. The project was completed in December, 2008, and staff is now anticipating receiving the final reimbursements between Watermaster and IEUA.

Added Comment:

Mr. Manning introduced Ben Adlin from the Coro Foundation and noted he would be performing an internship for approximately 5 weeks at Watermaster. During the time spent at Watermaster Mr. Adlin will be creating a new Chino Basin Watermaster power point presentation for the Watermaster website.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated there are a number of bills being introduced in Sacramento and the deadline for introduction was two weeks ago. There were about a third less bills introduced this year than in previous years. In Washington there are a lot of bills going through congress and the senate under a variety of different names; mostly stimulus kinds of activities. IEUA sends out a detailed list of current legislation status which is always very informative.

2. Recharge Update

Mr. Manning stated the most recent recharge update spreadsheet is on the back table. Mr. Manning noted there was over 3,000 acre-feet of storm water capture in the month of February which was a very good month based on the storms we had. Mr. Manning stated the Watermaster, Inland Empire Utilities Agency, San Bernardino County, and the Chino Basin Conservation District were very aggressive in their efforts to capture all the water possible from the storms in the month of February. There were 5,200 acre-feet of recycled water accumulated on top of the 3,000 acre-feet of storm water which again made for a very good month.

3. Watermaster Consolidated Schedule of Reporting Due Dates

No comment was made regarding this item.

4. PERS Retirement Plan

Mr. Manning stated the Personnel Committee met recently and the PERS retirement plan that Watermaster currently has was reviewed and a proposal for a revised plan was presented. Mr. Manning stated the revision regarded changing the percentage number from 2.0% at 55 years of age to 2.5% at 55 years of age. The Personnel Committee made the recommendation that Watermaster can modify their plan to 2.5% at 55, if Watermaster staff picked up the increase in cost between the 2.0% and the 2.5% which is approximately 3% of their payroll. This recommendation will be coming to the board in April for a July, 2009 start date.

E. INLAND EMPIRE UTILITIES AGENCY

- 1. MWD Water Supply Allocation Update
No comment was made regarding this item.
- 2. IEUA's Draft "Strawman" Drought Allocation Plan Update
No comment was made regarding this item.
- 3. Dry Year Yield Expansion Update
No comment was made regarding this item.
- 4. Peace II CEQA Update
No comment was made regarding this item.
- 5. MWD Ordinance Requirements for Extraordinary Conservation Programs
No comment was made regarding this item.
- 6. Monthly Water Conservation Programs and Imported Water Deliveries/DYY Report
No comment was made regarding this item.
- 7. Recycled Water Newsletter
No comment was made regarding this item.
- 8. State and Federal Legislative Reports
No comment was made regarding this item.
- 9. Community Outreach/Public Relations Report
No comment was made regarding this item.

F. OTHER METROPOLITAN MEMBER AGENCY REPORTS

No comment was made regarding this item.

III. INFORMATION

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

IV. COMMITTEE MEMBER COMMENTS

No comment was made regarding this item.

V. OTHER BUSINESS

No comment was made regarding this item.

VI. CONFIDENTIAL SESSION - POSSIBLE ACTION

No comment was made regarding this item.

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

The Advisory Committee meeting was dismissed by Vice-Chair DeLoach at 9:20 a.m.

Secretary: _____

Minutes Approved: _____

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CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Watermaster Board Meeting – March 26, 2009



Draft Minutes
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING

March 26, 2009

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on March 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
Kevin Sage	Vulcan Materials Company
Jeff Pierson	Agricultural Pool
Geoffrey Vanden Heuvel	Agricultural Pool

Watermaster Staff Present

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

Watermaster Consultants Present

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

Others Present

Robert DeLoach	Cucamonga Valley Water District
Marty Zvirbulis	Cucamonga Valley Water District
Mark Kinsey	Monte Vista Water District
Anthony La	City of Upland
Dave Crosley	City of Chino
Raul Garibay	City of Pomona
Robert Tock	Jurupa Community Services District
Bill Kruger	City of Chino Hills
Mohamad El-Amamy	City of Ontario
Gordon Thrupp	Geosyntec
Rick Hansen	Three Valleys Municipal Water District
David DeJesus	Three Valleys Municipal Water District
Robert Young	Fontana Union Water Company
Jennifer Novak	State of California Dept. of Justice, CIM
Jack Safely	Western Municipal Water District
Tom Crowley	Western Municipal Water District
Sandra Rose	Monte Vista Water District
Steven Lee	Reid & Hellyer
Eunice Ulloa	Chino Basin Water Conservation District
Martha Davis	Inland Empire Utilities Agency
Rich Atwater	Inland Empire Utilities Agency

Terry Catlin
Marv Shaw
Ben Adlin
Andrew Lazenby

Inland Empire Utilities Agency
Inland Empire Utilities Agency
Coro/Chino Basin Watermaster
Black & Veatch

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

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

Mr. Manning stated Business item A. Public Employee Retirement Plan is going to be removed from the agenda as an action item and will be brought back on the April agenda for action.

Mr. Manning introduced Ben Adlin from the Coro Foundation and noted he would be performing an internship for approximately 5 weeks at Watermaster. During the time spent at Watermaster Mr. Adlin will be creating a new Chino Basin Watermaster power point presentation for the Watermaster website.

PUBLIC HEARING

No comments were made regarding this item.

I. CONSENT CALENDAR

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

Moved to approve Consent Calendar A through B, as presented

II. BUSINESS ITEM

A. PUBLIC EMPLOYEE RETIREMENT PLAN

This business item was removed from the Watermaster Board agenda.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Court Hearing Update

Counsel Slater stated the Chino Basin Watermaster hearing has now been rescheduled to Monday, April 27, 2009 at 9:30 a.m. Counsel Slater stated meetings regarding testimony and such necessary for this upcoming hearing will be scheduled early in April by Mr. Fife.

2. Auction Price Floor Agreement & Storage & Recovery Agreement

Counsel Slater stated the Auction Price Floor Agreement was discussed last month and have contacted Watermaster and some Board comments were received on this matter. It was noted at the last Board meeting that this issue is still being worked through the process. Counsel Slater stated meetings with several of the Appropriators have taken place to receive further direction. Counsel Slater refreshed the Board members on this Storage & Recovery matter and noted this item must go through the process and be approved by the Board and then ultimately approved by the court. Parties interested in securing a portion of the water held in storage there are about twelve interested parties. Watermaster staff and counsel expect to come back to the Appropriative Pool next month with a proposal in the

form of a potential Storage & Recovery Agreement and a proposal as to how to address material physical harm, and a proposal made as to how to use the revenues received in the event that the auction is pursued. The members of the Appropriative Pool are entitled to compensation from a Storage & Recovery Agreement; Watermaster will be bringing back a proposal that satisfies the broad benefit test. Mr. Vanden Heuvel distributed a document and offered comment on the handout that distributed at the March Agricultural Pool meeting during closed session. Mr. Vanden Heuvel read the document and then reviewed the document in detail. A lengthy discussion with regard to Mr. Vanden Heuvel's document ensued. Counsel Slater stated additional policy questions raised in Mr. Vanden Heuvel's document. Counsel Slater stated staff and counsel recognizes it is our responsibility to prepare a detailed staff report and supporting materials that will ultimately work their way through the process to respond to questions and comments. Mr. Whitehead inquired about a loan to purchase this water and a discussion regarding a possible loan ensued. A lengthy discussion ensued.

3. Peace II CEQA Notice of Preparation

Counsel Slater stated in the Peace II Agreement there was commitment to do a CEQA analysis and Mr. Dodson has been hired to perform that work. Inland Empire Utilities Agency (IEUA) is acting as the lead agency and this is in process. The CEQA document is going to review the Peace II agreements and also will be an update to the original PEIR that was done in 2000. A notice of preparation did go out on February 25, 2009 which began the 30 day comment period which expired yesterday.

A. ENGINEERING REPORT

1. Recharge Master Plan Progress Report

Mr. Wildermuth stated the work on the Recharge Master Plan is proceeding on schedule and Watermaster recently held a technical consultant meeting. The production optimization work is currently underway and is on schedule. Supplemental water recharge requirements and facilities availability have been completed. Safe yield methodology description is complete and staff is wrapping up the planning criteria. There are four task memorandums that are going to be made available next week on our web site. Those four documents will be the content for the March 26, 2009 Workshop.

2. Storage Loss Calculation Update

Mr. Wildermuth stated the calculations for the storage losses are complete and an initial set of loss rate computations will be produced shortly and we will present these findings at the next Advisory Committee meeting. Wildermuth is preparing a technical memorandum for staff to review in the near future.

3. Budget Schedule Update

Mr. Wildermuth stated the quarterly report that is prepared for Watermaster on a quarterly basis and summarizes Wildermuth tasks and budget status is now available. The report reads by task order for all the work that is done within a week or two. Mr. Wildermuth stated the most recent ECAC spreadsheet is available on the back table and if there are any questions on the report call himself, Joe LeClaire, or Sheri Rojo.

C. FINANCIAL REPORT

1. Dry Year Yield Financial Update

Ms. Rojo stated the Dry Year Yield Program that was entered into between Chino Basin Watermaster, Metropolitan Water District, with Inland Empire Utilities Agency acting as the lead agency started last fiscal year 2007-2008. MWD agreed to reimburse Watermaster \$400,000 and some of that has already been received and the balance will be received this fiscal year. The project was completed in December, 2008, and staff is now anticipating receiving the final reimbursements between Watermaster and IEUA.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated there are a number of bills being introduced in Sacramento and the deadline for introduction was two weeks ago. There were about a third less bills introduced this year than in previous years. In Washington there are a lot of bills going through congress and the senate under a variety of different names; mostly stimulus kinds of activities. IEUA sends out a detailed list of current legislation status which is always very informative.

2. Recharge Update

Mr. Manning stated the most recent recharge update spreadsheet is on the back table. Mr. Manning noted there was over 3,000 acre-feet of storm water capture in the month of February which was a very good month based on the storms we had. Mr. Manning stated the Watermaster, Inland Empire Utilities Agency, San Bernardino County, and the Chino Basin Conservation District were very aggressive in their efforts to capture all the water possible from the storms in the month of February. There were 5,200 acre-feet of recycled water accumulated on top of the 3,000 acre-feet of storm water which again made for a very good month.

3. Watermaster Consolidated Schedule of Reporting Due Dates

No comment was made regarding this item.

III. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

IV. BOARD MEMBER COMMENTS

No comment was made regarding this item.

V. OTHER BUSINESS

No comment was made regarding this item.

The regular open Watermaster Board meeting was convened to hold its confidential session at 11:45 a.m.

VI. CONFIDENTIAL SESSION - POSSIBLE ACTION

Counsel Slater stated the action taken by the Watermaster Board was to accept the settlement agreement with Hanson Aggregates.

The closed session was convened at 12:04 p.m.

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

The Watermaster Board meeting was dismissed by Chair Willis at 12:07 p.m.

Secretary: _____

Minutes Approved: _____

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CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of March 2009
2. Watermaster Visa Check Detail
3. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2008 through February 28, 2009
4. Treasurer's Report of Financial Affairs for the Period February 1, 2009 through February 28, 2009
5. Profit & Loss Budget vs. Actual July 2008 through February 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: April 14, 2009
April 21, 2009
April 23, 2009

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report

SUMMARY

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

Recommendation – Staff recommends the Cash Disbursements for March 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 March 2009 were \$834,447.31. The most significant expenditures during the month were Wildermuth Environmental Inc. in the amount of \$404,455.31, Inland Empire Utilities Agency in the amount of \$163,789.07, and Brownstein Hyatt Farber Schreck in the amount of \$64,221.69.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
March 2009

Type	Date	Num	Name	Amount
Mar 09				
Bill Pmt -Check	3/3/2009	13078	APPLIED COMPUTER TECHNOLOGIES	-3,105.00
Bill Pmt -Check	3/3/2009	13079	ARROWHEAD MOUNTAIN SPRING WATER	-97.37
Bill Pmt -Check	3/3/2009	13080	BLACK & VEATCH CORPORATION	-10,925.00
Bill Pmt -Check	3/3/2009	13081	BOWCOCK, ROBERT	-250.00
Bill Pmt -Check	3/3/2009	13082	CALIFORNIA WATER AWARENESS CAM...	-375.00
Bill Pmt -Check	3/3/2009	13083	CALPERS	-4,008.12
Bill Pmt -Check	3/3/2009	13084	CAMACHO, MICHAEL	-500.00
Bill Pmt -Check	3/3/2009	13085	CARPET CARE CONNECTION	-177.95
Bill Pmt -Check	3/3/2009	13087	CPR AND SPORTS MEDICINE SERVICES...	-248.16
Bill Pmt -Check	3/3/2009	13088	CUCAMONGA VALLEY IAAP	-25.00
Bill Pmt -Check	3/3/2009	13089	DIRECTV	-76.98
Bill Pmt -Check	3/3/2009	13090	INLAND EMPIRE UTILITIES AGENCY	-149,915.07
Bill Pmt -Check	3/3/2009	13091	JAMES JOHNSTON	-855.00
Bill Pmt -Check	3/3/2009	13092	KONICA MINOLTA BUSINESS SOLUTIONS	-347.69
Bill Pmt -Check	3/3/2009	13093	KUHN, BOB	-250.00
Bill Pmt -Check	3/3/2009	13094	MAYER HOFFMAN MC CANN P.C.	-8,850.00
Bill Pmt -Check	3/3/2009	13095	OFFICE DEPOT	-211.57
Bill Pmt -Check	3/3/2009	13097	PAYCHEX	-202.70
Bill Pmt -Check	3/3/2009	13098	PUMP CHECK	-4,735.00
Bill Pmt -Check	3/3/2009	13099	SAFETY CLEAN JANITORIAL SERVICES	-651.31
Bill Pmt -Check	3/3/2009	13100	STANDARD INSURANCE CO.	-580.01
Bill Pmt -Check	3/3/2009	13101	STATE COMPENSATION INSURANCE FU...	-752.52
Bill Pmt -Check	3/3/2009	13102	TLC STAFFING	-960.00
Bill Pmt -Check	3/3/2009	13103	VANDEN HEUVEL, GEOFFREY	-375.00
Bill Pmt -Check	3/3/2009	13104	VERIZON	-410.50
Bill Pmt -Check	3/3/2009	13105	VISION SERVICE PLAN	-62.19
Bill Pmt -Check	3/3/2009	13106	W.C. DISCOUNT MOBILE AUTO DETAILI...	-75.00
Bill Pmt -Check	3/3/2009	13107	WEST VALLEY ELECTRIC	-191.83
Bill Pmt -Check	3/3/2009	13108	WHITEHEAD, MICHAEL	-250.00
Bill Pmt -Check	3/3/2009	13109	WILLIS, KENNETH	-375.00
Bill Pmt -Check	3/3/2009	13110	YUKON DISPOSAL SERVICE	-142.88
Bill Pmt -Check	3/5/2009	13111	ASSOCIATION OF GOVERNMENT ACCO...	-74.00
Bill Pmt -Check	3/5/2009	13112	CUCAMONGA VALLEY WATER DISTRICT	-5,495.00
Bill Pmt -Check	3/5/2009	13113	PARK PLACE COMPUTER SOLUTIONS, I...	-4,725.00
General Journal	3/7/2009	09/03/03	PAYROLL	-7,702.58
General Journal	3/7/2009	09/03/03	PAYROLL	-27,239.14
Bill Pmt -Check	3/13/2009	13114	ACWA SERVICES CORPORATION	-209.95
Bill Pmt -Check	3/13/2009	13115	CITISTREET	-2,595.66
Bill Pmt -Check	3/13/2009	13116	EMPIRE CLEANING SUPPLY	-19.06
Bill Pmt -Check	3/13/2009	13117	EXCEL LANDSCAPE	-5,408.00
Bill Pmt -Check	3/13/2009	13118	HSBC BUSINESS SOLUTIONS	-406.32
Bill Pmt -Check	3/13/2009	13119	PETTY CASH	-400.17
Bill Pmt -Check	3/13/2009	13120	PREMIERE GLOBAL SERVICES	-209.78
Bill Pmt -Check	3/13/2009	13121	SAFEGUARD DENTAL & VISION	-57.68
Bill Pmt -Check	3/13/2009	13122	SOURCE 1 PRINTING, PACKAGING & ME...	-4,281.25
Bill Pmt -Check	3/13/2009	13123	THE STANDARD INSURANCE COMPANY	-156.60
Bill Pmt -Check	3/13/2009	13124	TLC STAFFING	-432.00
Bill Pmt -Check	3/13/2009	13125	UNION 76	-125.19
Bill Pmt -Check	3/13/2009	13126	UNITED PARCEL SERVICE	-106.98
Bill Pmt -Check	3/13/2009	13127	WESTERN DENTAL SERVICES, INC.	-28.06
Bill Pmt -Check	3/13/2009	13128	CITISTREET	-2,595.66
Bill Pmt -Check	3/20/2009	13129	BANC OF AMERICA LEASING	-3,186.17
Bill Pmt -Check	3/20/2009	13130	BANK OF AMERICA	-2,739.67
Bill Pmt -Check	3/20/2009	13131	CALPERS	-4,008.12
Bill Pmt -Check	3/20/2009	13132	COMPUTER NETWORK	-118.53
Bill Pmt -Check	3/20/2009	13133	CUCAMONGA VALLEY WATER DISTRICT	-5,495.00
Bill Pmt -Check	3/20/2009	13134	CUCAMONGA VALLEY IAAP	-50.00
Bill Pmt -Check	3/20/2009	13135	DELUXE BUSINESS FORMS & SUPPLIES	-125.39
Bill Pmt -Check	3/20/2009	13136	FIRST AMERICAN REAL ESTATE SOLUTI...	-125.00
Bill Pmt -Check	3/20/2009	13137	INLAND EMPIRE UTILITIES AGENCY	-13,784.00
Bill Pmt -Check	3/20/2009	13138	MCI	-1,218.99
Bill Pmt -Check	3/20/2009	13139	MIJAC ALARM	-30.00
Bill Pmt -Check	3/20/2009	13140	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	3/20/2009	13141	QUILL	-766.05
Bill Pmt -Check	3/20/2009	13142	R&D PEST SERVICES	-85.00
Bill Pmt -Check	3/20/2009	13143	RAUCH COMMUNICATION CONSULTAN...	-5,851.18
Bill Pmt -Check	3/20/2009	13144	REID & HELLYER	-16,676.75
Bill Pmt -Check	3/20/2009	13145	RICOH BUSINESS SYSTEMS-Lease	-1,777.88

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
March 2009

Type	Date	Num	Name	Amount
Bill Pmt -Check	3/20/2009	13146	SANTA ANA WATERSHED PROJECT AU...	-9,100.00
Bill Pmt -Check	3/20/2009	13147	STAULA, MARY L	-136.61
Bill Pmt -Check	3/20/2009	13148	TLC STAFFING	-480.00
Bill Pmt -Check	3/20/2009	13149	VERIZON WIRELESS	-612.25
General Journal	3/21/2009	09/03/05	PAYROLL	-7,771.00
General Journal	3/21/2009	09/03/05	PAYROLL	-27,170.72
Bill Pmt -Check	3/23/2009	13150	JASON KARNER	-40.00
Bill Pmt -Check	3/23/2009	13151	BROWNSTEIN HYATT FARBER SCHRECK	-64,221.69
Bill Pmt -Check	3/24/2009	13152	MWH LABORATORIES	-9,683.00
Bill Pmt -Check	3/24/2009	13153	WILDERMUTH ENVIRONMENTAL INC	-404,455.31
Bill Pmt -Check	3/26/2009	13154	SAN BERNARDINO COUNTY FLOOD CO...	-1,990.00
Check	3/31/2009			-395.47
Mar 09				-834,447.31

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CHINO BASIN WATERMASTER
Check Detail
March 2009

Type	Num	Date	Name	Account	Paid Amount
Bill Pmt -Ch...	13130	3/20/2009	BANK OF AMERICA	1012 · Bank of America Gen'l Ckg	
Bill	4024...	2/28/2009		6191 · Conferences	-2,089.39
				6212 · Meeting Expense	-155.97
				6312 · Meeting Expenses	-255.73
				6141.3 · Admin Meetings	-90.56
				6111 · Membership Dues	-110.20
				6031.7 · Other Office Supplies	-37.82
TOTAL					-2,739.67

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CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE
 PERIOD JULY 1, 2008 THROUGH FEBRUARY 28, 2009

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL APPROPRIATIVE	POOL AGRICULTURAL NON-AGRIC.	POOL SPECIAL PROJECTS	GROUNDWATER REPLENISHMENT	GROUNDWATER OPERATIONS SB222	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2008-2009
Administrative Revenues										
Administrative Assessments		7,993,307	172,817						8,166,124	\$7,841,054
Interest Revenue		54,254	6,258					18	61,858	174,368
Mutual Agency Project Revenue		358,784	107,587						478,344	148,410
Grant Income										0
Miscellaneous Income										0
Total Revenues	-	8,406,345	113,845	186,118	-	-	-	18	8,706,326	8,163,832
Administrative & Project Expenditures										
Watermaster Administration	429,113								429,113	619,960
Watermaster Board-Advisory Committee	38,500								38,500	61,201
Pool Administration		15,011	113,792	3,206					132,009	166,523
Optimum Basin Mgmt Administration		969,143							969,143	1,913,484
OBMP Project Costs		3,858,378							3,858,378	5,392,289
Education Funds Use								375	375	375
Mutual Agency Project Costs										10,000
Total Administrative/OBMP Expenses	467,613	4,827,521	113,792	3,206				375	5,427,518	8,163,832
Net Administrative/OBMP Income	(467,613)	(4,827,521)								
Allocate Net Admin Income To Pools	467,613			11,704						
Allocate Net OBMP Income To Pools		3,620,899	1,085,789	120,833						
Agricultural Expense Transfer		1,283,548	(1,283,548)							
Total Expenses	5,270,193	21,206	135,744	50,374				375	5,427,518	8,163,832
Net Administrative Income	3,136,151	92,639						(357)	3,278,808	
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								(357)	9,716,451	
Working Capital, July 1, 2008										
Working Capital, End Of Period										
		5,413,216	481,995	143,157		294,397		1,343	6,492,359	
		8,549,367	574,634	193,531		6,732,040		986	16,208,810	
07/08 Assessable Production		103,077,958	30,909,693	3,439,822					137,427,473	
07/08 Production Percentages		75.005%	22.492%	2.503%					100.000%	

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**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
FEBRUARY 1 THROUGH FEBRUARY 28, 2009**

DEPOSITORIES:		
Cash on Hand - Petty Cash	500	
Bank of America		
Governmental Checking-Demand Deposits		\$ 215,404
Zero Balance Account - Payroll		215,404
Local Agency Investment Fund - Sacramento		15,540,455
		<hr/>
TOTAL CASH IN BANKS AND ON HAND	2/28/2009	\$ 15,756,359
TOTAL CASH IN BANKS AND ON HAND	1/31/2009	15,595,490
		<hr/>
PERIOD INCREASE (DECREASE)		\$ 160,869

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets:		
Accounts Receivable	-	
Assessments Receivable	141,520	
Prepaid Expenses, Deposits & Other Current Assets	9,855	
Accounts Payable	201,942	
Accrued Payroll, Payroll Taxes & Other Current Liabilities	13,114	
Transfer to/(from) Reserves	(205,562)	
		<hr/>
PERIOD INCREASE (DECREASE)		\$ 160,869

SUMMARY OF FINANCIAL TRANSACTIONS:

	Balances as of	1/31/2009	Petty Cash	Govt'l Checking Demand	Zero Balance Account Payroll	Local Agency Investment Funds	Totals
Balances as of 1/31/2009			\$ 500	\$ 54,535	\$ -	\$ 15,540,455	\$ 15,595,490
Deposits			-	1,150,900	-		1,150,900
Transfers			-	(69,597)	69,597		-
Withdrawals/Checks			-	(920,434)	(69,597)		(990,031)
			<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balances as of 2/28/2009			\$ 500	\$ 215,404	\$ -	\$ 15,540,455	\$ 15,756,359
PERIOD INCREASE OR (DECREASE)			-	-	-	-	-
			<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
			\$ -	\$ 160,869	\$ -	\$ -	\$ 160,869

**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
FEBRUARY 1 THROUGH FEBRUARY 28, 2009**

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
TOTAL INVESTMENT TRANSACTIONS							
			\$	-			-

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

**INVESTMENT STATUS
February 28, 2009**

Financial Institution	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	\$ 15,540,455			
TOTAL INVESTMENTS	\$ 15,540,455			

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

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

Respectfully submitted,



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

	<u>Jul '08 - Feb 09</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	478,344	148,410	329,934	322.31%
4110 · Admin Asmnts-Approp Pool	7,993,307	7,860,411	132,896	101.69%
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>8,706,326</u>	<u>8,315,426</u>	<u>390,900</u>	<u>104.7%</u>
Gross Profit	8,706,326	8,315,426	390,900	104.7%
Expense				
6010 · Salary Costs	372,553	484,302	-111,749	76.93%
6020 · Office Building Expense	53,385	102,000	-48,615	52.34%
6030 · Office Supplies & Equip.	14,633	46,500	-31,867	31.47%
6040 · Postage & Printing Costs	43,162	87,380	-44,218	49.4%
6050 · Information Services	85,600	144,000	-58,400	59.45%
6060 · Contract Services	72,085	98,000	-25,915	73.56%
6080 · Insurance	15,706	17,730	-2,024	88.58%
6110 · Dues and Subscriptions	11,449	16,750	-5,302	68.35%
6140 · WM Admin Expenses	1,048	4,000	-2,952	26.21%
6150 · Field Supplies	864	2,500	-1,636	34.54%
6170 · Travel & Transportation	18,273	39,200	-20,927	46.62%
6190 · Conferences & Seminars	20,418	26,500	-6,082	77.05%
6200 · Advisory Comm - WM Board	10,194	19,181	-8,987	53.15%
6300 · Watermaster Board Expenses	28,306	42,020	-13,714	67.36%
8300 · Appr PI-WM & Pool Admin	15,011	24,008	-8,997	62.53%
8400 · Agri Pool-WM & Pool Admin	14,027	24,820	-10,793	56.52%
8467 · Ag Legal & Technical Services	76,339	98,000	-21,661	77.9%
8470 · Ag Meeting Attend -Special	4,700	12,000	-7,300	39.17%
8471 · Ag Pool Expense	18,725	0	18,725	100.0%
8500 · Non-Ag PI-WM & Pool Admin	3,206	7,695	-4,489	41.67%
6500 · Education Funds Use Expens	375	375	0	100.0%
9500 · Allocated G&A Expenditures	-280,063	-448,902	168,839	62.39%
	<u>599,997</u>	<u>848,059</u>	<u>-248,062</u>	<u>70.75%</u>
6900 · Optimum Basin Mgmt Plan	883,780	1,785,421	-901,641	49.5%
6950 · Mutual Agency Projects	0	10,000	-10,000	0.0%
9501 · G&A Expenses Allocated-OBMP	85,363	137,959	-52,596	61.88%
	<u>969,143</u>	<u>1,933,380</u>	<u>-964,237</u>	<u>50.13%</u>
7101 · Production Monitoring	85,546	107,515	-21,969	79.57%
7102 · In-line Meter Installation	32,006	87,931	-55,925	36.4%
7103 · Grdwtr Quality Monitoring	120,729	210,458	-89,729	57.37%
7104 · Gdwtr Level Monitoring	271,392	372,538	-101,146	72.85%

	<u>Jul '08 - Feb 09</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7105 · Sur Wtr Qual Monitoring	3,842	46,717	-42,875	8.22%
7107 · Ground Level Monitoring	248,167	651,468	-403,301	38.09%
7108 · Hydraulic Control Monitoring	375,295	713,949	-338,654	52.57%
7200 · PE2- Comp Recharge Pgm	715,111	1,245,266	-530,155	57.43%
7300 · PE3&5-Water Supply/Desalte	58,433	108,477	-50,044	53.87%
7400 · PE4- Mgmt Plan	202,674	272,515	-69,841	74.37%
7500 · PE6&7-CoopEfforts/SaltMgmt	35,473	76,411	-40,938	46.42%
7600 · PE8&9-StorageMgmt/Conj Use	251,536	61,909	189,627	406.3%
7690 · Recharge Improvement Debt Pymt	1,261,894	1,261,594	300	100.02%
7700 · Inactive Well Protection Prgm	0	6,296	-6,296	0.0%
9502 · G&A Expenses Allocated-Projects	196,279	310,943	-114,664	63.12%
	<u>3,858,378</u>	<u>5,533,987</u>	<u>-1,675,609</u>	<u>69.72%</u>
Total Expense	<u>5,427,518</u>	<u>8,315,426</u>	<u>-2,887,908</u>	<u>65.27%</u>
Net Ordinary Income	3,278,807		3,278,807	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	9,716,450			
Total Other Expense	<u>9,716,450</u>			
Net Other Income	<u>-3,278,807</u>			
Net Income	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

C. WATER TRANSACTION

1. Consider Approval for Notice of Sale or Transfer –

Santa Ana River Water Company hereby transfers to Jurupa Community Services District in the quantity of 1,000 acre-feet of corresponding Operating Safe Yield. Date of Application: February 2, 2009

2. Consider Approval for Notice of Sale or Transfer –

Chino Basin Watermaster will purchase 1,800,000 acre-feet of water from the Santa Ana River Water Company.

Watermaster will purchase the water at \$295.00 per acre-foot, which is the MWD's replenishment rate (not including IEUA and OCWD fees). The transfer will be made first from SARWC's net under-production in Fiscal Year 2008-09, with any remainder to be recaptured from storage. Date of Application: March 2, 2009

3. Consider Approval for Notice of Sale or Transfer –

Chino Basin Watermaster will purchase 5,085,000 acre-feet of water from the City of Chino. Date of Application: March 2, 2009



CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

March 5, 2009

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

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **February 2, 2009**

Date of this notice: **March 5, 2009**

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

- A. Notice of Sale or Transfer – Santa Ana River Water Company hereby transfers to Jurupa Community Services District the quantity of 1,000 acre-feet of corresponding Operating Safe Yield.

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

Appropriative Pool:	March 12, 2009
Non-Agricultural Pool:	March 12, 2009
Agricultural Pool:	March 17, 2009

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

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

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

Watermaster address:

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

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

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: March 5, 2009

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

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CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

DATE: March 5, 2009
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

Summary –

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

Issue –

- **Notice of Sale or Transfer –** Santa Ana River Water Company hereby transfers to Jurupa Community Services District the quantity of 1,000 acre-feet of corresponding Operating Safe Yield.

Recommendation –

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

Fiscal Impact –

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

Background

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

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

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

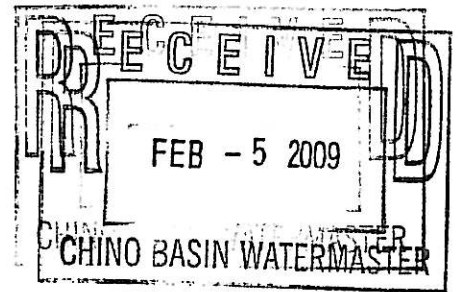
- Santa Ana River Water Company hereby transfers to Jurupa Community Services District the quantity of 1,000 acre-feet of corresponding Operating Safe Yield.

Notice of the water transaction identified above was mailed on March 5, 2009 along with the materials submitted by the requestors.

DISCUSSION

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

Kathryn Bogart, President
Betty A. Anderson, Vice President
Jane F. Anderson, Director
R. M. "Cook" Barela, Director
Kenneth J. McLaughlin, Director



February 2, 2009

Mr. Ken Manning
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730-2738

Dear Mr. Manning:

Enclosed is a fully executed original of the agreement between Jurupa Community Services District and the Santa Ana River Water Company for its fiscal year 2008-2009 Agreement For Sale And Purchase Of Water.

If you should have any questions regarding the content of the agreement, please contact Ken Waring at kwaring@jcsd.us or call (951) 685-7434.

Sincerely,

A handwritten signature in cursive script that reads "Jan Zirwas".

Jan Zirwas
Administrative Assistant

7005 Admin
7020 Admin/KW/jz

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APPLICATION
TO
TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

Fiscal Year 2008 - 2009

Commencing on July 1, 2008 and terminating on June 30, 2009, Santa Ana River Water Company ("Transferor") hereby transfers to Jurupa Community Services District ("Transferee") the quantity of 1,000 acre-feet of corresponding Annual Production Right (Appropriative Pool) or Safe Yield (Non-Agricultural Pool) adjudicated to Transferor or its predecessor in interest in the Judgment rendered in the Case of "CHINO BASIN MUNICIPAL WATER DISTRICT vs. CITY OF CHINO, et al.," RCV 51010 (formerly Case No. SCV 164327).

Said Transfer shall be conditioned upon:

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

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

WATER QUALITY AND WATER LEVELS

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

These wells do not exceed the MCL for nitrates and are used to blend with other wells within the Districts service area that do exceed the MCL for nitrates . All wells are perforated to a depth of between 300 – 400 feet

MATERIAL PHYSICAL INJURY

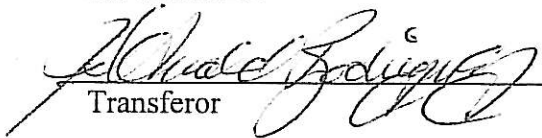
Is the Applicant aware of any potential Material Physical Injury to a party to the Judgment or the Basin that may be caused by the action covered by the application?

Yes [] No [X]

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

**ADDITIONAL INFORMATION
ATTACHED**

Yes No


Transferor


Transferee

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

March 5, 2009

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

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **March 2, 2009**

Date of this notice: **March 5, 2009**

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

- A. Notice of Sale or Transfer – Chino Basin Watermaster will purchase 1,800.000 acre-feet of water from the Santa Ana River Water Company (SARWC). Watermaster will purchase the water at \$295.00 per acre-foot, which is the MWD replenishment rate (not including IEUA and OCWD fees). The transfer will be made first from SARWC’s net under-production in Fiscal Year 2008-09, with any remainder to be recaptured from storage.

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

Appropriative Pool:	March 12, 2009
Non-Agricultural Pool:	March 12, 2009
Agricultural Pool:	March 17, 2009

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

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

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

Watermaster address:

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

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

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: March 5, 2009

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

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CHINO BASIN WATERMASTER

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Tel: (909) 484.3888 Fax: (909) 484-3890 www.cbwm.org

KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

DATE: March 5, 2009
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

Summary –

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

Issue –

- Notice of Sale or Transfer – Chino Basin Watermaster will purchase 1,800,000 acre-feet of water from the Santa Ana River Water Company (SARWC). Watermaster will purchase the water at \$295.00 per acre-foot, which is the MWD replenishment rate (not including IEUA and OCWD fees). The transfer will be made first from SARWC's net under-production in Fiscal Year 2008-09, with any remainder to be recaptured from storage.

Recommendation –

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

Fiscal Impact –

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

Background

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

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

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

- Notice of Sale or Transfer – Chino Basin Watermaster will purchase 1,800.000 acre-feet of water from the Santa Ana River Water Company (SARWC). Watermaster will purchase the water at \$295.00 per acre-foot, which is the MWD replenishment rate (not including IEUA and OCWD fees). The transfer will be made first from SARWC's net under-production in Fiscal Year 2008-09, with any remainder to be recaptured from storage.

Notice of the water transaction identified above was mailed on March 5, 2009 along with the materials submitted by the requestors.

DISCUSSION

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

Chino Basin Watermaster has a total replenishment obligation (due to overproduction within the Basin) of 20,833.80 AF for Assessment Year 2008-09. Due to the fact that MWD does not expect to have replenishment water available this fiscal year and perhaps not next fiscal year either, Watermaster wishes to use the option to purchase water from appropriators to fulfill the replenishment obligation. Watermaster is taking advantage of Santa Ana River Water Company's offer to sell 1,800.000 AF of water to Watermaster. The transfer will be made first from SARWC's net under-production in Fiscal Year 2008-09, with any remainder to be recaptured from storage. The 85/15 Rule does not apply to this transfer because 85/15 payments and credits were already established in the Assessment Package. This transfer is functioning in a similar manner as replenishment Watermaster purchases from MWD/IEUA.



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

March 2, 2009

Arnold Rodriguez
Santa Ana River Water Company
10530 54th Street
Mira Loma, CA 91752-2331

RE: Purchase of replenishment water from the Santa Ana River Water Company to Watermaster

Dear Mr. Rodriguez:

Chino Basin Watermaster has a total replenishment obligation (due to overproduction within the Basin) of 20,833.80 AF for Assessment Year 2008-09. Due to the fact that MWD does not expect to have replenishment water available this fiscal year and perhaps not next fiscal year either, Watermaster wishes to use the option to purchase water from appropriators to fulfill the replenishment obligation.

Watermaster would like to take advantage of the Santa Ana River Water Company's (SARWC's) offer to sell 1,800,000 AF of water to Watermaster. Watermaster will purchase the water at \$295.00 per acre-foot, which is the 2009 MWD replenishment rate (not including IEUA and OCWD fees). The transfer will be made first from SARWC's net under-production in Fiscal Year 2008-09, with any remainder to be recaptured from storage.

Please sign the attached forms (listed below). Once Watermaster has received these completed forms, the transaction will be Noticed and agendized in the same manner that any other water transfer would be handled.

If you have any questions, please feel free to contact myself or Danni Maurizio.

Sincerely,

Kenneth R. Manning,
Chief Executive Officer

Attachments:

- SARWC's Acceptance of Watermaster's Water Transfer Terms
- Form 3: Application for Sale or Transfer of Right to Produce Water from Storage
- Form 4: Application or Amendment to Application to Recapture Water in Storage
- Form 5: Application to Transfer Annual Production Right or Safe Yield



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

March 2, 2009

SANTA ANA RIVER WATER COMPANY'S ACCEPTANCE OF WATERMASTER'S WATER TRANSFER TERMS

Chino Basin Watermaster will purchase 1,800,000 AF of water from the Santa Ana River Water Company (SARWC). Watermaster will purchase the water at \$295.00 per acre-foot, which is the 2009 MWD replenishment rate (not including IEUA and OCWD fees). The transfer will be made first from SARWC's net under-production in Fiscal Year 2008-09, with any remainder to be recaptured from storage.

If these terms are acceptable to SARWC, please sign below and return to Watermaster at your earliest convenience.

Signature:

Printed Name:

J. ARNOLD RODRIGUEZ

Title:

GENERAL MANAGER

Date Signed:

March 3, 2009

Form 3

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

TRANSFER FROM LOCAL STORAGE AGREEMENT # _____

Santa Ana River Water Company
Name of Party

03/02/09
Date Requested

Date Approved

Street Address

1,800.000 Acre-feet
Amount Requested

Amount Approved

10530 54th Street
Street Address

Mira Loma CA 91752-2331
City State Zip Code

Telephone: 951-685-6503

Facsimile: 951-685-1978

Alfonso Rodriguez
Applicant

TRANSFER TO:

Chino Basin Watermaster
Name of Party

Attach Recapture Form 4 .

9641 San Bernardino Road
Street Address

Street Address

Rancho Cucamonga CA 91730
City State Zip Code

Telephone: 909-484-3888

Facsimile: 909-484-3890

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

WATER QUALITY AND WATER LEVELS

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

This transfer will have no affect on water quality or water levels. The water has already been pumped from the Basin by overproducers and this transfer will help fulfill Watermaster's replenishment obligation.

MATERIAL PHYSICAL INJURY

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

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

Form 3 (cont.)

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]

Applicant



TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

**APPLICATION OR AMENDMENT TO APPLICATION
TO
RECAPTURE WATER IN STORAGE**

Form 4

APPLICANT

<u>Chino Basin Watermaster</u>			<u>03/02/09</u>	<u> </u>
Name of Party			Date Requested	Date Approved
<u>9641 San Bernardino Road</u>			<u>1,800.000</u> Acre-feet	<u> </u> Acre-feet
Street Address			Amount Requested	Amount Approved
<u>Rancho Cucamonga</u>	<u>CA</u>	<u>91730</u>	<u>N/A</u>	<u>N/A</u>
City	State	Zip Code	Projected Rate of Recapture	Projected Duration of Recapture
Telephone: <u>909-484-3888</u>			Facsimile: <u>909-484-3890</u>	

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

IDENTITY OF PERSON THAT STORED THE WATER: Santa Ana River Water Company

PURPOSE OF RECAPTURE

- [] Pump when other sources of supply are curtailed
 [] Pump to meet current or future demand over and above production right
 [] Pump as necessary to stabilize future assessment amounts
 [X] Other, explain Watermaster is purchasing from SARWC to meet its replenishment obligation.

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

The water has already been pumped from the Basin by overproducers located throughout the Basin.

PLACE OF USE OF WATER TO BE RECAPTURED

The water has already been pumped from the Basin by overproducers located throughout the Basin.

**LOCATION OF RECAPTURE FACILITIES (IF
DIFFERENT FROM REGULAR PRODUCTION
FACILITIES).****WATER QUALITY AND WATER LEVELS**

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

This transfer will have no affect on water quality or water levels. The water has already been pumped from the Basin by overproducers and this transfer will help fulfill Watermaster's replenishment obligation.

Form 4 (cont.)

MATERIAL PHYSICAL INJURY

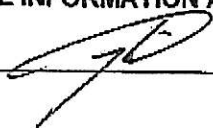
Is the Applicant aware of any potential Material Physical Injury to a party to the Judgment or the Basin that may be caused by the action covered by the application? Yes [] No [X]

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

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]

Applicant



TO BE COMPLETED BY WATERMASTER

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

APPLICATION TO TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

Fiscal Year 2008-2009

Commencing on July 1, 2008 and terminating on June 30, 2009, Santa Ana River Water Co. ("Transferor") hereby transfers to Chino Basin Watermaster ("Transferee") the quantity of 1,800,000 acre-feet of corresponding Annual Production Right (Appropriative Pool) or Safe Yield (Non-Agricultural Pool) adjudicated to Transferor or its predecessor in interest in the Judgment rendered in the Case of "CHINO BASIN MUNICIPAL WATER DISTRICT vs. CITY OF CHINO, et al.," RCV 51010 (formerly Case No. SCV 164327).

Said Transfer shall be conditioned upon:

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

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

WATER QUALITY AND WATER LEVELS

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

This transfer will have no affect on water quality or water levels. The water has already been pumped from the Basin by overproducers and this transfer will help fulfill Watermaster's replenishment obligation.

MATERIAL PHYSICAL INJURY

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

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

Four horizontal lines for providing mitigation measures, each with a dash (-) centered below it.

Form 5 (cont.)

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]

Abraheem Rodriguez
Transferor

Transferee

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

March 5, 2009

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

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **March 2, 2009**

Date of this notice: **March 5, 2009**

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

- A. Notice of Sale or Transfer – Chino Basin Watermaster will purchase 5,085.000 acre-feet of water from the City of Chino.

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

Appropriative Pool: March 12, 2009

Non-Agricultural Pool: March 12, 2009

Agricultural Pool: March 17, 2009

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

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

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

Watermaster address:

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Rancho Cucamonga, CA 91730

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

CHINO BASIN WATERMASTER

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Notification Dated: March 5, 2009

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

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KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

DATE: March 5, 2009
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

Summary –

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

Issue –

- Notice of Sale or Transfer – Chino Basin Watermaster will purchase 5,085.000 acre-feet of water from the City of Chino. Watermaster will purchase the water at \$295.00 per acre-foot, which is the MWD replenishment rate (not including IEUA and OCWD fees). The transfer will be made first from the City of Chino's net under-production in Fiscal Year 2008-09, with any remainder to be recaptured from storage.

Recommendation –

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

Fiscal Impact –

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

Background

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

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

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

- Notice of Sale or Transfer – Chino Basin Watermaster will purchase 5,085.000 acre-feet of water from the City of Chino. Watermaster will purchase the water at \$295.00 per acre-foot, which is the MWD replenishment rate (not including IEUA and OCWD fees). The transfer will be made first from the City of Chino's net under-production in Fiscal Year 2008-09, with any remainder to be recaptured from storage.

Notice of the water transaction identified above was mailed on March 5, 2009 along with the materials submitted by the requestors.

DISCUSSION

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

Chino Basin Watermaster has a total replenishment obligation (due to overproduction within the Basin) of 20,833.80 AF for Assessment Year 2008-09. Due to the fact that MWD does not expect to have replenishment water available this fiscal year and perhaps not next fiscal year either, Watermaster wishes to use the option to purchase water from appropriators to fulfill the replenishment obligation. Watermaster is taking advantage of the City of Chino's offer to sell 5,085.000 AF of water to Watermaster. The transfer will be made first from the City of Chino's net under-production in Fiscal Year 2008-09, with any remainder to be recaptured from storage. The 85/15 Rule does not apply to this transfer because 85/15 payments and credits were already established in the Assessment Package. This transfer is functioning in a similar manner as replenishment Watermaster purchases from MWD/IEUA.



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

March 2, 2009

Dave Crosley
City of Chino
13220 Central Avenue
Chino, CA 91710

RE: Purchase of replenishment water from the City of Chino to Watermaster

Dear Mr. Crosley:

Chino Basin Watermaster has a total replenishment obligation (due to overproduction within the Basin) of 20,833.80 AF for Assessment Year 2008-09. Due to the fact that MWD does not expect to have replenishment water available this fiscal year and perhaps not next fiscal year either, Watermaster wishes to use the option to purchase water from appropriators to fulfill the replenishment obligation.

Watermaster would like to take advantage of the City of Chino's offer to sell 5,085,000 AF of water to Watermaster. Watermaster will purchase the water at \$295.00 per acre-foot, which is the 2009 MWD replenishment rate (not including IEUA and OCWD fees). The transfer will be made first from the City's net under-production in Fiscal Year 2008-09, with any remainder to be recaptured from storage.

Please sign the attached forms (listed below). Once Watermaster has received these completed forms, the transaction will be Noticed and agendized in the same manner that any other water transfer would be handled.

If you have any questions, please feel free to contact myself or Danni Maurizio.

Sincerely,

Kenneth R. Manning,
Chief Executive Officer

Attachments:

- City of Chino's Acceptance of Watermaster's Water Transfer Terms
- Form 3: Application for Sale or Transfer of Right to Produce Water from Storage
- Form 4: Application or Amendment to Application to Recapture Water in Storage
- Form 5: Application to Transfer Annual Production Right or Safe Yield



CHINO BASIN WATERMASTER

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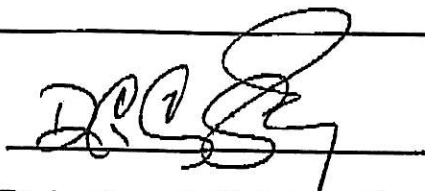
KENNETH R. MANNING
Chief Executive Officer

March 2, 2009

CITY OF CHINO'S ACCEPTANCE OF WATERMASTER'S WATER TRANSFER TERMS

Chino Basin Watermaster will purchase 5,085,000 AF of water from the City of Chino. Watermaster will purchase the water at \$295.00 per acre-foot, which is the 2009 MWD replenishment rate (not including IEUA and OCWD fees). The transfer will be made first from the City's net under-production in Fiscal Year 2008-09, with any remainder to be recaptured from storage.

If these terms are acceptable to the City of Chino, please sign below and return to Watermaster at your earliest convenience.

Signature: 

Printed Name: DAVID CROSCOY

Title: WATER & ENVIRONMENTAL MANAGER

Date Signed: 3/5/09

Form 3

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

TRANSFER FROM LOCAL STORAGE AGREEMENT # _____

City of Chino _____
 Name of Party _____
 13220 Central Avenue _____
 Street Address _____
 Chino CA 91710
 City State Zip Code
 Telephone: 909-927-7577 _____
 Applicant *[Signature]*

03/02/09 _____
 Date Requested Date Approved
 5,085.000 Acre-feet _____ Acre-feet
 Amount Requested Amount Approved
 Facsimile: 909-591-6829 _____

TRANSFER TO:

Chino Basin Watermaster _____
 Name of Party _____
 9641 San Bernardino Road _____
 Street Address _____
 Rancho Cucamonga CA 91730
 City State Zip Code
 Telephone: 909-484-3888 _____

Attach Recapture Form 4

Facsimile: 909-484-3890 _____

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

WATER QUALITY AND WATER LEVELS

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

_____ This transfer will have no affect on water quality or water levels. The water has already been pumped from the
 _____ Basin by overproducers and this transfer will help fulfill Watermaster's replenishment obligation.

MATERIAL PHYSICAL INJURY

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

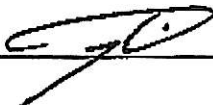
If yes, what are the proposed mitigation measures, if any, that might reasonably be imposed to ensure that the action does not result in Material Physical Injury to a party to the Judgment or the Basin?

Form 3 (cont.)

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]

Applicant



TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

Form 4

**APPLICATION OR AMENDMENT TO APPLICATION
TO
RECAPTURE WATER IN STORAGE**

APPLICANT

<u>Chino Basin Watermaster</u>			<u>03/02/09</u>	
Name of Party			Date Requested	Date Approved
<u>9641 San Bernardino Road</u>			<u>5,085.000</u> Acre-feet	<u> </u> Acre-feet
Street Address			Amount Requested	Amount Approved
<u>Rancho Cucamonga</u>	<u>CA</u>	<u>91730</u>	<u>N/A</u>	<u>N/A</u>
City	State	Zip Code	Projected Rate of Recapture	Projected Duration of Recapture
Telephone: <u>909-484-3888</u>			Facsimile: <u>909-484-3890</u>	

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

IDENTITY OF PERSON THAT STORED THE WATER: City of Chino

PURPOSE OF RECAPTURE

- Pump when other sources of supply are curtailed
- Pump to meet current or future demand over and above production right
- Pump as necessary to stabilize future assessment amounts
- Other, explain Watermaster is purchasing from City of Chino to meet its replenishment obligation.

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

The water has already been pumped from the Basin by overproducers located throughout the Basin.

PLACE OF USE OF WATER TO BE RECAPTURED

The water has already been pumped from the Basin by overproducers located throughout the Basin.

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

WATER QUALITY AND WATER LEVELS

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

This transfer will have no affect on water quality or water levels. The water has already been pumped from the Basin by overproducers and this transfer will help fulfill Watermaster's replenishment obligation.


Form 4 (cont.)

MATERIAL PHYSICAL INJURY

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

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

ADDITIONAL INFORMATION ATTACHED Yes [] No [X]

Applicant 

TO BE COMPLETED BY WATERMASTER

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

Form 5

**APPLICATION
TO
TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD**

Fiscal Year 2008-2009

Commencing on July 1, 2008 and terminating on June 30, 2009, City of Chino ("Transferor") hereby transfers to Chino Basin Watermaster ("Transferee") the quantity of 5,085,000 acre-feet of corresponding Annual Production Right (Appropriative Pool) or Safe Yield (Non-Agricultural Pool) adjudicated to Transferor or its predecessor in interest in the Judgment rendered in the Case of "CHINO BASIN MUNICIPAL WATER DISTRICT vs. CITY OF CHINO, et al.," RCV 51010 (formerly Case No. SCV 164327).

Said Transfer shall be conditioned upon:

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

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

WATER QUALITY AND WATER LEVELS

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

This transfer will have no affect on water quality or water levels. The water has already been pumped from the Basin by overproducers and this transfer will help fulfill Watermaster's replenishment obligation.

MATERIAL PHYSICAL INJURY

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

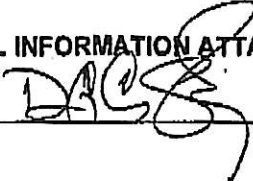
If yes, what are the proposed mitigation measures, if any, that might reasonably be imposed to ensure that the action does not result in Material Physical Injury to a party to the Judgment or the Basin?

Form 5 (cont.)

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]

Transferor



Transferee



TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____



CHINO BASIN WATERMASTER

II. BUSINESS ITEM

- A. BUDGET TRANSFER # T009-04-01
FUNDING OF THE FARMING
PORTION OF THE MIDDLE SANTA
ANA WATERSHED TMDL STUDY**





CHINO BASIN WATERMASTER

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Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: April 23, 2009

TO: Committee Members
Board Members

SUBJECT: Funding of the farming portion of the Middle Santa Ana Watershed TMDL Study

COST: \$21,000 – Budget Transfer Request #T-09-04-01

SUMMARY

The Santa Ana Regional Board is conducting a study of Total Maximum Daily Loads (TMDL's) within the middle reach of the Santa Ana River as mandated by federal law. Both Farming and Dairy are identified as potential contributors and need to be represented in the proceedings. Each operator is responsible for participation, individually or as a group. Dairy, through the involvement of the Milk Producers Council with funding from the Dairy Producer Environmental Foundation, is represented as a group. At the October 2008 Agricultural Pool meeting, the Pool voted to fund the involvement of the farmers in the process as a Special Project of the Agricultural Pool. The amount of this funding will be \$21,000.

Watermaster has not budgeted this amount for Agricultural Pool expenses and thus must make a budget transfer in order to fulfill the request.

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**CHINO BASIN WATERMASTER
BUDGET TRANSFERS**

Fiscal Year 2008-2009
T-09-04-01

To: **All Parties**

From: Sheri Rojo Date: 4/8/2009

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

Budgetary account reduction

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

Budgetary account addition

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

Should be zero

Transfer Procedure

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

Finance Use Only

Date Board Approved _____
Date Posted _____
Posted By _____
Approved by _____
Date approved _____

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CHINO BASIN WATERMASTER

II. BUSINESS ITEM

- B. BUDGET TRANSFER # T009-04-02
AG POOL LEGAL & TECHNICAL**





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: April 14, 2009
April 21, 2009
April 23, 2009

TO: Committee Members
Board Members

SUBJECT: Agricultural Pool Legal & Technical Budget Transfer

COST: \$30,000 – Budget Transfer Request #T-09-04-02

SUMMARY

As a result of recent legal activity by the Agricultural Pool, the budgeted funds will not be sufficient to last throughout the fiscal year. Staff is requesting a transfer in the amount of \$30,000.00 to transfer to this account. The money will be taken from the budgeted CEQA funds, where the actual costs came in below budget.

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**CHINO BASIN WATERMASTER
BUDGET TRANSFERS**

Fiscal Year 2008-2009
T-09-04-02

To: **All Parties**

From: Sheri Rojo Date: 4/8/2009

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

Budgetary account reduction

<i>Line Item Description</i>	<i>Account Number</i>	<i>Current Budget</i>	<i>Amount</i>
OBMP	6906	\$ 919,373	\$ (30,000)

Budgetary account addition

Ag Pool Legal & Technical	8467	\$ 80,000	\$ 30,000
			\$ -

Should be zero

<p align="center">Transfer Procedure</p> <ol style="list-style-type: none"> Staff brings the transfer request to the Appropriate Pool for information purposes if the transfer is under \$25,000. Transfers over \$25,000 within the same budget category require Pools, Advisory Committee and Board approval. Transfers between budget categories, regardless of amount must be approved by the Pools, Advisory Committee and Board . Once the form has been completed by the CFO, and approved by the board if required, the Chief Financial Officer will prepare and process the budget transfer in the accounting system. A log will be maintained by the CFO detailing the transfer. A fiscal year file will also be kept to hold all budget amendment forms for auditor review. 	<p align="center">Finance Use Only</p> <p>Date Board Approved _____</p> <p>Date Posted _____</p> <p>Posted By _____</p> <p>Approved by _____</p> <p>Date approved _____</p>
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CHINO BASIN WATERMASTER

II. BUSINESS ITEM

C. STATUS REPORT 2008-2





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: April 14, 2009
April 21, 2009
April 23, 2009

TO: Committee Members
Watermaster Board Members

SUBJECT: Status Report 2008-2

SUMMARY

Recommendation – Approve Status Report 2008-2 for filing with the Court

BACKGROUND

Status Report 2008-2 covers the period of July 1, 2008 through December 31, 2008. While the bulk to the report describes work conducted for each element of the Optimum Basin Management Program (OBMP) during the six-month period, it also references the reports and court filings made to address the issues of the Peace II implementation.

Staff recommends approval of the report for filing with the Court.

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Optimum Basin Management Program

Status Report 2008-2: July to December 2008



CHINO BASIN WATERMASTER

Optimum Basin Management Program

Highlighted Activities

Ongoing work to prepare the Recharge Master Plan. Watermaster held a Strategic Planning Conference in September 2008 followed by a workshop held on November 12, 2008. A working group was formed in the workshop to coordinate the multi-agency effort and is meeting every two weeks to continue the effort. In addition, a website has been developed to post the progress and to share the data (<http://rmp.wildermuthenvironmental.com>).

- In compliance with the Superior Court's "Order Concerning Motion for Approval of Peace II Documents," dated December 21, 2007, Conditions Subsequent Numbers 1-6 were filed and the Court approved the compliance at the hearing held on November 13, 2008. Condition Subsequent Number 7, which requires Watermaster to prepare and submit to the Court a revised schedule for reconciliation of new yield and storm water estimates for the fiscal year 2000/01 through 2006/07 and a discussion of how Watermaster will account for un-replenished overproduction for that period, was transmitted to the Court on December 23, 2008.
- Chino Basin Facilities Improvement Project (CBFIP) Phase II, a joint effort of Watermaster, the Chino Basin Water Conservation District (CBWCD), Inland Empire Utilities Agency (IEUA), and the San Bernardino County Flood Control District (SBCFCD) to increase the annual recharge of storm, imported, and recycled water and to reduce long-term maintenance costs, has shown a considerable progress in its construction and is expected to be completed by June 2009.



2008 Fall Strategic Conference

Important Court hearings and orders

- DEC 23 – COMPLIANCE WITH CONDITION SUBSEQUENT #7
- NOV 5 – CVWD'S SUPPLEMENTAL REPLY IN SUPPORT OF MOTION TO DISCONTINUE THE SPECIAL REFEREE
- SEPT 16 – NOTICE OF REASSIGNMENT OF CASE TO JUDGE WADE
- JULY 15 – MOTION TO RECEIVE AND TRANSMIT 30TH ANNUAL REPORT & STATUS REPORT 2007-1

Program Element 1: Develop and Implement a Comprehensive Monitoring Program

Groundwater Level Monitoring

Watermaster has three active groundwater level monitoring programs operating in the Chino Basin: 1) A semiannual basin-wide well monitoring program, 2) A key well monitoring program associated with the Chino I/II Desalter Well Fields and the Hydraulic Control Monitoring Program (HCMP), and 3) A piezometric monitoring program associated with land subsidence and ground fissuring in Management Zone 1 (MZ-1). The frequency of groundwater level monitoring varies with each program, depending on the needs of the data analyst. These groundwater level monitoring programs also rely on municipal producers, other government agencies, and private entities to supply their groundwater level measurements on a cooperative basis. Watermaster digitizes all these measurements and combines them into a relational database for general usage. During this period, Watermaster purchased and installed pressure transducers/data loggers at key wells; principally in the northern portions of Chino Basin where more detailed groundwater level data are needed.

Optimum Basin Management Program

Program Element 1: Develop and Implement a Comprehensive Monitoring Program (Continued)



Sampling the Kaiser Plume

"A 10-YEAR-LONG PERIOD OF BELOW AVERAGE RAINFALL, COMBINED WITH A STATEWIDE DROUGHT, CAUSED SERIOUS WATER SUPPLY IMPACTS FOR THE CHINO BASIN WATER COMMUNITY, RESIDENTS AND BUSINESSES."



Deer Creek Channel Sampling

Groundwater Quality Monitoring

Watermaster initiated a comprehensive monitoring program as part of the implementation of the OBMP. The groundwater quality monitoring program consists of the following four components: 1) An Annual Key Well Water Quality Monitoring Program designed to target privately owned agricultural wells in the southern portion of Chino Basin that are otherwise not included in an established sampling program, 2) Quarterly sampling at nine HCMP multi-port monitoring wells strategically placed between the Chino Basin Desalter well fields and the Santa Ana River. Results of the quarterly sampling are used to analyze the effect of the desalter pumping over time by comparing water quality of the native groundwater and the Santa Ana River, 3) Monthly sampling at four near-river wells to characterize the Santa Ana River's influence to nearby groundwater. These shallow monitoring wells along the Santa Ana River consist of two former United States Geologic Survey (USGS) National Water Quality Assessment Program (NAWQA) wells (Archibald 1 and Archibald 2), and two wells (well 9 and well 11) owned by the Santa Ana River Water Company (SARWC), and 4) a cooperative basin wide data collection effort known as the Chino Basin Data Collection (CBDC) program which relies on municipal producers and other government agencies to supply groundwater quality data on a cooperative basis. Watermaster supplements these data with data obtained through its own sampling and analysis programs. These sources include the appropriators, Department of Toxic Substance Control (DTSC), Regional Water Quality Control Board (RWQCB), US Geological Survey (USGS), the Counties, and other cooperators. All water quality data are routinely collected, QA/QC'd, and loaded into Watermaster's relational database.

Groundwater-Production Monitoring

All active wells (except for minimum user wells) are now metered. Watermaster reads the agricultural production data from the meters on a quarterly basis and enters these data into Watermaster's relational database.

Surface Water Monitoring

Water Quality and Quantity in Recharge Basins. Watermaster measures the quantity and quality of storm and supplemental water entering the recharge basins. Pressure transducers or staff gauges are used to measure water levels during recharge operations. In addition to these quantity measurements, imported water quality values for State Water Project water are obtained from the Metropolitan Water District of Southern California (MWDSC) and recycled water quality values for the RP-1 and RP-4 treatment plant effluents are obtained from IEUA. Watermaster monitors the storm water quality in the eight major channels (San Antonio, West Cucamonga, Cucamonga, Deer Creek, Day Creek, San Sevaine, West Fontana, and DeClez) usually after each major storm event. Combining the measured flow data with the respective water qualities enables the calculation of the blended water quality in each recharge basin, the "new yield" to the Chino Basin, and the adequate dilution of recycled water.

Surface Water Monitoring in the Santa Ana River (SAR). Watermaster measures the discharge of the river and selected water quality parameters to determine those reaches of the SAR that are gaining flow from the Chino Basin and/or, conversely, those reaches that are losing flow into the Chino Basin. These bi-weekly flow and water quality measurements are combined with discharge data from permanent USGS and Orange County Water District (OCWD) stream gauges and discharge data from publicly owned treatment works (POTWs). These data are used along with groundwater modeling to assess the extent of hydraulic control.

Optimum Basin Management Program

Program Element 1: Develop and Implement a Comprehensive Monitoring Program (Continued)

HCMP Annual Report

In January 2004, the RWQCB amended the Water Quality Control Plan (Basin Plan) for the Santa Ana River Basin to incorporate an updated total dissolved solids (TDS) and nitrogen (N) management plan. The Basin Plan Amendment includes both "antidegradation" and "maximum benefit" objectives for TDS and nitrate-nitrogen for the Chino and Cucamonga groundwater management zones. The application of the "maximum benefit" objectives relies on Watermaster and IEUA's implementation of a specific program of projects and requirements, which are an integral part of the OBMP. On April 15, 2005, the RWQCB adopted resolution R8-2005-0064; thus approving the Surface Water Monitoring Program and Groundwater Monitoring Program in support of maximum benefit commitments in the Chino and Cucamonga Basins.

Pursuant to the Basin Plan Amendment and the Watermaster/IEUA permit to recharge recycled water, Watermaster and IEUA have conducted groundwater and surface water monitoring programs. During this reporting period Watermaster measured 713 manual water levels at private wells throughout the Chino Basin, conducted two quarterly downloads at the 134 wells containing pressure transducers, and collected 103 groundwater quality samples, and 218 surface water quality samples. Quarterly Surface Water Monitoring Program reports that summarize data collection efforts were submitted to the RWQCB in July and October of 2008.

Chino Basin Groundwater Recharge Program

IEUA, Watermaster, CBWCD, and the SBCFCD jointly sponsor the Chino Basin Groundwater Recharge Program. This is a comprehensive water supply program to enhance water supply reliability and improve the groundwater quality in local drinking water wells throughout the Chino Basin by increasing the recharge of storm water, imported water, and recycled water. The recharge program is regulated under RWQCB Order No. R8-2007-0039 and Monitoring and Reporting Program No. R8-2007-0039.

Recharge Activities. On-going recycled water recharge occurred in the Brooks, 8th Street, and Ely Basin this reporting period.

Monitoring Activities. Watermaster and IEUA collect weekly and bi-weekly water quality samples from basins that are actively recharging recycled water and from lysimeters installed within those basins. During this reporting period, approximately 218 basin and lysimeter samples were collected. Monitoring wells located downgradient of the recharge basins were sampled every two weeks during the reporting period for a total of about 62 samples.

Construction Activities. Lysimeters and monitoring wells associated with the 7th and 8th Street Basins were installed in the first half of fiscal year (FY) 2007/08. There have been no further construction activities since that time.

Reporting. Watermaster and IEUA completed the following required reports concerning the recharge program during the reporting period:

- 2Q08 Quarterly Report, submitted to the RWQCB – August 2008
- 3Q08 Quarterly Report, submitted to the RWQCB – November 2008



New inlet gate in San Sevaine Channel to Jurupa Basin

THE DRY YEARS, TOPPED BY RECORD-LOW RAINFALL TWO YEARS AGO, BROUGHT NEW CHALLENGES: A DECLINE IN BASIN WATER LEVELS AND LIMITS ON IMPORTED REPLENISHMENT WAETR. FUNDING LIMITATIONS CAUSED BY A SEVERE ECONOMIC DOWNTURN MAGNIFIED THE SUPPLY PROBLEM.



San Sevaine Basin #5 during December storm

Optimum Basin Management Program

Program Element 1: Develop and Implement a Comprehensive Monitoring Program (Continued)

Land Surface Monitoring

The MZ-1 Subsidence Management Plan (MZ-1 Plan) was approved by Watermaster in October 2007, and was approved by the Court in November 2007 which ordered its implementation (see Program Element 4: Develop and Implement a Comprehensive Groundwater Management Plan for Management Zone 1). The MZ-1 Plan calls for a number of activities with the goal of minimizing or completely abating the future occurrence of land subsidence and ground fissuring in Chino Basin. Some of these activities include:



Stormwater captured in Victoria Basin

- Continuing the scope and frequency of monitoring within the so-called Managed Area (southwest MZ-1) that was conducted during the period when the MZ-1 Plan was being developed.
- Expanding the monitoring of the aquifer system and land subsidence into other areas of MZ-1 and Chino Basin where the data indicate concern for future subsidence and ground fissuring.
- Detailed monitoring of horizontal strain across the historical fissure zone.
- Further evaluating the potential contribution of pumping in the central and northern portions of MZ-1 on groundwater conditions in the central and southern portions of MZ-1.
- Conducting additional testing and monitoring to refine the Guidance Criteria.
- Developing alternative pumping plans for the MZ-1 producers that are impacted by the MZ-1 Plan.
- Constructing and testing a lower-cost extensometer facility at Ayala Park.
- Evaluating and comparing ground-level surveying and InSAR, and recommending future monitoring protocols for both techniques.
- Conducting an ASR (aquifer injection and recovery) feasibility study at a production well owned by the City of Chino Hills within the Managed Area.

During this reporting period, Watermaster began implementation of some of these activities called for in the MZ-1 Plan, which included:

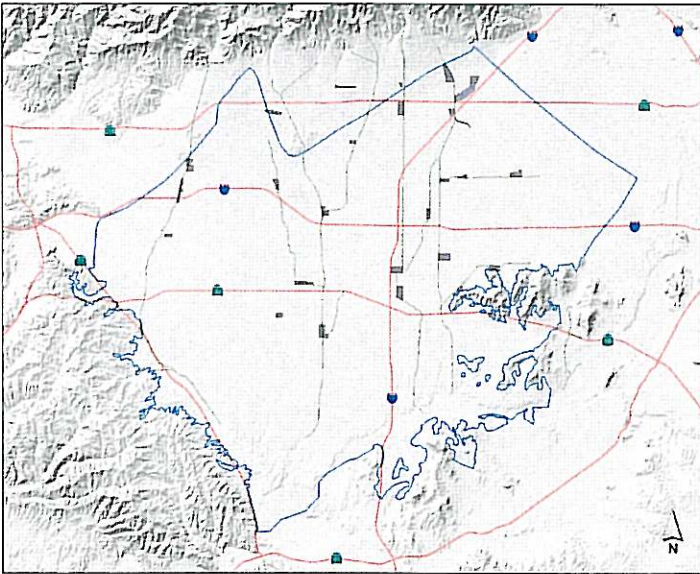


New cable extensometer at Ayala Park in Chino

- The continuation of detailed water-level monitoring at wells within the Managed Area and at wells in central MZ-1.
- Replacement of five (5) water-level-recording transducers at wells where these transducers have failed after about seven years of reliable service. Installation of two (2) transducers at newly-discovered wells within the Managed Area.
- The continuation of monitoring and maintenance at the Ayala Park Extensometer Facility.
- Planning and coordination between the City of Chino Hills and Watermaster on the ASR pilot test at a well owned by the City. A DWR grant to support this project was increased from \$214,000 to \$250,000.

Optimum Basin Management Program

Program Element 1: Develop and Implement a Comprehensive Monitoring Program (Continued)



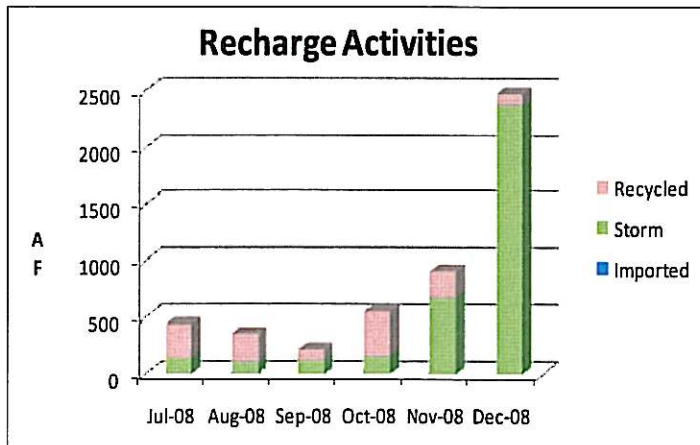
Recharge Basins

- Installation of a lower-cost pair of cable extensometers within two piezometers at Ayala Park to test this technology for possible application in other parts of the basin. Data collection began at this experimental facility during the reporting period.
- Collection of InSAR data from radar satellites during all six months of the reporting period, which will be analyzed for land surface displacement during the next reporting period.
- Collection of ground-level-survey data across MZ-1 during November 2008, which will be analyzed for land surface displacement during the next reporting period.

Program Element 2: Develop and Implement a Comprehensive Recharge Program

Construction on the Chino Basin Facilities Improvement Project (CBFIP) Phase I was completed by December 31, 2005 at a cost of \$38M; 50-percent from a SWRCB Proposition 13 Grant, and 25-percent each from Watermaster and IEUA. A CBFIP Phase II list of projects was developed by Watermaster and IEUA, including monitoring wells, lysimeters, recycled water connections, SCADA system expansions, three MWDSC turnouts, and berm heightening and hardening. At a cost of approximately \$10.5M, these Phase II facilities were financed through a 50-percent Grant from DWR and 25-percent each from Watermaster and IEUA.

In FY 2007/08, the CBFIP Phase I facilities were able to recharge approximately 13,000 AF of storm and recycled water. With the completion of the Phase II facilities by June 2009, the total recharge capacity will be about 96,000 AF. By the start of FY 2009/10, most of the basins will be able to operate on a 12 months-per-year basis with combinations of storm, imported, and recycled water, with occasional downtime for silt and organic growth removal. Operations and basin planning are coordinated through the Groundwater Recharge Coordinating Committee (GRCC), which met quarterly during this reporting period.



Because of the drought and Delta water quality, water supply, and environmental issues, MWDSC has been unable to provide replenishment water to southern California since May 1, 2007. This greatly restricts Watermaster's ability to recharge recycled water, since the California Department of Public Health requires that four parts of diluent water (imported or storm water) be blended with each part of recycled water. Watermaster and IEUA are working closely with DPH and the Regional Water Quality Control Board to reduce the blend ratio. For this reporting period, just under 5,000 AF of storm and recycled water have been recharged.

Preparation of the Recharge Master Plan update is in underway, in satisfaction of Condition Subsequent No. 5. On March 28, 2008, the initial meeting of the Recharge Master

Plan group occurred. A detailed outline of the scope and content of the Recharge Master Plan update was filed with the Court for approval on June 30, 2008. Progress reports on the completion of the updated plan are to be submitted on January 1, 2009 and on July 1, 2009, with the final updated Recharge Master Plan due to the Court by July 1, 2010. The Recharge Master Plan update was the primary focus of the Strategic Planning Conference held in late September 2008.

Optimum Basin Management Program

Program Element 3: Develop and Implement Water Supply Plan for the Impaired Areas of the Basin; and Program Element 5: Develop and Implement Regional Supplemental Water Program

Construction of the Chino I Desalter Expansion and the Chino II Desalter facilities was completed in February 2006. As currently configured, the Chino I Desalter provides 2.6 MGD of treated (air stripping for VOC removal) water from Wells Nos. 1-4, 4.9 MGD of treated (ion exchange for nitrate removal) water from Well Nos. 5-15, and 6.7 MGD of treated (reverse osmosis for nitrate and TDS removal) water from Wells Nos. 5-15 for a total of 14.2 MGD (15,900 AFY). The Chino II Desalter provides 4.0 MGD of ion exchange treated water and 6.0 MGD of reverse osmosis treated water from eight additional wells for a total of 10.0 MGD (11,200 AFY).

During the reporting period, negotiations continued between the Chino Desalter Authority (CDA) and Western Municipal Water District (WMWD) to allow WMWD to join the CDA and to expand the Chino II Desalter by 10.5 MGD (11,800 AFY). The CDA approved WMWD membership in November 2008. Planning and engineering investigations related to the expansion are ongoing. The expansion will be completed in 2013. Raw water will be drawn from existing CDA II wells, and possible additional new wells if needed. In addition, a new Chino Creek Desalter Well Field, required for hydraulic control, will provide additional raw water to the Chino I Desalter, enabling existing Well Nos. 13, 14, and 15 to shift production to the expanded Chino II Desalter facility if needed.



Rubber Dam in action

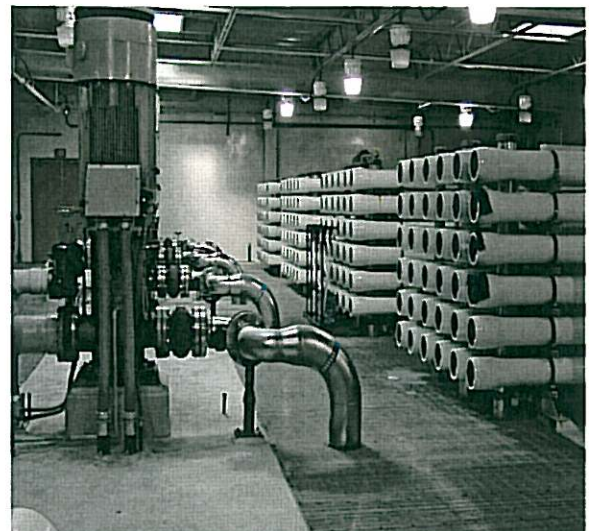
Program Element 4: Develop and Implement a Comprehensive Groundwater Management Plan for Management Zone 1 and Management Zone 3

MZ-1 Management Plan

Because of the historical occurrence of pumping-induced land subsidence and ground fissuring in southwestern Chino Basin (southern MZ-1), the OBMP called for the development and implementation of an interim management plan for MZ-1 that would:

- Minimize subsidence and fissuring in the short-term,
- Collect information necessary to understand the extent, rate, and mechanisms of subsidence and fissuring, and
- Formulate a management plan to reduce to tolerable levels or abate future subsidence and fissuring.

From 2001-2005, Watermaster developed, coordinated, and conducted an Interim Monitoring Program (IMP) under the guidance of the MZ-1 Technical Committee, which is composed of representatives from all major MZ-1 producers and their technical consultants. The IMP was an aquifer-system and land subsidence investigation focused in the southwestern region of MZ-1 that would support the development of a long-term management plan to minimize and abate subsidence and fissuring (MZ-1 Plan). The IMP involved the construction of highly-sophisticated monitoring facilities, such as deep borehole extensometers and piezometers, the monitoring of land surface



Chino Desalter I Feed Pumps and RO Membranes

Optimum Basin Management Program

Program Element 4: Develop and Implement a Comprehensive Groundwater Management Plan for Management Zone 1 and Management Zone 3 (Continued)

displacements through traditional ground-level surveys and remote-sensing techniques, the detailed monitoring of the aquifer system with water-level-recording transducers installed at an array of production and monitoring wells, and the purposeful stressing of the aquifer system through multiple controlled pumping tests.

The investigation methods, results, and conclusions are described in detail in the MZ-1 Summary Report, dated February 2006. The investigation provided enough information for Watermaster to develop Guidance Criteria for the MZ-1 producers in the investigation area that, if followed, would minimize the potential for subsidence and fissuring during the completion of the MZ-1 Plan. The Guidance Criteria included a listing of Managed Wells and their owners subject to the criteria, a map of the so-called Managed Area, and an initial threshold water level (Guidance Level) of 245 feet below the top of the PA-7 well casing. The MZ-1 Summary Report and the Guidance Criteria were adopted by the Watermaster Board in May 2006. The Guidance Criteria formed the basis for the MZ-1 Plan, which was approved by Watermaster in October 2007. The Court approved the MZ-1 Plan in November 2007 and ordered its implementation. Watermaster continued implementation of the MZ-1 Plan at the start of this reporting period (see *Land Surface Monitoring under Program Element 1: Develop and Implement a Comprehensive Monitoring Program*).

MZ-3 Monitoring Program

Watermaster performed a groundwater investigation to characterize groundwater levels and quality in Management Zone 3 (MZ-3) of the Chino Basin. The OBMP Implementation Plan states that MZ-3 is hydrologically out of balance and that new storm water and supplemental water recharge will be required to keep MZ-3 in balance. The blend of storm water, imported water, and recycled water used in the future to hydrologically balance MZ-3 must be of a quality to protect beneficial uses and comply with the proposed Title 22 regulations for planned recharge projects that use recycled water. Watermaster drilled, installed, developed, and sampled two nested, multiple-depth piezometers in the projected path of the Kaiser Steel plume, which is an immediate threat to potable supply wells – potable supply wells owned by the City of Ontario and Jurupa Community Services District. The monitoring program also incorporated four quarters of sample collection and analyses from 22 wells in MZ-3 to assess other groundwater quality issues, including total dissolved solids (TDS), nitrate, and perchlorate. The perchlorate may have originated from the Mid-Valley Landfill (in Rialto Basin, across the Rialto-Colton fault) or it may be a non-point source that resulted from the historical application of Chilean fertilizer. Watermaster completed and submitted the final report to the California Department of Water Resources (DWR) in December 2008, in partial fulfillment of the AB303 Grant requirements.

Program Element 6: Develop and Implement Cooperative Programs with the Regional Water Quality Control Board, Santa Ana Region (RWQCB) and Other Agencies to Improve Basin Management; and Program Element 7: Develop and Implement a Salt Management

Ontario International Airport

Watermaster coordinated with EcoGeo and GeoTrans, Inc. regarding the drilling schedule for the Ontario International Airport (OIA) monitoring wells and Watermaster technical input on

Optimum Basin Management Program

Program Element 6: Develop and Implement Cooperative Programs with the Regional Water Quality Control Board, Santa Ana Region (Regional Board) and Other Agencies to Improve Basin Management; and Program Element 7: Develop and Implement a Salt Management Program (Continued)

well design. Watermaster reviewed the proposed MW-1 well design from GeoTrans and prepared for and participated in a conference call on July 9, 2008 to discuss the proposed MW-1 well design. Watermaster reviewed and approved the proposed zone test plan for MW-2, including the RWQCB's requested modifications to the initial MW-2 well design and prepared for and attended an onsite meeting at MW-2 on August 28, 2008. Watermaster worked with the RWQCB and EcoGeo concerning the proposed location of MW-4 to help delineate the source of the OIA trichloroethylene (TCE) plume.

Perchlorate Source Assessment in MZ-3

Watermaster completed perchlorate and other water quality and water level data from the Fontana Water Company, West Valley Water District, and the Mid-Valley Landfill (GeoTracker). QA/QC'd the data and uploaded these data into Watermaster's database.

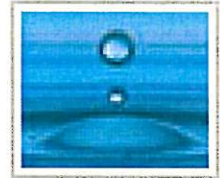
Acquisition of Monitoring Wells in MZ-3

Watermaster opened a dialog with Alcoa concerning the acquisition of their offsite wells (AOS No. 1, 2, and 3). These wells would assist Watermaster and the Jurupa Community Service District (JCSD) in monitoring groundwater elevations and groundwater quality in that portion of the Chino Basin.

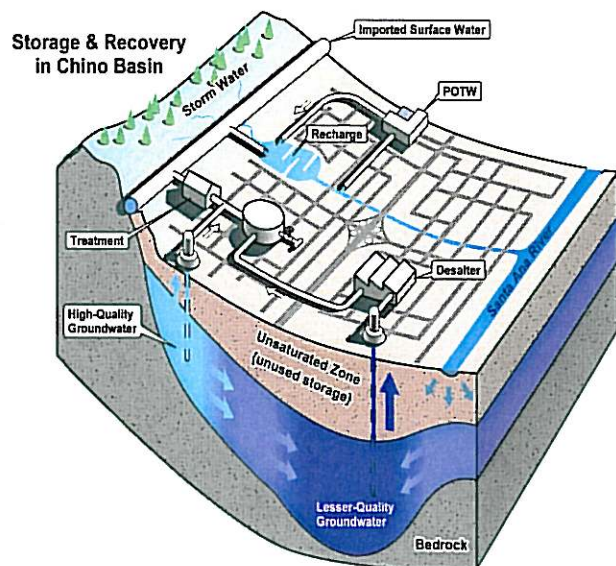
Program Element 8: Develop and Implement a Groundwater Storage Management Program; and Program Element 9: Develop and Implement a Storage and Recovery Program

The existing Watermaster/IEUA/Metropolitan Dry-Year Yield (DYY) program continued during the reporting period. The construction statuses of local facilities included in the DYY program for the participating parties are as follows:

- City of Ontario – Wellhead treatment ion exchange (IX) facility: construction continued and is anticipated to be completed by February 2009. DYY Wells: Equipping Well Nos. 44 and 52 began in March 2008 and is now completed.
- Cucamonga Valley Water District – Five new wells (Nos. 39-43): construction and equipping is now completed.
- City of Upland – New IX treatment facility complete and online.
- City of Pomona – Expansion of existing IX treatment facility is complete and online.
- City of Chino Hills – Refurbishing the Pellisier well did



THE DROUGHT GRIPPING CALIFORNIA IS DIFFERENT THAN ANY WE HAVE EXPERIENCED BEFORE, CAUSED BY A CONFLUENCE OF ISSUES THAT CANNOT BE SOLVED BY RAINFALL ALONE. IF THE CALLS FOR WATER CONSERVATION SEEM LIKE BUSINESS AS USUAL, THINK AGAIN. THIS IS NOT A CASE OF THE COMMON DROUGHT.



Optimum Basin Management Program

Program Element 8: Develop and Implement a Groundwater Storage Management Program; and Program Element 9: Develop and Implement a Storage and Recovery Program (Continued)

not yield the results the City was hoping to achieve. As a result, in January 2008, the DYY grant money and shift obligation was transferred to MVWD's Well No. 32.

- Monte Vista Water District – Well No. 31: well construction completed July 2006 and well equipping was completed in September 2008. Well No. 32 is completed. Well No. 33 and treatment facility (joint MVWD/Chino project): Well construction was completed in early 2008; the treatment facility construction was completed in November 2008.
- JCSD – Expansion of the Teagarden IX facility is completed and the system is online.

Due to the current drought conditions throughout the state of California, Metropolitan has not provided water for the DYY account since April 2007. As of June 30, 2008, about 86,000 AF had been stored in the Basin in Metropolitan's DYY account. On May 1, 2008, Metropolitan called for the parties to begin withdrawing water from the DYY account in the amount of 33,000 AF per 12-month period. At the end of the calendar year, the account balance was 56,092 AF.

In February 2008, the DYY Expansion Project was initiated by IEUA and Watermaster to evaluate increasing the DYY storage account. The purpose of the DYY Expansion Project was to determine the facilities needed to store up to 150,000 AF and to recover up to 50,000 AFY. The recovered water would be served during dry years in-lieu of imported water from Metropolitan. The expansion project evaluated the technical, financial, and institutional framework for individual projects to move forward, groundwater modeling results evaluating material physical injury, and California Environmental Quality Act (CEQA) requirements. The CEQA process was completed in December 2008 with the submission of the Notice of Determination to the State Clearinghouse. Negotiations related to actual projects and the amount of expansions are ongoing.

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CHINO BASIN WATERMASTER

II. BUSINESS ITEM

- D. PERS AMENDMENT –
RESOLUTION NO. 09-04





CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

DATE: April 23, 2009
TO: Board Members
FROM: Kenneth Manning/CEO
SUBJECT: PERS Amendment

Issue:

Staff recommends that the Watermaster Board of Directors adopt Resolution No. 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 depicted at the end of this memo. 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 recommendation was approved by the Personnel Committee at the March 2, 2009 meeting. This change will cover all current and future employees, but will not cover employees that have retired as of the adoption date.

A recent PERS contract amendment analysis has determined that a change from 2.0% to 2.5% would increase the Watermaster employer contribution rate by 1.931% and the employee contribution rate by 1%, for a total increase of 2.931% of payroll. At the Personnel Committee meeting on March 2, 2009, it was the recommendation of the committee to process the plan amendment provided that Watermaster staff pays the combined employer and employee increase of 2.931% from their respective payroll. PERS requires that Watermaster staff hold a secret ballot election to determine if staff approves of the change. If the majority of the employees approve the change, the next step in this process is to hold a public hearing where the Board will vote on the final resolution to adopt the PERS amendment. A board adopted final resolution is required by PERS to process the plan amendment.

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

Recommendation:

Staff recommends that the Watermaster Board of Directors adopt Resolution No. 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 1.931% increase in the employee PERS rate and a 1% increase in the employer PERS rate. As recommended, and if voted for by the majority of staff, the staff will assume the entire 2.931% 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 INTENTION TO APPROVE AN AMENDMENT TO CONTRACT BETWEEN THE BOARD OF ADMINISTRATION, CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND CHINO BASIN WATERMASTER BOARD OF 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 Section 21354.4 (2.5% at 55 Full formula) 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, a copy of said amendment being attached hereto, as an "Exhibit" and by the this reference made a part hereof.

APPROVED by the Advisory Committee this 23rd day of April 2009.

ADOPTED by the Watermaster Board on this 23rd day of April 2009.

By: _____
Chairman, Watermaster Board

APPROVED:

Chairman, Advisory Committee

ATTEST:

Board Secretary
Chino Basin Watermaster

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN BERNARDINO)

I, Ken Manning, Secretary of the Chino Basin Watermaster, DO HEREBY CERTIFY that the foregoing Resolution being No. 09-04, was adopted at a regular meeting of the Chino Basin Watermaster Board by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

CHINO BASIN WATERMASTER _____
Secretary

APPROVED:

Chairman, Watermaster Board
Chino Basin Watermaster

ATTEST:

Board Secretary
Chino Basin Watermaster




EXHIBIT

California
Public Employees' Retirement System



AMENDMENT TO CONTRACT

Between the
Board of Administration
California Public Employees' Retirement System
and the
Chino Basin Watermaster Board
Chino Basin Watermaster



The Board of Administration, California Public Employees' Retirement System, hereinafter referred to as Board, and the governing body of the above public agency, hereinafter referred to as Public Agency, having entered into a contract effective May 30, 1999, and witnessed May 27, 1999, and as amended effective September 30, 2001 which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

- A. Paragraphs 1 through 10 are hereby stricken from said contract as executed effective September 30, 2001, and hereby replaced by the following paragraphs numbered 1 through 12 inclusive:
1. All words and terms used herein which are defined in the Public Employees' Retirement Law shall have the meaning as defined therein unless otherwise specifically provided. "Normal retirement age" shall mean age 55 for local miscellaneous members.

PLEASE DO NOT SIGN THIS DOCUMENT

2. Public Agency shall participate in the Public Employees' Retirement System from and after May 30, 1999 making its employees as hereinafter provided, members of said System subject to all provisions of the Public Employees' Retirement Law except such as apply only on election of a contracting agency and are not provided for herein and to all amendments to said Law hereafter enacted except those, which by express provisions thereof, apply only on the election of a contracting agency.
3. Public Agency agrees to indemnify, defend and hold harmless the California Public Employees' Retirement System (CalPERS) and its trustees, agents and employees, the CalPERS Board of Administration, and the California Public Employees' Retirement Fund from any claims, demands, actions, losses, liabilities, damages, judgments, expenses and costs, including but not limited to interest, penalties and attorneys fees that may arise as a result of any of the following:
 - (a) Public Agency's election to provide retirement benefits, provisions or formulas under this Contract that are different than the retirement benefits, provisions or formulas provided under the Public Agency's prior non-CalPERS retirement program.
 - (b) Public Agency's election to amend this Contract to provide retirement benefits, provisions or formulas that are different than existing retirement benefits, provisions or formulas.
 - (c) Public Agency's agreement with a third party other than CalPERS to provide retirement benefits, provisions, or formulas that are different than the retirement benefits, provisions or formulas provided under this Contract and provided for under the California Public Employees' Retirement Law.
 - (d) Public Agency's election to file for bankruptcy under Chapter 9 (commencing with section 901) of Title 11 of the United States Bankruptcy Code and/or Public Agency's election to reject this Contract with the CalPERS Board of Administration pursuant to section 365, of Title 11, of the United States Bankruptcy Code or any similar provision of law.
 - (e) Public Agency's election to assign this Contract without the prior written consent of the CalPERS' Board of Administration.

- (f) The termination of this Contract either voluntarily by request of Public Agency or involuntarily pursuant to the Public Employees' Retirement Law.
 - (g) Changes sponsored by Public Agency in existing retirement benefits, provisions or formulas made as a result of amendments, additions or deletions to California statute or to the California Constitution.
4. Employees of Public Agency in the following classes shall become members of said Retirement System except such in each such class as are excluded by law or this agreement:
- a. Employees other than local safety members (herein referred to as local miscellaneous members).
5. Any exclusion(s) shall remain in effect until such time as the Public Employees' Retirement System determines that continuing said exclusion(s) would risk a finding of non-compliance with any federal tax laws or regulations. If such a determination is contemplated, the Public Employees' Retirement System will meet with the Public Agency to discuss the matter and coordinate any required changes or amendments to the contract.

In addition to the classes of employees excluded from membership by said Retirement Law, the following classes of employees shall not become members of said Retirement System:

- a. **SAFETY EMPLOYEES; AND**
 - b. **MEMBERS OF THE GOVERNING BODY FIRST ELECTED OR APPOINTED PRIOR TO JULY 1, 1994. (Elected or appointed officials who are first elected or appointed on or after July 1, 1994 or to a term of office not consecutive with a term held on June 30, 1994 are excluded pursuant to Government Code Section 20322).**
6. The percentage of final compensation to be provided for each year of credited prior and current service as a local miscellaneous member in employment before and not on or after the effective date of this amendment to contract shall be determined in accordance with Section 21354 of said Retirement Law (2% at age 55 Full).

PLEASE DO NOT WRITE IN THESE SPACES

7. The percentage of final compensation to be provided for each year of credited prior and current service as a local miscellaneous member in employment on or after the effective date of this amendment to contract shall be determined in accordance with Section 21354.4 of said Retirement Law (2.5% at age 55 Full).
8. Public Agency elected and elects to be subject to the following optional provisions:
 - a. Section 20042 (One-Year Final Compensation).
 - b. Section 20938 (Limit Prior Service to Members Employed on Contract Date).
 - c. Section 21024 (Military Service Credit as Public Service).
 - d. Section 21574 (Fourth Level of 1959 Survivor Benefits).
 - e. Section 20965 (Credit for Unused Sick Leave).
9. Public Agency shall contribute to said Retirement System the contributions determined by actuarial valuations of prior and future service liability with respect to local miscellaneous members of said Retirement System.
10. Public Agency shall also contribute to said Retirement System as follows:
 - a. Contributions required per covered member on account of the 1959 Survivor Benefits provided under Section 21574 of said Retirement Law. (Subject to annual change.) In addition, all assets and liabilities of Public Agency and its employees shall be pooled in a single account, based on term insurance rates, for survivors of all local miscellaneous members.
 - b. A reasonable amount, as fixed by the Board, payable in one installment within 60 days of date of contract to cover the costs of administering said System as it affects the employees of Public Agency, not including the costs of special valuations or of the periodic investigation and valuations required by law.
 - c. A reasonable amount, as fixed by the Board, payable in one installment as the occasions arise, to cover the costs of special valuations on account of employees of Public Agency, and costs of the periodic investigation and valuations required by law.

11. Contributions required of Public Agency and its employees shall be subject to adjustment by Board on account of amendments to the Public Employees' Retirement Law, and on account of the experience under the Retirement System as determined by the periodic investigation and valuation required by said Retirement Law.
12. Contributions required of Public Agency and its employees shall be paid by Public Agency to the Retirement System within fifteen days after the end of the period to which said contributions refer or as may be prescribed by Board regulation. If more or less than the correct amount of contributions is paid for any period, proper adjustment shall be made in connection with subsequent remittances. Adjustments on account of errors in contributions required of any employee may be made by direct payments between the employee and the Board.

B. This amendment shall be effective on the _____ day of _____, _____.

BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

CHINO BASIN WATERMASTER
BOARD
CHINO BASIN WATERMASTER

BY _____
LORI MCGARTLAND, CHIEF
EMPLOYER SERVICES DIVISION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____
PRESIDING OFFICER

Witness Date

Attest:

Clerk

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CHINO BASIN WATERMASTER

III. REPORTS / UPDATES

E. INLAND EMPIRE UTILITIES AGENCY

5. Monthly Water Conservation Programs
6. Imported Water Deliveries/DYY Report
7. Recycled Water Newsletter
8. State and Federal Legislative Reports
9. Community Outreach/Public Relations Repo
10. MWD Water Allocation Press Release
11. IEUA Drought Plan and Press Release
12. MWD Water Rates and Charges Board Letter
13. Peace II CEQA Update and Draft Schedule



CHINO BASIN WATERMASTER

ADVISORY COMMITTEE

April 23, 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 Drought Plan Update (oral)
- Recycled Water Status Report (oral)
- Peace II CEQA Update (oral)

Written Items:

- Monthly Water Conservation Programs
- Imported Water Deliveries/DYY Performance Report
- Recycled Water Newsletter
- State and Federal Legislative Reports
- Community Outreach/Public Relations Report
- MWD Water Allocation Press Release
- IEUA Drought Plan and Press Release
- MWD Water Rates and Charges Board Letter
- Revised Peace II CEQA Schedule (4-13-09)

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Water Resources and Conservation Programs

Monthly Report

MARCH 2009 (REPORTING FEBRUARY 2009 DATA)

Highlights

California Water Supply News... Page 1

MWD and IEUA Drought Actions... Page 1

IEUA Water Supply Programs... Page 2

Conservation Programs... Page 3

Rebate Programs... Page 5

Calendar of Events... Page 7

Imported Water Deliveries... Page 8

Links

Department of Water Resources...
<http://www.water.ca.gov/>

Metropolitan Water District
<http://mwdh2o.com/>

Water conservation ...
<http://www.bewaterwise.com>

IEUA...
<http://www.ieua.org>

California Water Supply News



On February 28th, Governor Schwarzenegger declared a state-wide drought emergency, urging cities to cut their use of water 20% and ordering DWR staff to expedite grant programs for water efficiency programs and projects that would ease the impacts of the drought.

On March 17th, DWR announced an increase in the 2009 SWP allocation to 20%. The increase, from the initial allocation of 15%, is based on the March 1st snow survey information which showed statewide snowpack at 96% of normal. The increase in allocation does not take into consideration the precipitation that occurred following March 1st. DWR is expected to provide another update to the allocation in mid-April. MWD is looking at the impacts of a range of possible SWP allocations from 20 to 40%. MWD staff projected that the supply deficit would range from 0.35 to 0.75 MAF under those scenarios.

DWR and USBR sponsored 3 drought planning workshops in March to assist agencies to prepare for water shortages. The March 23rd workshop was held at IEUA. As a former member of the Governor's Drought Planning Task Force, Rich Atwater led the discussion of southern California actions to implement drought contingency plans.

DWR released a draft document detailing AB1420 eligibility requirements for urban water suppliers to receive state loans or grants. Funding impacted by this requirement includes DWR's IRWMP grants (Prop 84), SWRCB's SRF loans and programs for recycling, groundwater storage, desalination, conservation and water supply reliability.

MWD and IEUA Drought Actions

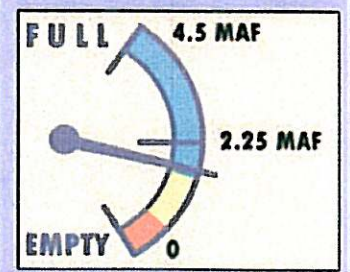
MWD estimates there is now a 50% chance it will implement its Water Supply Allocation Plan (WSAP) at its April 14th Board meeting. If implemented, the WSAP would take effect 7/1/09 and extend through 6/30/10.

IEUA will hold a public hearing to discuss the final version of the IEUA Drought Plan on April 1st and IEUA Board action to adopt the plan is scheduled for April 15th.

The Drought Planning workgroup met on March 2nd and 9th and discussed adding several administrative sections to the draft IEUA Drought Plan as well as the anticipated changes to MWD's WSAP.

IEUA is proactively working with member agencies to develop a Best Management Practices (BMP) compliance plan for meeting AB1420 requirements. IEUA currently meets the compliance requirements for wholesale agencies.

MWD Water Reserves in Storage (1.9 MAF)



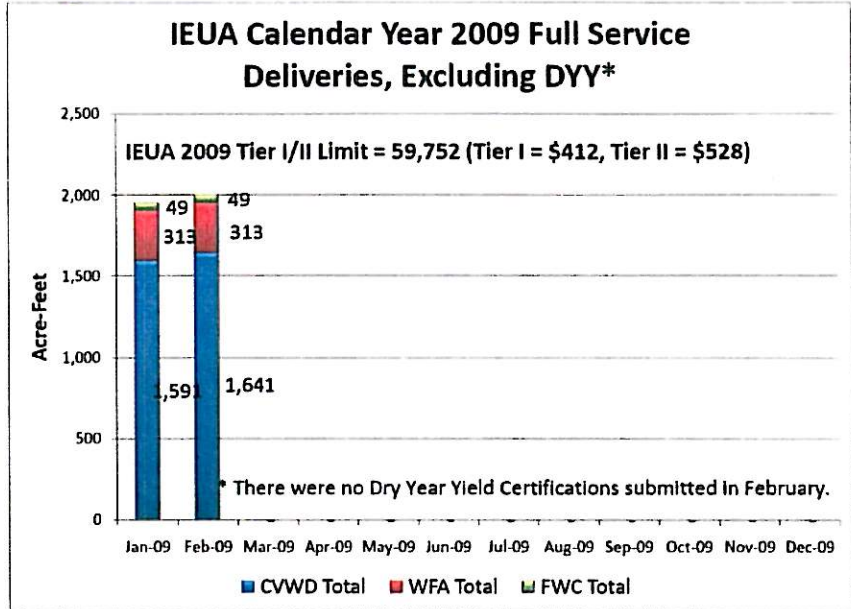
IEUA Water Supply Programs

Imported Water Deliveries

For the month of February, IEUA purchased 50.3 AF of Tier I water, increasing the cumulative total for the calendar year to 2,003 AF (see adjacent graph).

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).



The February MWD invoice to IEUA contained the DYY certifications covering the last 10 months due to administrative issues that have now been resolved. Processing of DYY certifications will now occur on a monthly basis as they are received.

DYY Program Expansion



Draft term sheets and deal points were distributed at the March monthly DYY Operating Committee Meeting. Representatives of IEUA, Three Valley Water Municipal Water District and Western Municipal Water District 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 Application was submitted to the

Chino Basin Watermaster in March, 2009

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 February, there was 21,341 AFY of connected capacity, with another 5,300 AFY expected over the next 6 months.



Chino Desalter Authority (CDA)

This fiscal year, the two desalters have produced 18,054.2 AF of water (of which 10,245.8 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

MWD Conservation Ordinance Requirement

IEUA has been working with member agencies on updating current water conservation or water supply shortage ordinances in order to meet MWD's new requirement. The cities of Chino Hills and Upland have existing ordinances that have satisfied MWD's requirement and Cucamonga Valley Water District and the City of Ontario have submitted written pledges to comply with the ordinance by June 30, 2009. All member agencies are currently taking steps to update or activate existing ordinances to comply with the MWD requirement



MWD Annual Programs Review Committee (PAC)

MWD unveiled its 2009-2010 conservation budget decreasing it from \$40 million in 2008-2009 to \$19.5 million. PAC members were requested to develop strategies through program modifications that will keep programs on track and within budget for the 2009-2010 year.

Inland Empire Landscape Alliance

The Inland Empire Landscape Alliance technical committee is being divided into subcommittees to develop support tools for the implementation of the regional model landscape ordinance. Staff are also working closely with technical committee members to ensure that cities are prepared to answer questions from the public about the water supply shortage and do not have existing ordinances in place that contradict upcoming conservation measures. A successful tour of BMP sites in the City of Chino for planning commissioners took place on March 18th, 2009 which was well-attended.



Conservation Legislation

IEUA is continuing to apprise member agencies of evolving legislation and is working directly with stakeholders and the legislature on shaping the framework for proposed water conservation bills. There are currently three water conservation bills pending, with more expected:

- **AB 49 (Feuer/Huffman)** requires the state to achieve a 20% reduction in urban per capita water use in California by December 21, 2020 (Governor's call of 20% by 2020);
- **SB 261 (Dutton/Ducheny/Hollingsworth)** lays out methodology framework in calculating gallons per capita day (GPCD) for achieving water reduction of 20% by 2020.
- **SB 460 (Wolk)** similar to AB 49, statewide water use efficiency using GPCD methodology and for achieving the Governor's call of 20% by 2020 .



Water Wise Residential Landscape Program

Over 100 applications were received through December 31, 2008. 99 conversions have been completed, with the cumulative area of landscape retrofitted since program inception being 126,950 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 38 applications are still in the process of being converted and should be completed by June 30th.



Garden in Every School

Schools participating in the Garden in Every School® program are in the midst of installing their irrigation systems. Applications for the 2009/10 Garden in Every School program are due by the end of March.



Water Education Water Awareness Committee (WEWAC)

The WEWAC Project WET Facilitators' Training Workshop was held at McCoy Equestrian Center in Chino Hills on March 12th. WEWAC is in the process of developing conservation messages for the Quakes Stadium. All PSA applications have been sent out.

MWD Education Coordinators' Meeting

Preparations are underway for Solar Cup Skinner. The schools participating in (Chino Hills), Upland High School (Upland), and Rancho Cucamonga High School (Rancho).



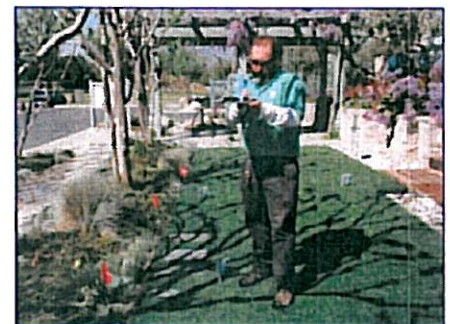
2009, which will be held in May at Lake our service area are Ayala High School

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.

Landscape Evaluation and Audit Program

In Phase III, Chino Basin Water Conservation District has completed 124 landscape audits with a potential savings of 619 AFY. This is in addition to 1,200 AFY in Phase II. There are currently 16 sites scheduled to be audited, 16 sites awaiting scheduling, and 155 release forms waiting to be returned and processed. The MWD California Friendly Landscape Training Classes-professional series were held in February with great attendance and much success. The residential class series scheduled for March has reached maximum class capacity.



Major Conservation Rebate Programs

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 SoCal WaterSmart & Save-A-Buck Programs

Table I below summarizes the rebates provided through February 2009 for the Save-A-Buck Program (CII and Multi-family Residential) and the So Cal WaterSmart Program. Overall, 50,032 devices/rebates were issued under these programs since their inception, for a total annual water savings of 3,368 acre-feet per year.

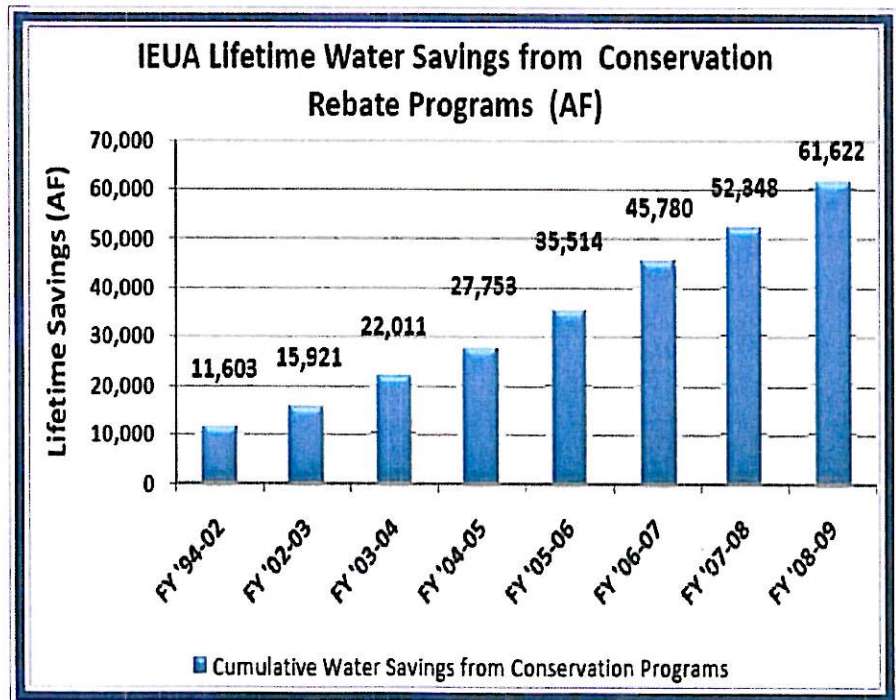


MWD Public Agency Sector Program

Total MWD funding received by public agencies within the IEUA service area has been \$2,612,227 (Table II below). 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.

Cumulative Water Savings

The cumulative expected lifetime water savings from water conservation devices that have been applied in the service area currently totals 61,622 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

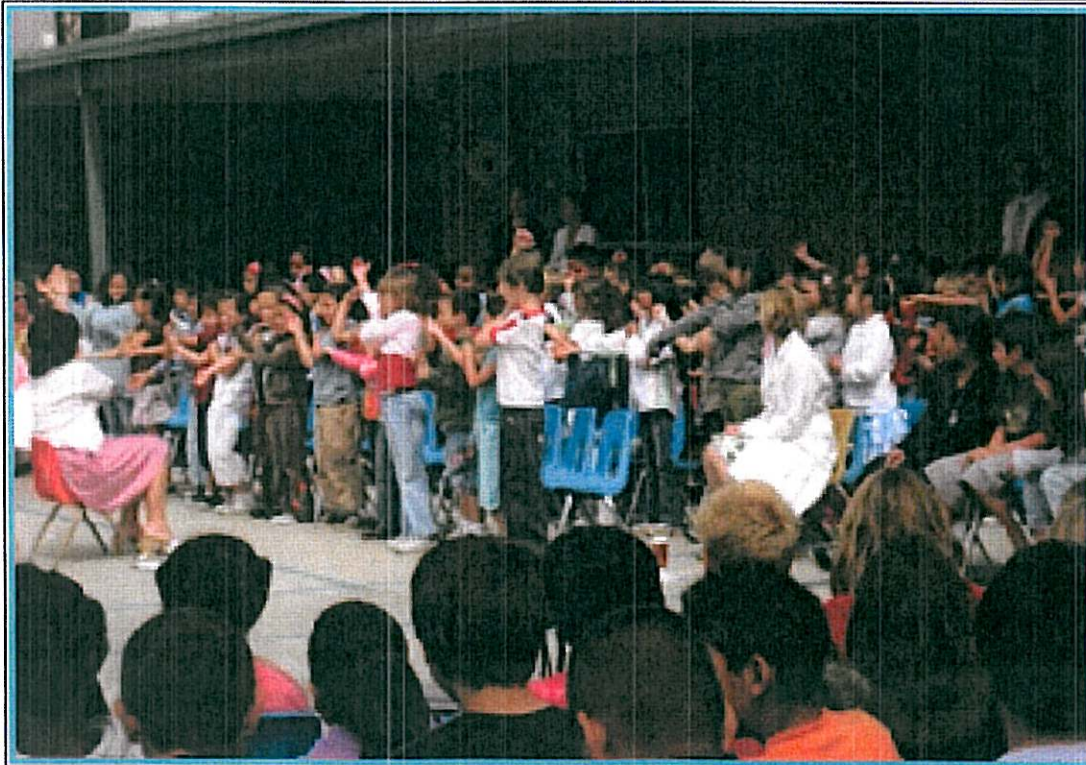
Device Name	Current Fiscal Year through February '09		Since Program Inception	
	# Devices Installed	Equivalent Annual Water Savings (AFY)	Cumulative # Devices Installed	Equivalent Annual Savings (AFY)
Commercial, Industrial, Institutional Program				
High-Efficiency Clothes Washers	9	0.8	466	39.4
Multi-Family 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	721	31	3,142	133.5
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	120	21.6	120	21.6
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	1040	72.2	7695	1181.2
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	1105	38.3	13,174	457.1
High-Efficiency Clothes Washers	591	50.0	10,233	865.7
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)	80	0.01	142	8.8
Water-Wise Residential Landscape Retrofit Program (rebates)	80	0.0	100	17.8
Subtotal	1884	94.3	26,310	1617.2
TOTALS	4606	238.0	50032	3368.2

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

Customer	Device Quantity	Award	Annual Water Savings (AFY)	Lifetime Water Savings (AFY)
City of Ontario	72	\$445,540.02	93.8	936.9
Chino Valley Unified School District (Cities of Chino, Chino Hills, Ontario)	277	\$361,575.50	123.5	1200
Cucamonga School District	10	\$10,547.13	7.7	76.9
Central School District	32	\$31,619.94	11.9	119.3
Elizavinda School District	39	\$125,206.58	32.2	321.8
Chaffey Joint Union School District (City of Ontario, CVWD, M/W/D)	86	\$222,832.50	45.5	434.3
Monte Vista Water District	6	\$2,336.46	0.4	8.3
Alta Loma School District	22	\$36,538.62	16.7	166.7
City of Fontana	9	\$94,057.50	18.8	188.2
Upland Unified School District (Cities of Chino, Chino Hills, Ontario)	51	\$84,497.74	23.5	234.6
City of Chino Hills	302	\$997,425.00	199.5	1994.9
TOTALS	906	\$2,612,227	575.4	5,702

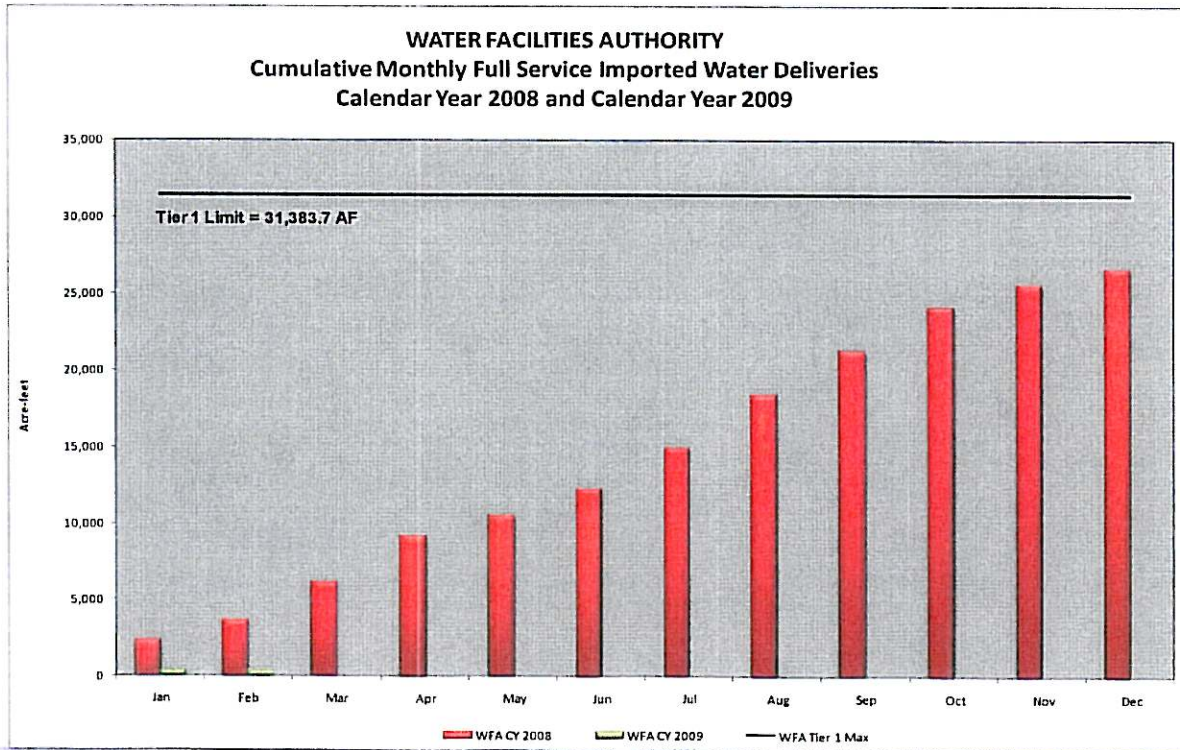
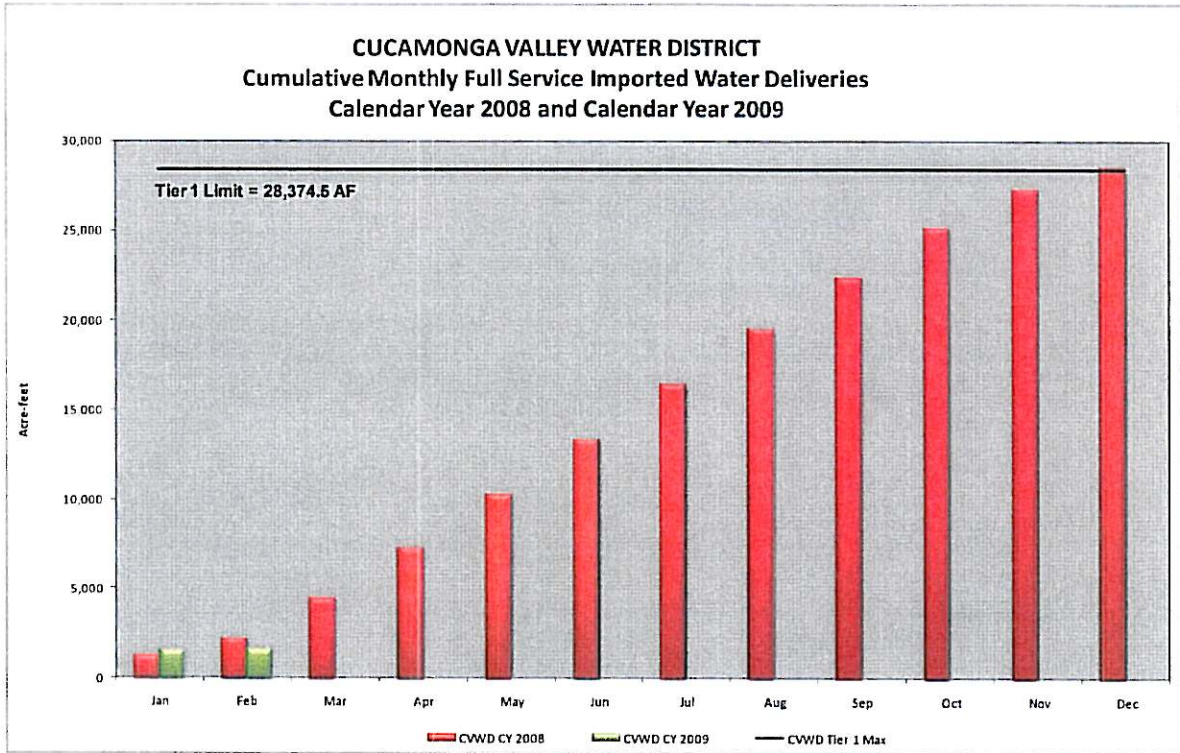
Calendar of Upcoming Events and Meetings

March 31, 2009	Chino Youth Museum Water Exhibit Dedication, 4:00 p.m. @ 13191 6th St., Chino
April 1, 2009	IEUA Board Meeting, Proposed Drought Plan Public Hearing , 10:00 a.m. @ 6075 A Kimball Ave., Chino
April 3, 2009	Solar Power Dedication, 10:00 a.m. @ 6075 C Kimball Ave., Chino
April 22, 2009	Earth Day at Chino Creek Wetlands and Educational Park from 3:30 pm to 6:30 pm
May 8, 2009	Inland Empire Regional Compost Facility Dedication, 10:00 am
May 15-17, 2009	Solar Cup 2009 @ Lake Skinner
Jun 15-18, 2009	IEUA hosts Traveling Water Conservation Art Exhibit, Building A Lobby

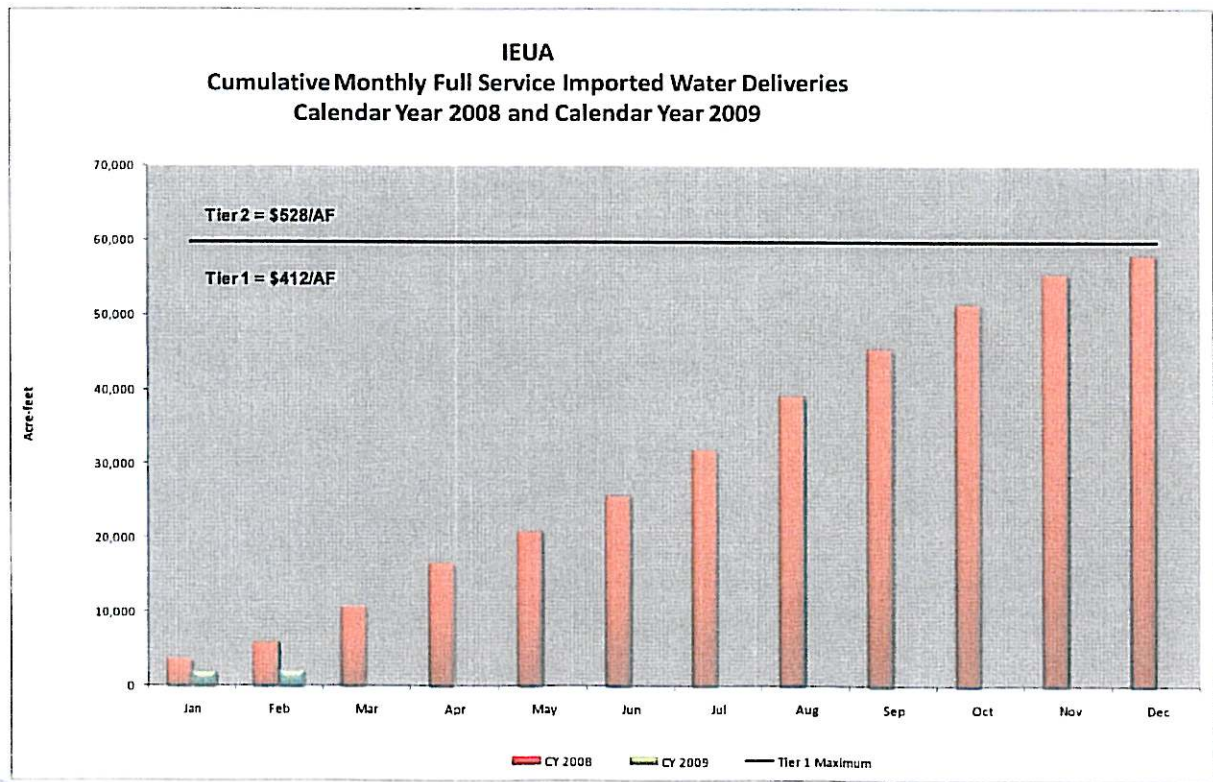
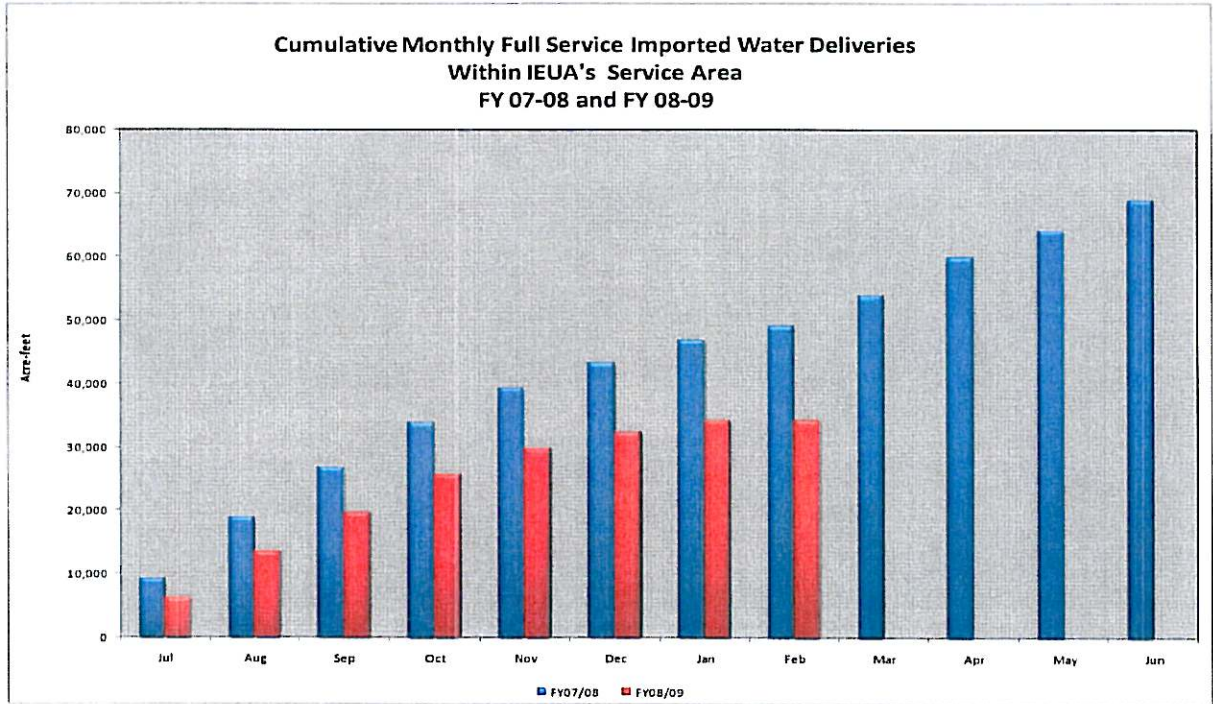


Garden In Every School

Attachment: Imported Water Deliveries

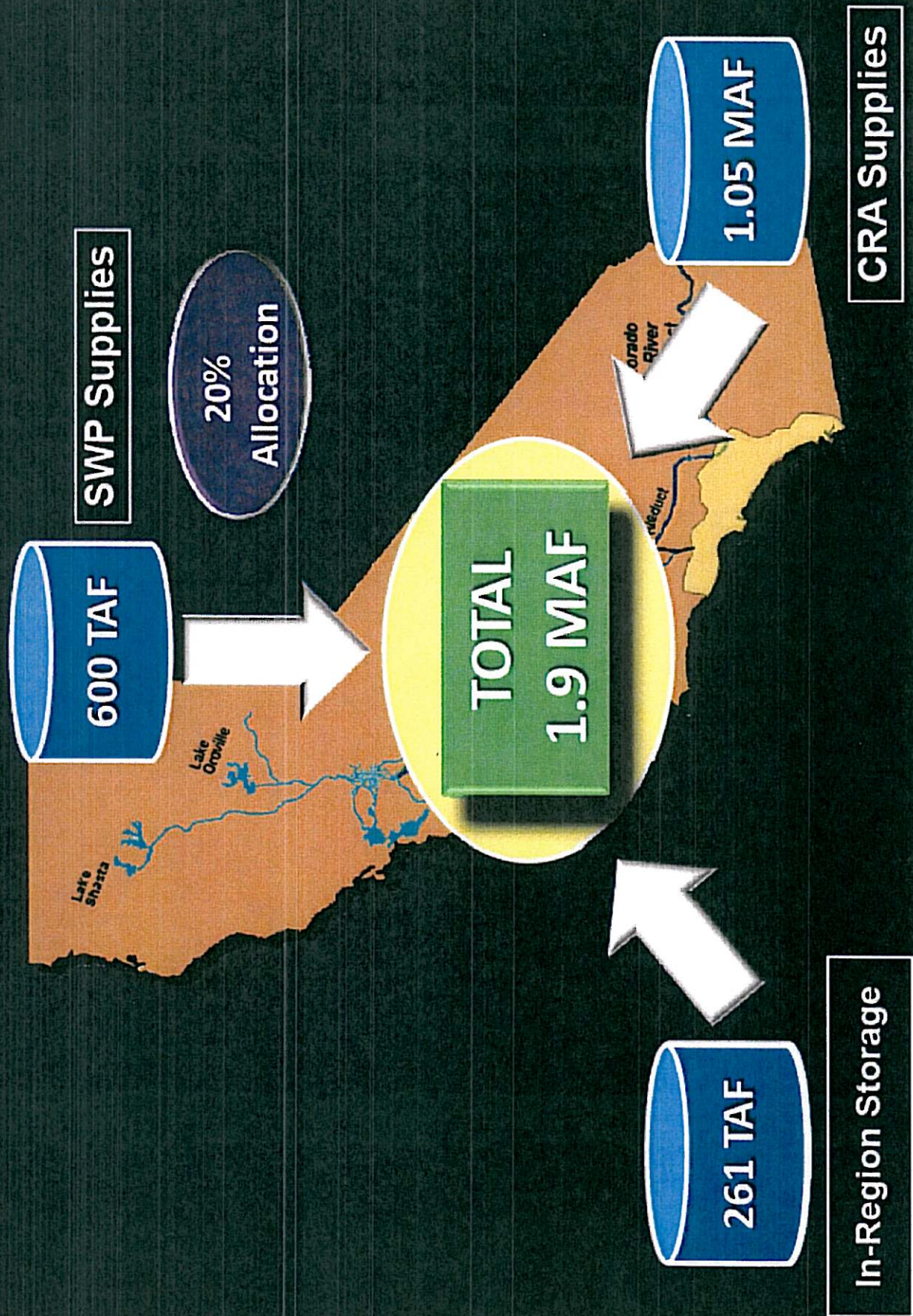


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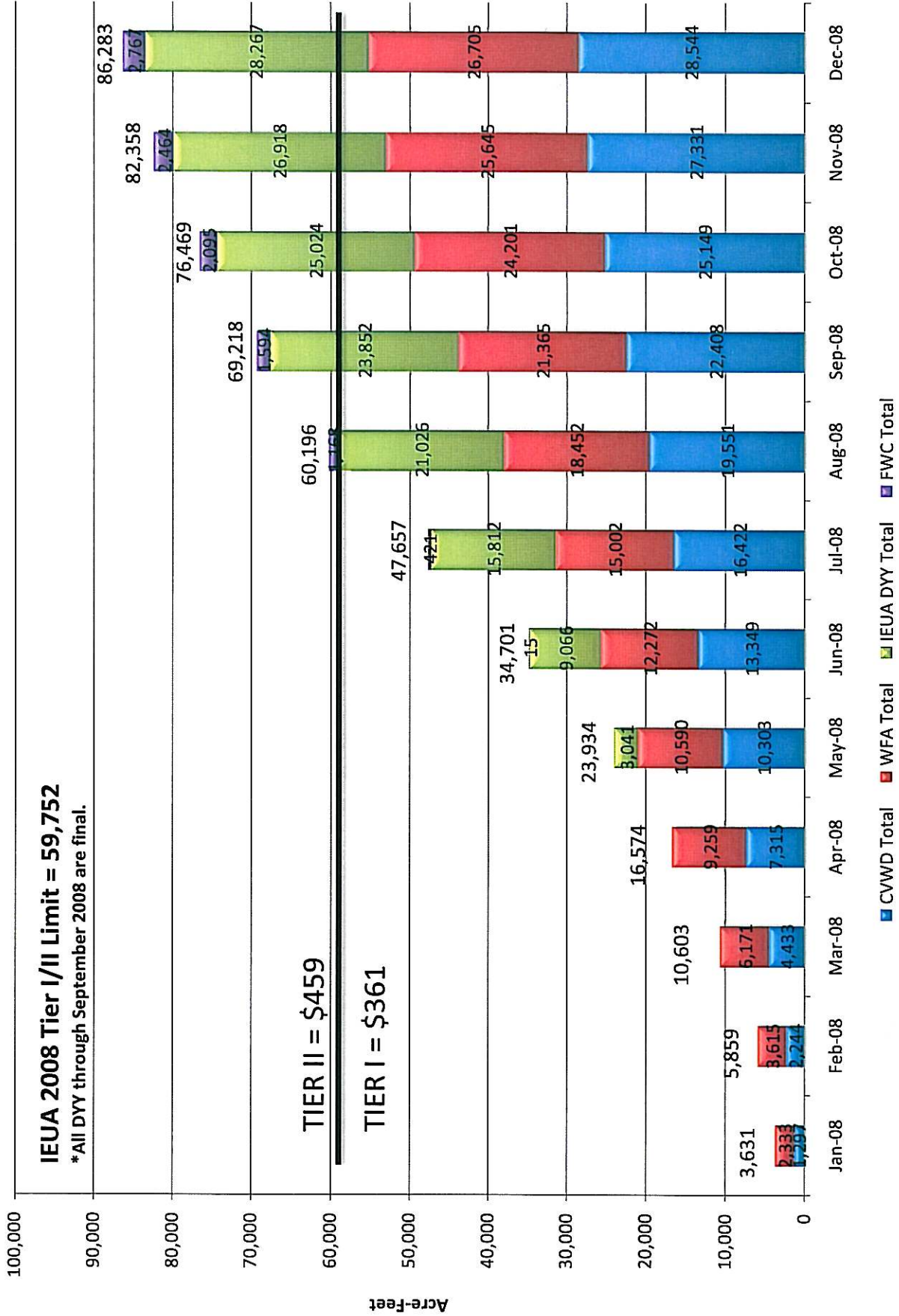


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2009 Water Supply Status

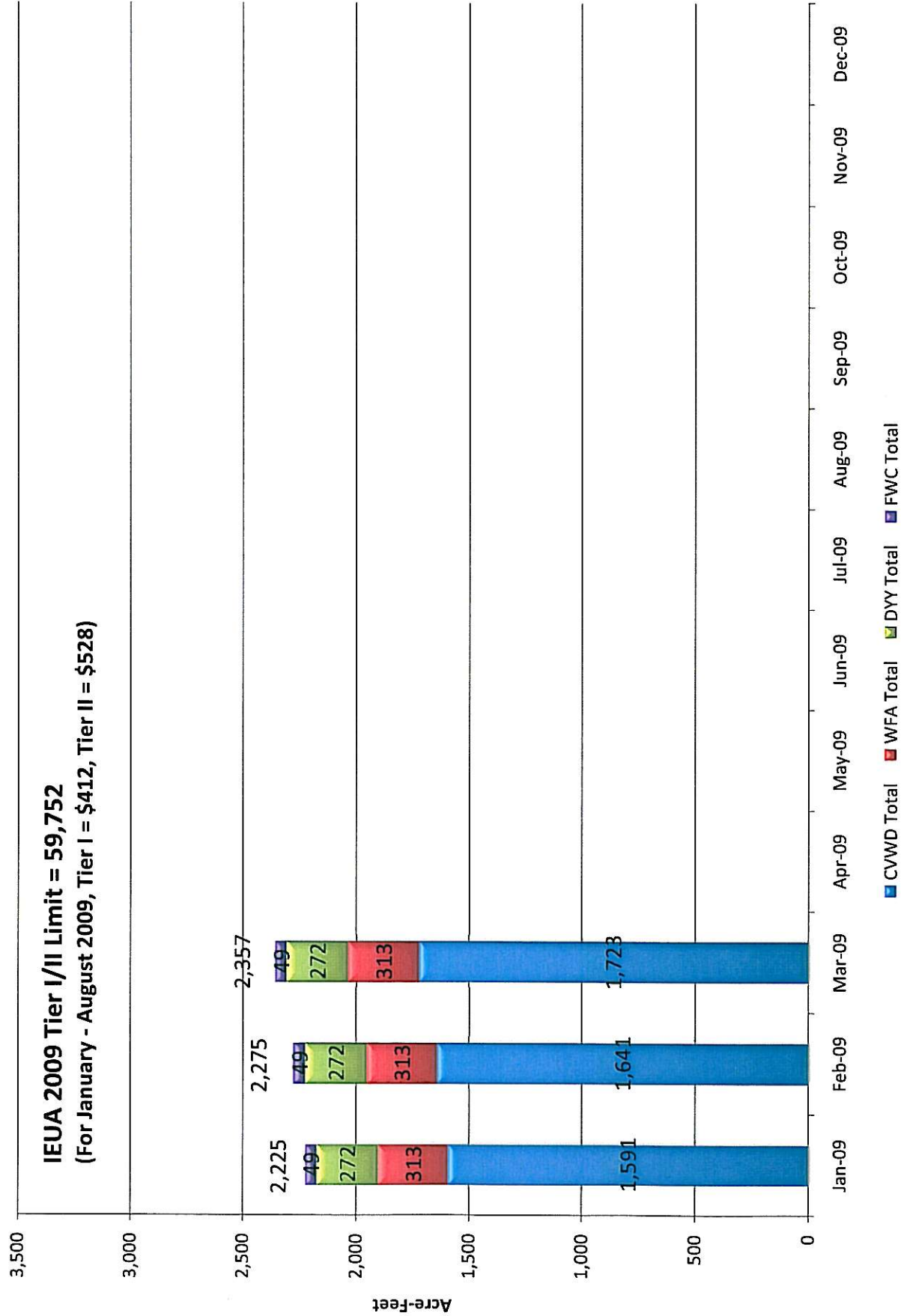


IEUA Calendar Year 2008 Full Service Deliveries, Including DYJ



IEUA Calendar Year 2009 Full Service Deliveries, Including DYY

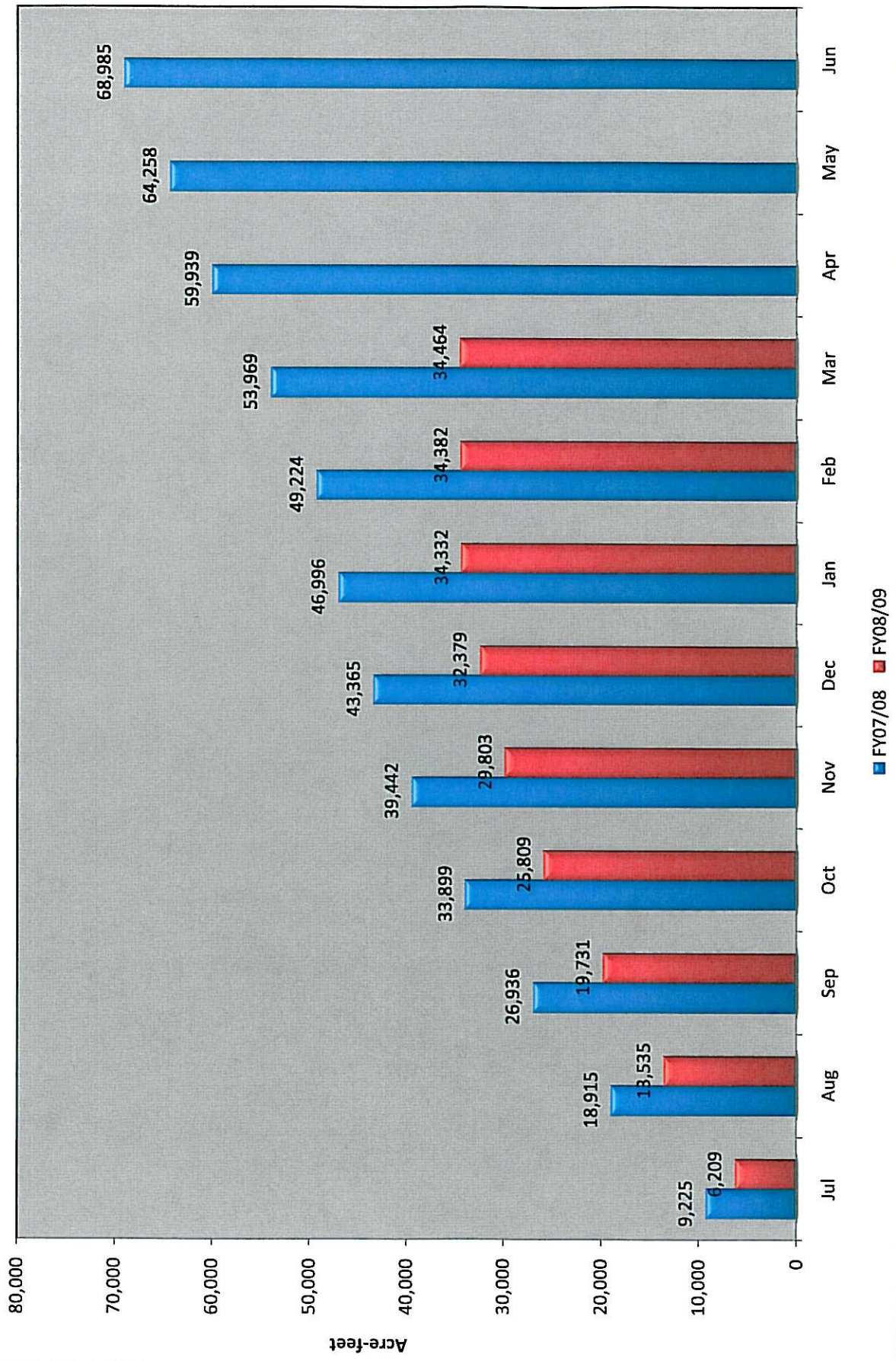
IEUA 2009 Tier I/II Limit = 59,752
 (For January - August 2009, Tier I = \$412, Tier II = \$528)



Cumulative Monthly Full Service Imported Water Deliveries

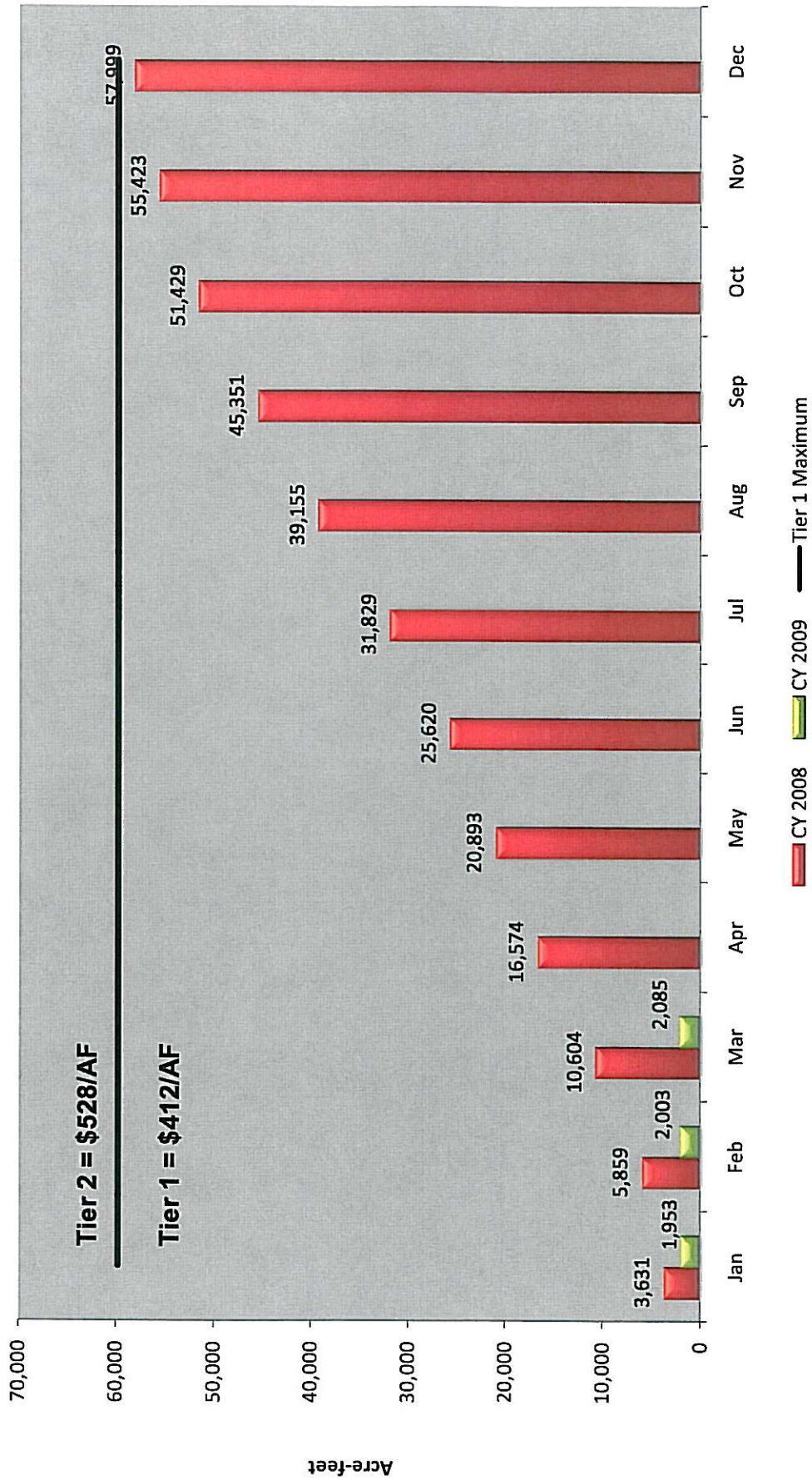
Within IEUA's Service Area

FY 07-08 and FY 08-09



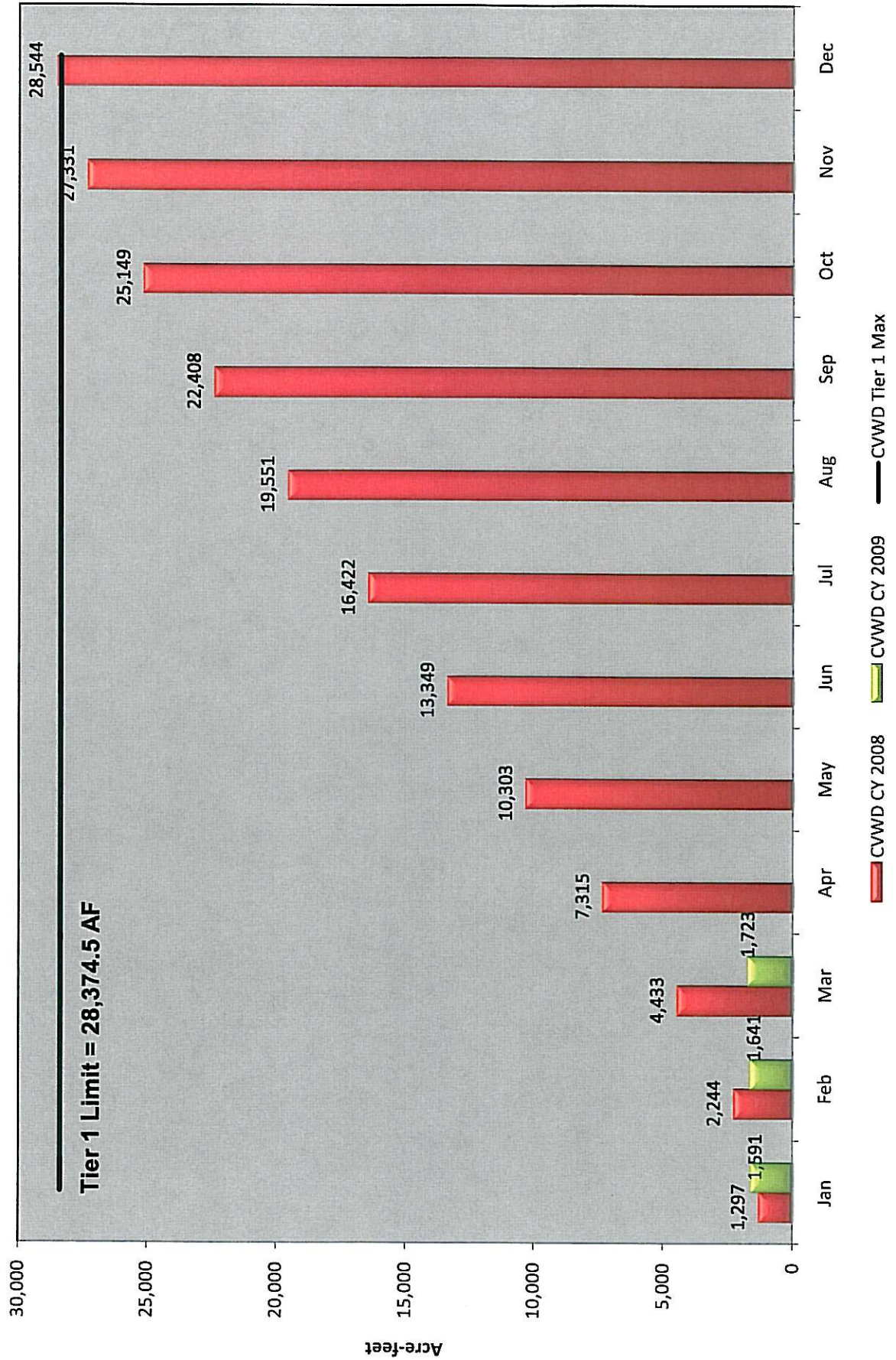
IEUA

Cumulative Monthly Full Service Imported Water Deliveries Calendar Year 2008 and Calendar Year 2009



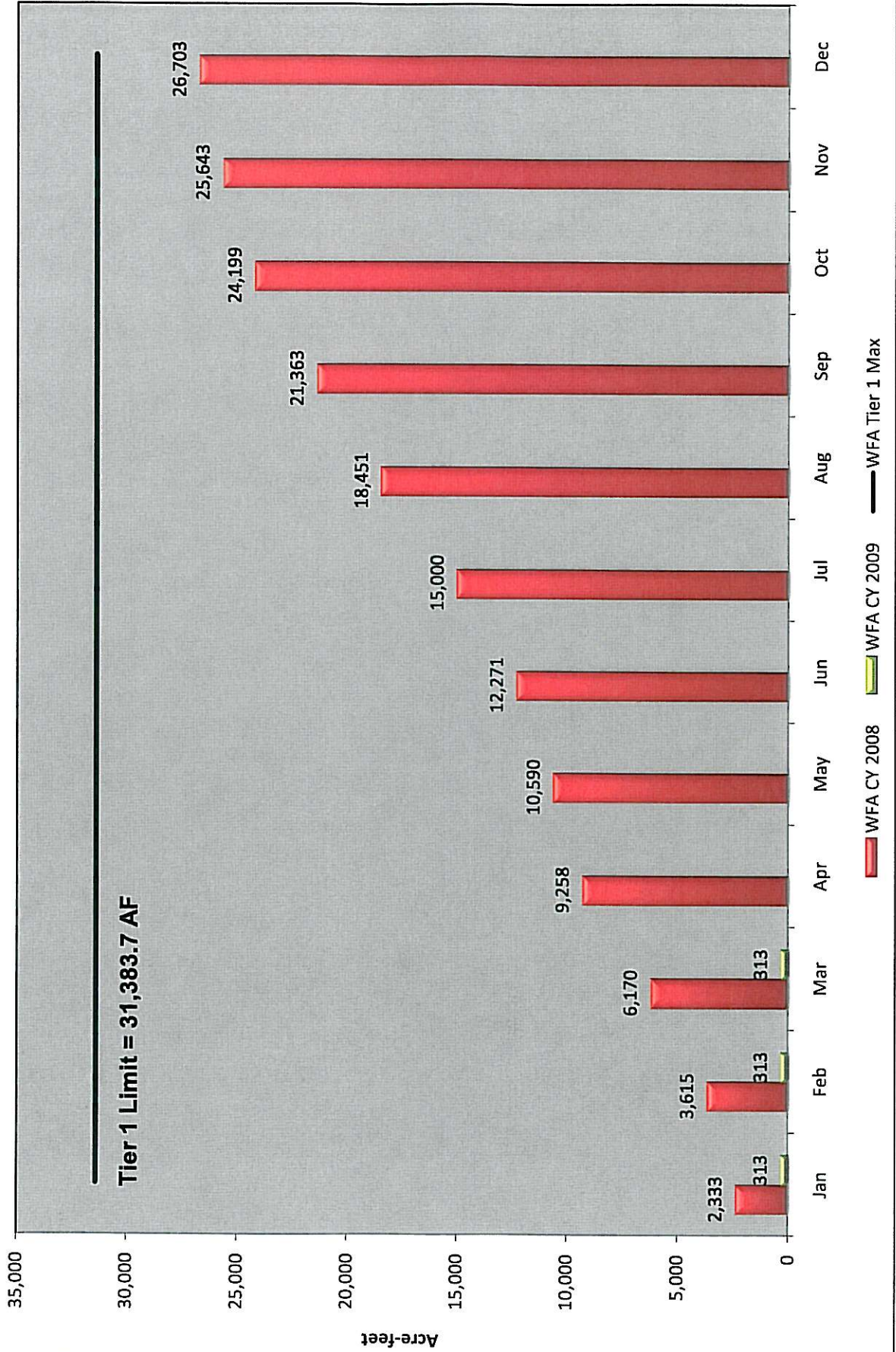
CUCAMONGA VALLEY WATER DISTRICT

Cumulative Monthly Full Service Imported Water Deliveries Calendar Year 2008 and Calendar Year 2009



WATER FACILITIES AUTHORITY

Cumulative Monthly Full Service Imported Water Deliveries Calendar Year 2008 and Calendar Year 2009



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APRIL 2009

RECYCLED WATER PROGRAM NEWSLETTER

Highlights:

- 114 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 Drought Plan

California is in the midst of a third consecutive year of drought and water levels in all of the state’s major reservoirs are significantly below normal. On February 27, 2009 Governor Schwarzenegger proclaimed a statewide drought emergency calling for a 20% reduction in water use and directed state agencies to take immediate action to address the drought conditions and water delivery reduction.

Critically dry conditions are affecting all of the Metropolitan Water District of Southern California (MWD) water supply sources. In addition, recent court rulings and regulatory actions have further impacted State Water Project water and supplies. These legal and regulatory developments, along with the impacts of dry conditions, have raised the possibility that MWD may not have access to supplies necessary to meet total firm demands and will have to allocate shortages in supplies to MWD Member Agencies.

In February 2008, in anticipation of possible water supply shortages, the MWD Board of Directors adopted the Water Supply Allocation Plan (WSAP). The WSAP provides guidance for allocating limited water supplies to Member Agencies should the need to arise. The MWD Board of Directors will approve on April 14, 2009 the shortage level of 10% to 15%.

For more information or for a complete copy of Draft IEUA Drought Plan, go to the IEUA Website at IEUA.org or please contact Marv Shaw at mshaw@ieua.org.

MEMBER AGENCY’S UPDATES: Cucamonga Valley Water District

Frito Lay’s irrigation system was converted from potable water to recycled water in March 2009 by Cucamonga Valley Water District. Frito Lay will potentially have a connected demand of over 13 AFY, and is the 23rd recycled water customer for CVWD.



UPCOMING EVENTS

- Red Team Meeting (IEUA and Member Agency Implementation).....3:30pm, April 2nd, 2009 at CVWD
- 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:

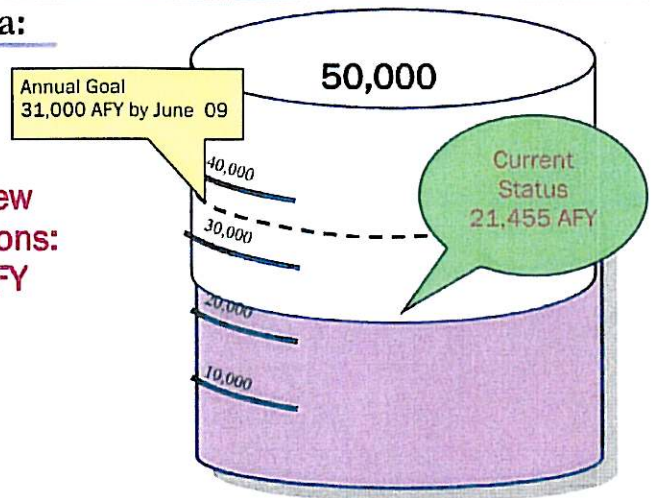
Recent Connections:

- Brookfield (Chino, 5AFY)
- MonteVista # 3 - Ag Usage (Chino, 10AFY)
- Navas Growers (Chino, 15AFY)
- CPT LLC 2 connections (CVWD, 18AFY)
- Frito Lay (CVWD, 13AFY)
- Customized Distribution (Ontario, 23 AFY)
- Feed the Children (Ontario, 3AFY)
- Ferrari Corp Center (Ontario, 3AFY)
- Fire Station # 6 (Ontario, 2AFY)
- Ruth Concours LLC (Ontario, 5 AFY)

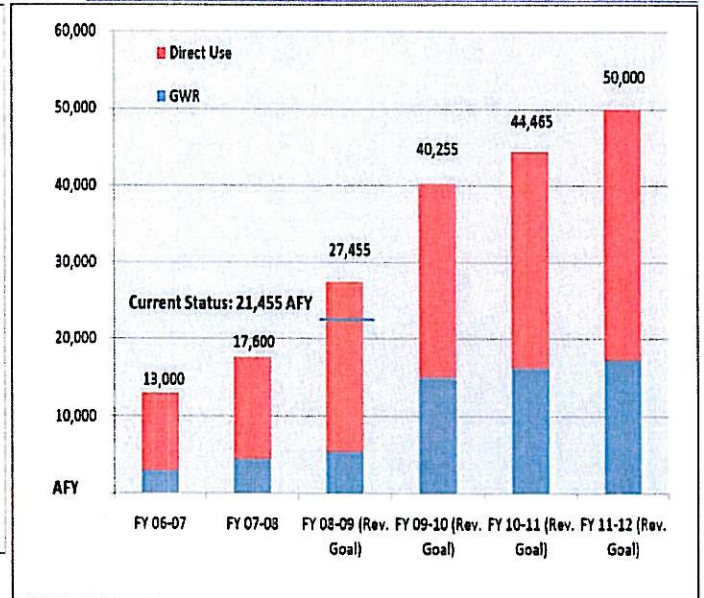
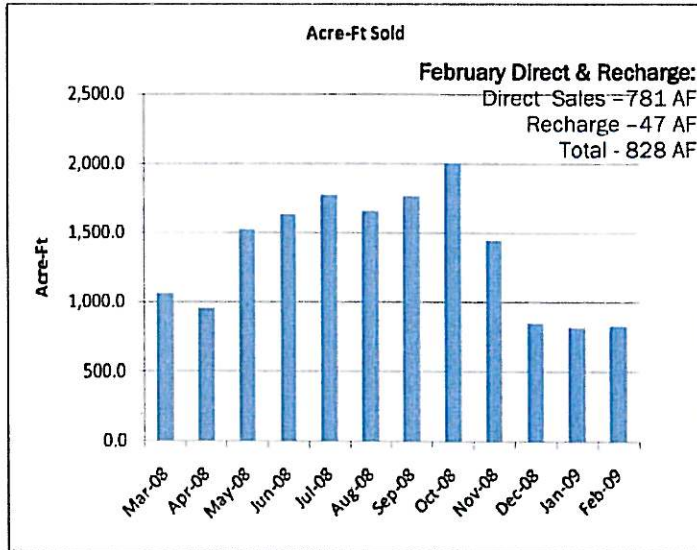
Upcoming Connections:

- 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: 114 AFY



RW Connected Demand Goals



Monthly Recycled Water Sales

	Projected Direct Use Connections (AFY)					
	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Total
Chino			1,500			1,500
Chino Hills			32			32
Ontario	1,605		1,065		2,784	5,454
MVWD			134			134
CVWD		25				25
Total (AFY)		1,630	2,731		2,784	7,145

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.

Annual Recycled Water Connection Goals

Year		Connected Demand (AFY)
1	2007/08	17,600
2	2008/09	27,455
3	2009/10	40,255
4	2010/11	44,465
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 Technical and Policy Committees 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 and NW Area Projects through the CWSRF Program. Also, the United States Department of Interior, Bureau of Reclamation (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 available through our application for stimulus funds.

Clean Water State Revolving Fund (CWSRF): The California Water Resources Control Board adopted a new CWSRF Policy at their March 17, 2009 meeting. The new policy is designed to streamline and simplify the financial aid application process. The revised policy allows financing of soft costs (design, etc) and 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 extended 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. With the existing MWD LRP agreement the total potential annual funding for MWD is over \$10 million.

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 to ghackney@ieua.org.

Chino Basin Water Conservation District Rebates: CBWCD also provides incentives for Public Sector Schools and Parks within its service area to help offset the costs of onsite irrigation system conversion as a result of connecting to the recycled water system. The application and program rules are available on the CBWCD website, www.cbwcd.org.

Readers who have questions should contact Gerry Foote at: gfoote@cbwcd.org.



PROJECTS IN PLANNING

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

Northwest Project Area: The project will design the 1630 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 Winter 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 Winter 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 Sevaine Recharge Basins. The design has been completed and is going through permitting process and funding has been approved by the State Water Resources Control Board (SWRCB) as part of the State Revolving Fund (SRF) loan requirements. The project will be advertised for construction in April 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 is in the final design stage. The funding application has been approved by SWRCB as part of the SRF loan requirements. The project is anticipated to be advertised for construction in April 2009.
- **MW & Lysimeters at Victoria & San Sevaine 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 April 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 June 30, 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 April 2009.



Vineyard Elementary School, City of Ontario

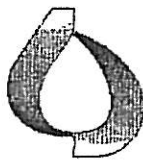


Frito Lay, CVWD



City Landscape, CVWD

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Inland Empire
UTILITIES AGENCY

Date: April 15, 2009
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (4/8/09)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: March 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

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Innovative Federal Strategies LLC

Comprehensive Government Relations

MEMORANDUM

To: Martha Davis and Rich Atwater
IEUA

From: Letitia White, Alex Shockey and Heather McNatt

Date: March 27, 2009

Re: March Monthly Legislative Update

The month of March has been perhaps even more hectic in the halls of Congress than the month of February! There have been many, many different coalitions and groups in town visiting their Members of Congress and Senators. Lines into the House and Senate office buildings have been very long and the weather outside very cold for the wait! IEUA folks got to experience the DC weather for themselves several times during March. We had a great series of meetings the first week of the month with Rich to promote IEUA's appropriations request for Fiscal Year 2010, and Martha spent part of the second week attending meetings and hearings.

Water Update

IFS continued to monitor important Congressional developments on water issues during March. The most important step was the passage of the Omnibus Public Land Management Act, which finally overcame the many procedural and substantive hurdles that had blocked its passage and will soon be signed into law. We know that IEUA invested a great deal of work in this bill and are thrilled to share its success with you.

IFS also monitored the House Science Committee's consideration of The National Water Research and Development Initiative Act. The bill calls for greater federal coordination and investment in water planning and research. With the Committee's passage of the bill on March 25th, we now hope that it is taken up by the full House in the near future.

Fiscal Year 2009 Appropriations

The fiscal year 2009 omnibus appropriations bill, consisting of the nine remaining FY09 domestic appropriations bills, including Energy and Water Appropriations where our \$5 million Bureau of Reclamation earmark was pending, was signed into law by President Obama on March 11. We are certainly relieved to have the fiscal year 2009 appropriations process behind us so we can concentrate on fiscal year 2010!

Fiscal Year 2009 Supplemental Appropriations

Well not quite behind us...next week the Obama Administration is planning to send up a FY2009 Defense/Foreign Operations Supplemental Appropriations bill which is rumored to be in the neighborhood of \$75 billion. This money would be used to pay for the ongoing operations in Iraq and Afghanistan.

Innovative Federal Strategies LLC

Fiscal Year 2010 Appropriations

Member deadlines for FY2010 appropriations have come and gone, for the most part, in the month of February. The House Appropriations Committee deadline for Members to submit their project requests for consideration is April 3, which is right around the corner; the Senate Appropriations Committee is handling the Member deadline on a subcommittee basis with the first subcommittees' - - Military Construction, Labor-HHS-Education and Homeland Security - - deadline hitting on April 28.

By the direction of House Appropriations Chairman David Obey (D-WI) and Senate Appropriations Chairman Daniel Inouye (D-HI), Members of the House and Senate are now required to post all appropriations requests that they are making to the Committee on their websites. This is a brand-new requirement which should be interesting. Will Members simply submit and list all project requests that were made to their office or will they only list the top tier of their list?

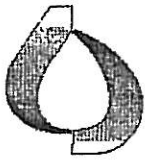
The House and Senate Appropriations Subcommittees have been holding hearings all month of different agencies, policy and budget matters under their jurisdiction. This will allow them to gather the information necessary to draft bills and reports. After the hearing process is complete the mark-up process will proceed, the first subcommittees mark-ups likely starting in June.

Budget

Last month, the President submitted his \$3.6 trillion budget request to the Congress. It focused on reforming health care; implementing a cap-and-trade bill that would limit greenhouse gas emissions while raising revenue for middle-class tax cuts and renewable-energy research; and improving education. Now, with the worsening deficit outlook, the House and Senate Budget Committees are tasked with making their own budget blueprint. While the budget resolution does not become law, it sets the parameters for considering tax and spending bills later in the year. One of the most important tasks of the blueprint is setting the discretionary spending cap for the annual appropriations bills.

The House Budget Committee approved its plan in a party-line vote on March 25, and Senate Budget Committee did the same with its draft the next day. The bills are expected to come to their chamber's respective floors next week. The House committee's resolution would provide \$1.089 trillion in discretionary spending, excluding certain emergency items such as war funding, in fiscal 2010, slightly less than the \$1.096 trillion requested by the President. The Senate Budget version would allow about \$1.08 trillion in non-emergency discretionary funding in fiscal 2010. Both the House and Senate match the President's request for defense spending, so reductions would come from his domestic program requests.

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



Inland Empire
UTILITIES AGENCY

Date: April 15, 2009
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (4/8/09)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: March Legislative Report from Agricultural Resources

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD

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Agricultural Resources

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Washington, D.C. 20002-5811
(202) 546-5115
(202) 546-4472-fax
agresources@erols.com

March 26, 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, March 2009

Highlights:

- *Word "ENACTED" Emerges in this Report.*
- *FY 2009 Energy and Water Funding Bill – \$5 Million for IEUA Water Recycling Initiative– ENACTED*
- *Omnibus Lands Bill – \$26 Million Authorization for Desalters (and other Regional Water Recycling Projects) – ENACTED*
- *Omnibus Lands Bill – II, \$10 Million Authorization for Prado Natural Wetland Treatment – ENACTED*
- *BuRec Issues Guidance for Title XVI Implementation*
- *Weiman Commentary on Water Recycling*
- *Sub-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*

ENACTED – Wonderful Word. Last month, you received a report that began with “Stimulus ENACTED.” This month’s report invokes the same word and is able to apply it to major IEUA initiative.

FY 2009 Energy and Water Funding Bill – \$ 5 Million for IEUA Water Recycling Initiative – ENACTED. After months of delay, and numerous procedural hurdles, the bill is now ENACTED.

Omnibus Lands Bill – \$26 Million Authorization for Desalters (and other Regional Recycling Projects – ENACTED.. Following years of endless debate, rolling filibusters and unending procedural obstacles, the \$26 million authorization for IEUA desalters is now at 1600 Pennsylvania Avenue awaiting Presidential signature. President Obama has signaled that he will sign it. ENACTED.

Omnibus Lands Bill – II – \$10 Million Authorization for Prado Natural Wetland Treatment – ENACTED. Same bill as desalters. Bill will be signed into law – probably by next Thursday.

BuRec Issues Guidelines for Title XVI Stimulus Implementation. The Bureau of Reclamation has issued guidelines for implementation of the stimulus and recovery funds. As previously reported, the \$800 billion stimulus bill included \$126 million for the Title XVI program. With the “application rules” in hand, IEUA can now apply for funding.

Weiman Commentary on Water Recycling. I rarely provide editorial comment, but believe it’s appropriate. In discussions with Rich Atwater, we both observed that suddenly recycled water is a solution of choice. It’s on radio shows. Heard it at congressional hearings. The State is saying it, and the Feds are saying it. A reference appeared to recycled water in the Obama budgetary blueprint. Suddenly, every time we turn-around, almost any and every discussion of water or “energy-water” turns into a discussion of recycled water.

Subcabinet Appointments – Interior. The confirmation hearing for David Hayes took place and his nomination was reported by the Senate Energy Committee. However, that nomination is subject to a “hold” and presently is being blocked over energy issues in Utah. Expectations are that the nomination will be cleared shortly. The President also announced that he would nominate Michael Conner as 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, and now, Conner, few of the nominations have been announced and most key positions remain unfilled (in interim, career staff is made to serve as “acting” for each of these positions)..

Last month, I reported – and this remains accurate and unchanged – Washington’s favorite “parlor” game – rumors about nominees – who’s in and who’s not. That game is underway and

exists at a furious pace. Given the obvious log-jam and the necessity for FBI background checks, it will take months for the nominations to surface, be submitted, considered by Congress, voted on and approved. Among the key positions IEUA is tracking.

- * Interior, Assistant Secretary, Water and Science
- * Interior, Commissioner, Bureau of Reclamation – Pending
- * Interior, Under Secretary [Nominated – Nomination Reported by Energy Committee]
- * 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
- * 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, rumors are that Betsy Reike will be asked to serve in that capacity.

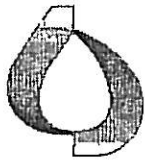
Climate Change/Energy Legislation. Both Congress and the Administration are working on this issue. It is and remains a priority. Efforts to address these issues is just beginning.

Drought Conditions and Water Supplies. There was snow and rain in March. That said, NOAA and USDA’s Drought Monitor report that almost all of California remains in drought, though the intensity level has declined. Snow pack increased, but water allocations only improved modestly. The Colorado River remains in deficit. This month, only two western states, North and South Dakota, are not in drought conditions – at the moment.

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

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

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Inland Empire
UTILITIES AGENCY

Date: April 15, 2009
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (4/8/09)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: March 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

March 27, 2009

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



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

During the month of March, the California Legislature emerged from the hangover that stemmed from nearly six months of contentious battles over the budget... a battle that will likely resume after the May 19 special election. While only a few legislative hearings were held on energy and water-related issues thus far, it has become very clear that increased reliance on renewable energy and addressing greenhouse gas issues remain at the forefront of legislative concerns.

Along similar lines, the recently approved federal stimulus package will make available over \$300 million in energy grants and research projects sometime in the next 2-3 months. The monies for this program are expected to be expended in the short-term, with nearly half of the dollars expected to be invested in projects beginning before June 17, 2009. The timeline to take advantage of these funds, much of which will be dedicated to local governments, is expected to be extremely short.

On the regulatory front, renewable energy continues to dominate the conversation. The major utility in northern California, PG&E, has launched a renewable solar purchasing program that will more than double the going rate for solar energy.

Chino Basin / OBMP Coalition

Status Report – March 2009

ENERGY/REGULATORY

Federal Stimulus Dollars to Start Flowing To California

As part of the federal economic stimulus package recently approved by Congress and President Obama, the State of California is expected to be eligible for as much as \$312 million in competitive grants, loans and renewable & research projects pertaining to energy.

The timeline to determine how these funds will be utilized is extremely short. On March 12, the federal government released the state application, requiring each state to supply an application by March 23. A more detailed application from each state, including California, is due on May 12.

As various state agencies and Governor Schwarzenegger's newly formed Federal Energy Stimulus Team are still responding to this new program, it is clear that the timeline for competing for these funds will be extremely short and the details at this time are scarce (the CEC usually only dispenses \$1-3 million per year in similar programs). It is expected that the California Energy Commission, in particular, will soon issue a request for proposals (RFP) for projects in advance of submitting the required May 12 formal application to the federal government.

PROGRAM SPECIFICS

At this point, the potential monies that may be available through this program are broken down in the following categories:

- \$226 million from the State Energy Program (\$3.1 billion nationwide)
 - Timeline
 - Unknown – RFP from CEC likely to be issued soon in advance of May 12 deadline
 - Program Priorities
 - Implementing building and industrial energy efficiency programs
 - Establishing and expanding financial incentives or loans for energy efficiency
 - Expanding renewable distributed generation programs
 - Expanding renewable energy programs
 - Promoting regional cooperation
 - Facilitating sharing of best energy practices

- Increasing coordination with utilities including promulgation of measurement and verification methodologies
 - 50% of funds currently slated for projects that can begin before June 17
- \$56 million under the Energy Efficiency and Conservation Block Grant Program
 - Timeline
 - Unknown – RFP from CEC likely to be issued soon
 - Funding Allocation
 - 68% to local governments
 - 28% to states
 - 2% to tribes
 - 2% competitive grants
- \$30 million for the Energy Star and efficient appliance rebate program

SERVICE LIST REGISTRATION

Due to the scarcity of details, the California Energy Commission has established a process to join a service list to be updated on all forthcoming details related to these potential opportunities. You can join the service list by visiting the following website and joining the service list on the right side of the page. The page also includes further details related to these programs: <http://energy.ca.gov/recovery/index.html>

DGI has had numerous conversations with the California Energy Commission, and they have been clear that the details surrounding how and when these funds will be dispersed have yet to be established. However, CEC staff has said that strategic partnerships and reliance on local governments is expected to be a key strategy to expending these funds.

DGI has begun to solicit meetings with key CEC staff to gather further information regarding the process and ensure that IEUA is well-situated to maximize potential opportunities that may be forthcoming under this influx of stimulus dollars.

SCE Rate Increase To Be Lower Than Expected

As a result of falling natural gas prices, Southern California Edison has requested that their electricity rates be raised by a lower amount than previously anticipated. In a February request to the California Public Utilities Commission, SCE reduced its request by approximately 2.25% for the average customer.

Since previous estimates have stated that Edison's rates will rise an average of ~13% from 2008 to 2009, this revised estimate will reduce that year-to-year change to slightly above 10%.

Energy costs (the cost of providing the commodity of electricity, excluding distribution and transmission services) are forecasted on a year-ahead basis. SCE provided its estimate of these costs last fall, however based upon falling natural gas prices late in 2008, Edison updated the forecast with revised figures. Because nearly 50% of the utility's electrical generation is based on natural gas, the price of that commodity can have dramatic effects on overall rates.

If the CPUC determines that SCE over or under estimated the costs at the end of the year (called the "true-up" process), the corresponding overcollection or undercollection is reflected in the next years rates.

PG&E Changes Dynamics of Renewable Energy Pricing

In a recent filing, the Pacific Gas & Electric Company has energized the renewable energy discussions with regard to how utilities will compensate customers for renewable energy. In early March, PG&E asked permission from the California Public Utilities Commission to install 500 MW of solar energy projects in California at an average price of 24.6 cents/kWh. PG&E is the largest electric utility in the state, serving customers from Bakersfield to the Oregon border.

Half of this energy, 250 MW, would be owned and operated by the utility. The other 250 MW would be offered to customers and third-party operators as a standard contract (similar to the existing feed-in tariff programs) for projects between 1 and 20 MW. The CPUC is expected to rule on this proposal by later this year.

Current feed-in tariff programs only offer a price of approximately 11 cents/kWh, so this offer represents a major shift in pricing within the renewable energy market (both prices are adjusted for time-of-use factors, which for PG&E is 2.03 times the base price for peak summer solar production). SCE proffered a similar proposal last year, but in that case all the production (250 MW) was owned and operated by the utility with no opportunity for third-party ownership.

DGI has engaged PG&E and SCE in discussions related to this latest proposal, and is continuing in talks with them to address the disparity between this newly proposed program and the currently existing feed-in tariff (FiT) programs. Both target solar production between 1 and 1.5 MW, however the new PG&E proposal provides more than 150% the base price for otherwise similar projects. This discussion is likely to spill over into legislative talks regarding the renewables portfolio standard (RPS) and SB 32 (Negete-McLeod).

STATE BUDGET CRISIS 2.0

Only a few weeks out of a massive budget compromise containing spending cuts, tax increases and a slew of initiatives up for consideration by voters in May, early indications point to continued financial problems for the State of California.

Although the February budget compromise purports to resolve the \$42 billion state budget shortfall over the next 15 months, the State Legislative Analyst has already declared that the slowing economy and overly-optimistic revenue scenarios have created at least an \$8 billion hole in the 2009-10 budget.

This projected shortfall hinges on whether the electorate decides to endorse Proposition 1A this May. If the measure fails, the tax increases approved in the February compact will not be extended. In addition, the spending cap and "rainy day" fund that Proposition 1A would approve would not become binding.

Governor Schwarzenegger and Democratic legislative leaders have come out in support of Proposition 1A, but a variety of groups from both the left and the right have already come out in opposition to the measure. On the conservative front, the Howard Jarvis Taxpayers Association and potential 2010 gubernatorial candidates Steve Poizner and Meg Whitman have opposed the measure. On the left, the California Nurses Association and the California Federation of Teachers is similarly opposed to the measure.

Although the \$8 billion shortfall could be exacerbated by the failure of Proposition 1A, at this point there is little indication that the Legislature will choose to address this shortfall before the May 19 election. This is due to the fact that the currently approved budget runs through July 2010, and until the outcome of the May 19 election the full scope of the problem has yet to be determined.

LEGISLATIVE UPDATE

Major Legislation

Thus far, the only measure to move forward with any momentum has been SB 14 (Simitian D-Palo Alto). The major impact of this measure is increasing the renewables portfolio standard (RPS) to 33% by 2020, although it also effects a variety of other energy-related programs. Although opposed by the utilities and many customer groups, as expected the measure has thus far sailed rather easily through the Senate. Firmer opposition is expected in the Assembly.

SB 32 (Negrete-McLeod D-Chino) addresses only the feed-in tariffs (FiTs) that were established under legislation sponsored by IEUA two years ago. In conjunction with the solar industry, DGI and IEUA have been working with the author to bolster the program and provide enhanced incentives for customers and agencies providing renewable power. SB 32 is expected to be heard in mid-April. Central to all of these conversations is how renewable

power will be valued, either through the current Market Price Referent (MPR) that is currently set at ~11 cents/kWh or some successor rate closer to the recently released figure of 24 cent/kWh by PG&E.

DGI remains actively engaged in conversations related to these measures, and will continue to advocate on behalf of IEUA and coalition members on these issues.

- CA SB 14 **AUTHOR:** Simitian [D]
 TITLE: Utilities: Renewable Energy Resources
 INTRODUCED: 12/01/2008
 LAST AMEND: 03/12/2009
 DISPOSITION: Pending
 FILE: 1
 LOCATION: Senate Second Reading File
 SUMMARY:
 Revises the requirement for retail sellers of electricity to meet and exceed a specified percentage of their procurement targets from renewable energy resources. Requires an accounting system to verify compliance by retail sellers and local publicly owned electric utilities to comply with the renewables portfolio standards program. Relates to Public Utility Commission and Independent System Operator responsibilities under the program. Revises the provisions governing thermal energy facilities certification.
- CA SB 32 **AUTHOR:** Negrete McLeod [D]
 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
 LAST AMEND: 03/18/2009
 DISPOSITION: Pending
 COMMITTEE: Assembly Utilities and Commerce Committee
 HEARING: 04/01/2009 9:30 am
 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
 COMMITTEE: Assembly Natural Resources Committee
 HEARING: 04/13/2009 1:30 pm
 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
 LAST AMEND: 02/19/2009
 DISPOSITION: Pending
 LOCATION: Assembly Second Reading File
 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
 COMMITTEE: Assembly Water, Parks and Wildlife Committee
 HEARING: 04/14/2009 9:00 am
 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 legislature to enact legislation that would require the Public Utilities Commission to integrate the demand-side management programs within its jurisdiction in order to enable offerings of integrated packages that will maximize savings and efficiency of utility program overhead.
- CA AB 64 **AUTHOR:** Krekorian [D]
TITLE: Renewable Energy Resources: Generation and Transmission
INTRODUCED: 12/09/2008
LAST AMEND: 03/18/2009
DISPOSITION: Pending
COMMITTEE: Assembly Utilities and Commerce Committee
HEARING: 04/01/2009 9:30 am
SUMMARY:
Recasts the renewables portfolio standard program to require that a retail seller and a local publicly owned electric utility procure specified percentages of its electricity from renewable energy resource. Relates to tariffs filed by electrical corporations for energy purchased from small-scale renewable source facilities. Establishes the Renewable Infrastructure Authority and related fund. Provides for renewable energy designation zones and transmission corridor zones.
- CA AB 150 **AUTHOR:** Smyth [R]
TITLE: Sales and Uses Taxes: Energy Proficient Products
INTRODUCED: 01/22/2009
DISPOSITION: Pending
COMMITTEE: Assembly Revenue and Taxation Committee
HEARING: 04/20/2009 1:30 pm
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: Disclosure of Sources of Electrical Generation
INTRODUCED: 01/27/2009
LAST AMEND: 03/16/2009
DISPOSITION: Pending
LOCATION: Assembly Appropriations Committee
SUMMARY:
Amends existing law that establishes a program under which entities offering electric services disclose information on the sources of energy that are used to provide such services. Defines the term unspecified sources of power for disclosure requirements. Changes reporting requirements from quarterly to annually. Amends other details regarding disclosures and eliminates certain reporting requirements. Provides that meeting disclosure requirements is compliance with renewables 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 210 **AUTHOR:** Hayashi [D]
TITLE: Green Building Standards
INTRODUCED: 02/02/2009
DISPOSITION: Pending
COMMITTEE: Assembly Business and Professions Committee
HEARING: 03/31/2009 10:00 am
SUMMARY:
Specifies that the requirements and regulations that a city or county is authorized to change or modify building standards includes, but is not limited to, green building standards.

CA AB 212 **AUTHOR:** Saldana [D]
TITLE: Energy: Building Standards: Zero Net Energy Buildings
INTRODUCED: 02/02/2009
DISPOSITION: Pending
COMMITTEE: Assembly Natural Resources Committee
HEARING: 04/13/2009 1:30 pm
SUMMARY:
Requires the State Energy Resources Conservation and Development Commission to adopt building design and construction standards and energy and water conservation standards to require new residential constructions on a date by which the commission determines that the use of photovoltaic technology is cost effective, to be zero net energy buildings.

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 Utilities and Commerce Committee

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 Utilities and Commerce Committee
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 AB 560

AUTHOR: Skinner [D]
TITLE: Net Energy Metering
INTRODUCED: 02/25/2009
DISPOSITION: Pending
LOCATION: Assembly Utilities and Commerce Committee
SUMMARY:

Requires that the standard contract or tariff for net energy metering be offered on a first-come first-served basis until the time that the total rated generating capacity used by customer-generators exceeds an unspecified percent of the electric distribution utility or cooperative's peak demand.

CA AB 758

AUTHOR: Skinner [D]
TITLE: Energy; Energy Audit
INTRODUCED: 02/26/2009
DISPOSITION: Pending
LOCATION: ASSEMBLY

SUMMARY:

Requires the Energy Commission to establish a regulatory proceeding to develop a comprehensive program to achieve greater energy savings in the state's existing residential and commercial building stock.

CA AB 828

AUTHOR: Lieu [D]
TITLE: Green Building Standards
INTRODUCED: 02/26/2009
DISPOSITION: Pending
LOCATION: ASSEMBLY
SUMMARY:

Revises Building Standards Commission's requirement to adopt, approve, codify, update, and publish green building standards from a state agency. Authorizes any state agency, propose to the commission mandatory green building standards in their area of expertise. Requires that approved green building standards be inserted into the Building Standards Code. Requires the Energy Resources Conservation and Development Commission to develop and adopt voluntary energy efficiency or water efficiency standards.

CA AB 887

AUTHOR: Krekorian [D]
TITLE: Energy
INTRODUCED: 02/26/2009
DISPOSITION: Pending
LOCATION: ASSEMBLY
SUMMARY:

States the intent of the Legislature to enact legislation to address the impediments to the siting of facilities that produce electricity from renewable sources of energy, and the placement and construction of transmission infrastructure necessary to allow that electricity to be consumed by California taxpayers.

CA AB 958

AUTHOR: Eng [D]
TITLE: Design-build: Metropolitan Water Districts
INTRODUCED: 02/26/2009
DISPOSITION: Pending
LOCATION: ASSEMBLY
SUMMARY:

Authorizes a metropolitan water district to enter into design-build contracts for projects involving the design, construction, fabrication, and installation of a solar energy system.

CA AB 1234

AUTHOR: Skinner [D]
TITLE: Energy: Smart Buildings
INTRODUCED: 02/27/2009
DISPOSITION: Pending
LOCATION: ASSEMBLY
SUMMARY:

States the Intent of the Legislature to enact legislation relating to smart buildings and the promotion of energy savings and management.

CA AB 1347

AUTHOR: Price [D]
TITLE: Water Resources: Desalination
INTRODUCED: 02/27/2009

DISPOSITION: Pending
LOCATION: ASSEMBLY
SUMMARY:
Relates to desalination and water resources.

CA AB 1453 **AUTHOR:** Buchanan [D]
TITLE: Solar Energy Systems
INTRODUCED: 02/27/2009
DISPOSITION: Pending
LOCATION: ASSEMBLY
SUMMARY:
Makes technical, nonsubstantive changes to existing statutes that require the Public Utilities Commission to undertake certain steps in implementing the State Solar Initiative.

CA AB 1536 **AUTHOR:** Blakeslee [R]
TITLE: Self-generation Incentive Program
INTRODUCED: 02/27/2009
DISPOSITION: Pending
LOCATION: ASSEMBLY
SUMMARY:
Changes the statute requiring the Public Utilities Commission to administer a self-generation incentive program for distributed generation resources.

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 14 **AUTHOR:** Simitian [D]
TITLE: Utilities: Renewable Energy Resources
INTRODUCED: 12/01/2008
LAST AMEND: 03/12/2009
DISPOSITION: Pending
FILE: 1
LOCATION: Senate Second Reading File
SUMMARY:
Revises the requirement for retail sellers of electricity to meet and exceed a specified percentage of their procurement targets from renewable energy resources. Requires an accounting system to verify compliance by retail sellers and local publicly owned electric utilities to comply with the renewables portfolio standards program. Relates to Public Utility Commission and Independent System Operator responsibilities under the program. Revises the provisions governing thermal energy facilities certification.

- 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
COMMITTEE: Senate Environmental Quality Committee
HEARING: 04/20/2009 1:30 pm
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
LAST AMEND: 03/18/2009
DISPOSITION: Pending
COMMITTEE: Senate Natural Resources and Water Committee
HEARING: 03/24/2009 9:30 am
SUMMARY:
Prohibits a state agency from authorizing, approving or certifying a new powerplant or industrial facility that uses once-through cooling or the expansion of an existing open seawater intake unless necessary to connect an alternative system. Prohibits a new, expanded, or existing open seawater intake for desalination unless certain findings are made. Requires the implementation of a phaseout schedule for once-through cooling at power plants. Requires a fee on facilities using once-through cooling.
- CA SB 104 **AUTHOR:** Oropeza [D]
TITLE: Global Warming Solutions Act of 2006: Greenhouse Gases
INTRODUCED: 01/27/2009
DISPOSITION: Pending
COMMITTEE: Senate Environmental Quality Committee
HEARING: 04/20/2009 1:30 pm
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 Rules Committee
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
COMMITTEE: Senate Environmental Quality Committee
HEARING: 04/20/2009 1:30 pm
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.

CA SB 234

AUTHOR: Wyland [R]
TITLE: Curriculum: Oral Histories: Genocide
INTRODUCED: 02/24/2009
DISPOSITION: Pending
LOCATION: Senate Education Committee
SUMMARY:

Prohibits a pupil from receiving credit for passing a course in United States history and geography, or in world history, culture, and geography, without exposure to an oral history component related to genocide.

CA SB 429

AUTHOR: Benoit [R]
TITLE: Public Utilities Act
INTRODUCED: 02/26/2009
DISPOSITION: Pending
LOCATION: Senate Rules Committee
SUMMARY:

Makes technical changes to the Public Utilities Act.

CA SB 460

AUTHOR: Wolk [D]
TITLE: Water Conservation: Urban Water Use
INTRODUCED: 02/26/2009
DISPOSITION: Pending
LOCATION: Senate Rules Committee
SUMMARY:

States the intention of the Legislature to enact legislation that would achieve a reduction in urban per capita water use by a specified date.

- CA SB 463 **AUTHOR:** Strickland T [R]
TITLE: Tax Credits: Renewable Energy Projects
INTRODUCED: 02/26/2009
DISPOSITION: Pending
LOCATION: Senate Energy, Utilities and Communications Committee
SUMMARY:
Amends the Personal Income Tax Law and the Corporation Tax Law. Allows a credit for costs paid or incurred for the purchase and installation of renewable energy resources or renewable energy resources conversion technology projects.
- CA SB 488 **AUTHOR:** Pavley [D]
TITLE: Energy Efficiency Financing
INTRODUCED: 02/26/2009
DISPOSITION: Pending
LOCATION: Senate Energy, Utilities and Communications Committee
SUMMARY:
Establishes an ongoing procedure to develop an energy efficiency financing program to allow residential, commercial, industrial and municipal participants to finance energy efficiency improvements funded through cost avoidance of the energy saved by the implemented measure.
- CA SB 493 **AUTHOR:** Maldonado [R]
TITLE: Water Conservation
INTRODUCED: 02/26/2009
DISPOSITION: Pending
LOCATION: Senate Rules Committee
SUMMARY:
Declares legislative intent to enact legislation to promote water conservation.
- CA SB 581 **AUTHOR:** Leno [D]
TITLE: Hetch Hetchy Water and Power
INTRODUCED: 02/27/2009
DISPOSITION: Pending
LOCATION: Senate Energy, Utilities and Communications Committee
SUMMARY:
Authorizes the City and County of San Francisco to elect to designate specific renewable electricity generation facilities at-site renewable generation as Hetch Hetchy Water and Power remote renewable generation. Authorizes the City and County of San Francisco to elect to designate specific renewable facilities or a portion of specific renewable electricity generation facilities.
- CA SB 605 **AUTHOR:** Ashburn [R]
TITLE: California Environmental Quality Act: Biogas Pipelines
INTRODUCED: 02/27/2009
DISPOSITION: Pending
COMMITTEE: Senate Environmental Quality Committee
HEARING: 04/20/2009 1:30 pm
SUMMARY:
Exempts from CEQA a project of less than eight miles in length within a public

street of highway or another public right-of-way for the installation of a new pipeline, or the maintenance, repair, restoration, reconditioning, relocation, replacement, removal, or demolition of an existing pipeline, that is used to transport biogas.

CA SB 721

AUTHOR: Steinberg [D]
TITLE: Energy: Greenhouse Gas Emissions
INTRODUCED: 02/27/2009
DISPOSITION: Pending
COMMITTEE: Senate Environmental Quality Committee
HEARING: 04/20/2009 1:30 pm
SUMMARY:

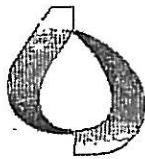
Creates the Climate Action Team responsible for coordinating the state's overall climate policy and preparing, adopting, and presenting to the Legislature, a strategic research, development, demonstration, and development plan that establishes priorities and identifies key expenditure categories for research, development, demonstration, and development funds to be expended by the state agencies represented on the CAT.

CA SB 729

AUTHOR: Walters [R]
TITLE: Global Warming Solutions Act
INTRODUCED: 02/27/2009
DISPOSITION: Pending
LOCATION: Senate Rules Committee
SUMMARY:

Relates to the Global Warming Solutions Act of 2006 which requires the State Air Resources Board to adopt regulations to require the reporting and verification of emissions of greenhouse gases. Makes a technical, nonsubstantive change to a legislative finding within the act.

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Inland Empire
UTILITIES AGENCY

Date: April 15, 2009

To: The Honorable Board of Directors

Through: Public, Legislative Affairs and Water Resources Committee (4/8/09)

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

Submitted by: Martha Davis
Executive Manager of Policy Development

Subject: March Legislative Report from Geyer and Associates

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD

Enclosure

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MEMORANDUM

TO: Rich Atwater and Martha Davis

FROM: Jennifer West

DATE: March 26, 2009

RE: California Legislative Report

Bill Introductions

Attached are three bill lists. One contains bills with on which IEUA has existing positions, one lists recommended positions for the Committee and Board to consider at its March meetings and the other is a "watch" legislative list. Many bills on the "watch" list are still non-substantive in nature and are referred to as "spot" bills. These bills will not be referred to a policy committee until they are amended with operative provisions. A number of water conservation measures are in this category. IEUA has been working with MWD, SAWPA and ACWA on the development of these bills.

I have also attached a short summary of the five water bonds that were introduced this session. Senate Pro Tem Darrell Steinberg has stated that he wants the Legislature to focus first on water conservation and Delta governance before it tackles a water bond. He says bond discussions are likely to get serious by late May.

AB 1366 Water Softeners

IEUA is sponsoring this measure with MWD, IRWD, and the Groundwater Replenishment District of Southern California. The measure gives local agencies additional control over salinity from residential self-regenerating water softeners. AB 1366 is a modified reintroduction of AB 2270, which was vetoed by the Governor last year. AB 1366 differs from AB 2270 in the following ways:

- 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 can not be impacted by an ordinance under the authority granted by this measure.

The measure is strongly opposed by the water softening industry. It is likely to be heard in Assembly Water Parks and Wildlife in mid April.

Current IEUA Legislative Positions

March 25, 2009

AB 28 (Jeffries) Natural Gas Engines: water pumps

Status: Assembly Natural Resources 4/13

Support

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

AB 1366 (Feuer/Caballero/A. Strickland) Residential self-regenerating water softeners

Status: Not Set

IEUA Sponsor

Gives local agencies additional control over salt discharges from residential self-regenerating water softeners, consistent with the recommendations of the Water Recycling Task Force. IEUA is leading a major lobbying effort on this measure, which is strongly opposed by the water softening industry.

SB 32 (Negrete – McLeod) Renewable Electric Generation Facilities

Status: Not Set

IEUA Sponsor

Amends the renewable feed-in tariff program that was established through legislation sponsored by IEUA two years ago (AB 1962) to provide more flexibility for public agencies to participate in PUC sponsored tariff programs that generate renewable energy and feed power into the grid. Bill expands the 1.5 MW generation capacity limit up to 5 MW and requires the tariff provide for a base payment utilizing a specific formula for renewable generation.

Recommended Positions IEUA
March 25, 2009

AB 13 (Salas) Sacramento-San Joaquin Delta Conservancy

Status: Assembly Water Parks and Wildlife 4/14

Recommend Support

Conservancy would be created under state law, with a board of local and state representatives, designed to undertake activities identified for the Delta Conservancy. The primary purpose for the Conservancy would be restoration and management of habitat in the Delta.

AB 410 (De La Torre) IRWMP Funds/Recycling

Status: Assembly Water Parks and Wildlife 4/14

Recommend Support

This bill would provide that, of the \$100 million unallocated in Prop. 84 for the IRWMP, \$5,000,000 shall be made available to specified regions for the preparation of salt and nutrient management plans consistent with the recycled water policy of the SWRCB.

AB 474 (Blumenfield) Contractual Assessments: Water efficiency Improvements

Status: Assembly Local Government

Recommend Support

MWD Sponsored. It expands the AB 811 program to include water conservation efforts. The measure would authorize public agencies to provide upfront financing for the installation of permanently fixed water use efficiency improvements. Property owners within a designated assessment area would agree to assess themselves for associated principal, interest and administrative costs. Property owners would pay an annual assessment until costs advanced are repaid to the public agency.

AB 804 (Hall) Invasive Species: Mussels

Status: Not set

Recommend Support

Would ensure that if a water supply system operator follow the requirements of current law to address quagga infestation, then the water entity and its employees will not be held civilly or criminally liable for the spread of quagga mussels.

AB 900 (DeLeon) Water Diversions

Status: Not set

Recommend Support

Will require every person who diverts water, a publically-owned resource, to measure and report diversions to the State Water Resources Control Board thus creating a baseline of water diversion information, parallel to that required of other diverters in the state.

AB 1061 (Lieu) Common Interest Development: Water Efficient Landscapes

Status: Not Set

Recommend Support

Sponsored by MWD. Will eliminate the ability for CIDs to prohibit, fine or assess a property owner for installing or maintaining water efficient landscaping that is in

compliance with the state's model landscape ordinance, local ordinances or water conservation requirements adopted pursuant to Water Code Section 353 or 375.

SB 26 (Simitian) Home Generated Pharmaceutical Waste

Status: Senate Business, Professions & Economic Development 2/27

Support

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

SB 407 (Padilla) Plumbing Fixtures: High Water Use

Status: Not set

Recommend Support

Spot bill; once amended would require as a condition of sale, that all property be certified to have specific water efficient plumbing fixtures, including toilets, urinals, shower heads and faucets that meet an established plumbing standard. MWD sponsored.

Watchlist

Inland Empire Utilities Agency

March 26, 2009

AB 13 (Salas) Delta Conservancy

Status: Assembly Water Parks and Wildlife 3/24

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

AB 25 (Glimore) Surface Water Storage

Status: Not Set

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

AB 39 (Huffman) Final Delta Vision

Status: Not set

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

AB 49 (Feuer/Huffman) Water Conservation

Status: WPW 4/14

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

AB 55 (Jeffries) Water Supply Planning

Status: Assembly Water Parks and Wildlife

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

AB 231 (Huffman) Climate Protection Trust Fund

Status: Assembly Natural Resources 4/13

Requires CARB to adopt by regulation no later than March 30, 2010, after a public workshop, a schedule of fees to be paid by the sources of regulated greenhouse gas emissions regulated. The fees would go into a Legislative controlled Fund "Climate Protection Trust Fund."

AB 300 (Caballero) Subdivisions: Water Supply

Status: Assembly Local Government 4/15

This bill would require, until January 1, 2020, any city, county, or public water system preparing a water supply assessment to reduce the projected water demand for the project to an amount below the current statutory and regulatory requirements, as defined, based on the project applicant's voluntary water demand management measures, as defined. Water savings projections would be authorized to be calculated using the water savings projections adopted by the California Urban Water Conservation Council. Water savings projections for measures for which the California Urban Water Conservation Council does not have adopted findings would be required to be based on substantial evidence in the record and included in the water supply assessment adopted by the water supplier. If a project applicant proposes to use a new voluntary water reduction demand management measure that is not based on water savings projections adopted by the California Urban Water Conservation Council, the legislative body of a city or county or the advisory agency would be required to have the project applicant enter into an agreement with the water utility to implement and monitor the actual water savings over time, as specified. The public water system would be required to prepare a written report of the projected water demand versus the actual water use 5 years after the project has been fully developed. By adding to the duties of the public water system, this bill would impose a state-mandated local program.

Sponsored by CBIA

AB 408 (Saldana) Local Planning: Water supplies

Status: Assembly Local Government

Requires planning agencies to confer with the affected RWQCB before general plan is substantially amended. The RWQCB must provide comments and recommended amendments to the general plan which will reduce pollution and increase local water supplies. The bill also sets a goal for the SWRCB to take action to increase local water supplies by 2015 through a combination of increasing conservation, recycled water use, and stormwater recharge and reuse and by using low-impact development water management strategies

AB 450 (De La Torre) Recycled Water

Status: Not Set

Spot

AB 460 (Anderson) Water Softeners

Status: Not Set

Legislative intent to achieve 20% reduction in the per capita use of salt in water softening equipment in California on or before December 31, 2012.

AB 626 (Eng) IRWMP: Disadvantaged Communities

Status: Not Set

This bill would state that it is the intent of the Legislature to enact legislation to maximize the expenditure of funds made available by the IRWMP program on behalf of disadvantaged communities.

AB 642 (Huber) Delta

Status: Not Set

This bill would declare legislative intent to enact legislation to establish a board with specified representatives to review local governmental decisions that impact the Delta.

AB 687 (Huber) Delta

Status: Not Set

This bill would state findings and declarations of the Legislature with respect to the development of the Bay Delta Conservation Plan and the activities of the Delta Vision Blue Ribbon Task Force and the Delta Vision Committee and the need to balance the demands of both the environment and water supplies.

AB 737 (Committee on Environmental Safety and Toxic Materials)

Status: Not Set

This bill would require posting of the notices and reports on the public water system's Internet Web site, if the public water system maintains an Internet Web site.

AB 752 (Arambula) State Water Pollution Control Revolving Fund: Severely Disadvantage Communities

Status: Not Set

This bill would apply the same definition of severely disadvantaged communities contained in the bond act to the provisions governing expenditure of moneys in the State Water Pollution Control Revolving Fund Small Community Grant Fund.

AB 817 (Nestande) Government Liability: Special districts indemnification

Status: Assembly Local Government

This bill would require the state to indemnify, and the Attorney General to defend, a special district, and its officers, employees, agents, and subcontractors, against any claim for damages arising from any authorized use of public lands of the special district.

AB 900 (De Leon) Water Diversion: statement of Water diversion and use

Status: Not Set

This bill would, commencing January 1, 2011, impose the monthly record requirement on any surface water diversion of any size that is within the Sacramento-San Joaquin Delta, as defined.

AB 958 (Eng) Design-build: metropolitan water districts: solar energy systems

Status: Not Set

This bill would authorize a metropolitan water district to enter into design-build contracts for projects involving the design, construction, fabrication, and installation of a solar energy system in excess of \$1,000,000, in accordance with specified provisions.

AB 969 (C. Calderon) Recycled Water

Status: Not Set

Makes changes to the recycled water findings and declarations.

AB 1098 (Hagman) Chino Agricultural Preserve

Status: Not Set

This bill would authorize the County of San Bernardino to exchange property it owns within the Chino Agricultural Preserve that was purchased with those bond funds under the same conditions. The bill would revise one of those conditions to alternatively require the property received in an exchange and all the proceeds from a sale to be used for the improvement, operation, and maintenance of existing or replacement land within the Chino Agricultural Preserve.

AB 1100 (Duvall) Potable Reuse Demonstration

Status: Not Set

This bill would allow the bottling of potable reuse demonstration water, as defined, to be distributed, free of charge, for educational purposes or to promote water recycling. The bill would establish specific bottling, labeling, and sanitation for potable reuse demonstration water. WateReuse is working with the author on amendments.

AB 1187 (Huffman) Water Bond 2010

Status: Not Set

(See attached summary of water bonds)

AB 1221 (Nielsen) Water

Status: Not Set

spot

AB 1242 (Ruskin) State Water Policy

Status: Not set

spot

AB 1334 (Blakeslee) State Water Pollution Control Revolving Fund

Status: Not Set

spot

AB 1347 (Price) Water resources: desalination

Status: Not Set

spot

AB 1371 (Smyth) Recycled Water

Status: Not Set

Spot bill

AB 1408 (Krekorian) Subdivisions: water conservation mitigation fund

Status: Not Set

This bill would establish a Water Conservation Mitigation Fund to be administered, as specified, by a public water system. A legislative body of a city or county or the advisory agency, to the extent that it is

authorized by local ordinance to approve, conditionally approve, or disprove the tentative map, would be required to include as a condition in any tentative map that includes a subdivision a requirement that the subdivision have a sufficient water supply be available or that sufficient water supplies will be made available through a Water Conservation Mitigation Fund held by the public water system. The amount of funding needed for voluntary participation by the subdivision applicant in the Water Conservation Mitigation Fund would be required to be based on offsetting at least 100 percent of the projected water demand associated with the subdivision, as determined by the public water system. The public water system would be required to expend all funds in the Water Conservation Mitigation Fund on water conservation measures that will offset at least 100 percent of the projected demand associated with the subdivision, as specified.

AB 1438 (Conway) Safe Drinking Water State Revolving Fund

Status: Not Set

This bill would allow the Department of Public Health to establish a wellhead protection account within the Safe Drinking Water State Revolving Fund.

AB 1465 (Hill) Urban Water Management Plan

Status: Not Set

This bill would revise provisions relating to the information that the urban water supplier is required to include in the plan with regard to water demand management measures. The bill would require the urban water supplier to describe in the plan the opportunities for development of recycled water supplies, including opportunities for nonpotable and indirect potable reuse, and the opportunities for stormwater recapture and reuse as a long-term water supply.

AB 1482 (Anderson) Water: public Use

Status: Not Set

Spot

AB 1520 (Evans) Statewide Watershed Program

Status: Not Set

This bill would establish the Statewide Watershed Program as a voluntary and nonregulatory program to provide the means by which the state may provide assistance and funds to local community-based efforts in the conservation, protection, and restoration of the state's watersheds and to promote coordinated management of watersheds under the authority of the Secretary of the Natural Resources Agency and the Department of Conservation.

SB 7 (Wiggins) Renewable Energy: Net Metering

Status: Senate Committee on E, U & C

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

SB 12 (Simitian) Delta

Status: Senate Natural Resources & Water

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

SB 261 (Dutton and Ducheny) Water use

Status: Senate Committee on Rules

This bill states legislative intent to reduce water consumption by 20 percent by 2020. Contains a number of findings for how per capita water use goals should be applied. Most likely the measure is a vehicle for the Western Municipal Water District water conservation proposal.

SB 301 (Florez) Water Supply Reliability and Ecosystem Recovery and Restoration Act of 2009

Status: Senate Natural Resource & Water

(see attached water bond summary)

SB 310 (Ducheny) Water Quality: Stormwater and Other Runoff

Status: Senate Committee on E.Q.

This bill would authorize a county, city, or special district that is a permittee or copermitttee under an NPDES permit for a municipal separate storm sewer system to develop a watershed improvement plan that addresses major sources of pollutants in receiving water, stormwater, urban runoff, or other surface runoff pollution within the watershed or subwatershed to which the plan applies. The regional boards would be authorized to participate in the preparation of the watershed improvement plan. The bill would authorize a county, city, or special district, or combination thereof, to impose fees on activities that generate or contribute to runoff, stormwater, or surface runoff pollution to pay the costs of the preparation of a watershed improvement plan or the implementation of a plan that is approved by a regional board if the plan will facilitate compliance with one or more water quality requirements. The bill would authorize a county, city, or special district, or combination thereof, to plan, design, implement, construct, operate, and maintain controls and facilities to improve water quality. Sponsored by CBIA.

SB 371 (Cogdill) Safe, Clean, Reliable Drinking Water Supply Act of 2009

Status: Senate Natural Resources & Water

(see attached bond summary)

SB 456 (Wolk) Safe, Clean, Reliable Drinking Water Supply Act of 2010

Status: Senate Natural Resources & Water

(see attached water bond summary)

SB 457 (Wolk) Sacramento-San Joaquin Delta

Status: Senate Natural Resources & Water

This bill would create a 7-member Delta Stewardship Council in the Natural Resources Agency with specified powers and responsibilities relating to the Delta, including approving the Delta Stewardship Plan to guide and shape management of the Delta. The bill would require the commission to present the council with a draft plan on or before October 1, 2010. The bill would require the council to adopt the

plan on or before January 1, 2011. The bill would require the council to review, and if necessary, amend the plan at least every 5 years.

SB 458 (Wolk) Conservancies: Sacramento-San Joaquin Delta Conservancy

Status: Senate Natural Resources & Water

This bill would establish the Sacramento-San Joaquin Delta Conservancy to undertake various activities related to the Delta, as defined, including monitoring projects within the watershed of the delta, providing stewardship, and coordinating with other delta governance entities. The bill would prescribe the management, powers, and duties of the conservancy. The bill would create the Sacramento-San Joaquin Delta Conservancy Fund in the Treasury. Moneys in the fund would be available, upon appropriation, for the purposes of the conservancy.

SB 460 (Wolk) Water Conservation: Urban Water Use

Status: Senate Committee on Rules

This bill would state the intention of the Legislature to enact legislation that would achieve a 20% reduction in urban per capita water use by December 31, 2020. Sponsored by ACWA.

SB 493 (Maldonado) Water Conservation

Status: Senate Committee on Rules

This bill would declare legislative intent to enact legislation to promote water conservation.

SB 498 (Cogdill) The State Water Resources Law of 1945

Status: Senate Committee on Rules

Spot

SB 514 (Aanestad) Water Quality: Discharge Requirements: Penalties

Status: Senate Committee on E.Q. & Jud.

This bill would provide that the mandatory minimum penalty would not apply if that civil liability, either upon the request of a state board to the Attorney General or by the initiation of administration proceedings, if it is not imposed within 12 months of the board learning of the violations.

SB 561 (Cogdill) Urban Water Suppliers: Urban Water Management Plans

Status: Senate Committee on Rules

Spot bill

SB 565 (Pavley) Water Recycling

Status: Senate Natural Resources & Water

This bill would require the state board to develop a plan to ensure that at least 50% of wastewater that is annually discharged into the ocean, as of the year 2009, is recycled and put to beneficial use by the year 2030. The bill would prescribe various requirements with respect to that plan. The bill would require the state board to impose a fee on each person discharging wastewater into the ocean and would require that fee to be deposited into the Ocean Discharge Recycling Fund, which the bill would establish. The bill would authorize the state board to expend the moneys in that fund, upon appropriation by the Legislature, for the purposes of carrying out the wastewater recycling plan.

SB 699 (Alquist) Sales and Use Tax: Manufacturing Equipment: Energy and Water Use

Status: Senate Committee on Rules

This bill would declare the intent of the Legislature to enact legislation that would exempt from sales and use taxes, the sale and purchase of manufacturing equipment that reduces energy and water use, and increases energy efficiency and water recycling.

SB 735 (Steinberg) Safe, Clean, and Reliable Drinking Water Supply Act of 2010

Status: Senate Natural Resources & Water and E.Q.

(see attached bond summary)

SB 736 (Pavley) Water Consumption Fee

Status: Senate Natural Resources & Water

This bill, with specified exceptions, beginning on an unspecified date, would impose, on a person diverting or extracting more than an unspecified amount of water, a water resource consumption fee in an unspecified dollar amount per acre-foot of water diverted or extracted. The fees would be deposited in the Water Resources Consumption Fund, which the bill would create, the proceeds of which would be available, subject to appropriation, for unspecified purposes.

SB 799 (Wiggins) Local Agencies: Bonds

Status: Senate Local Government

The bill prohibits local agencies from entering into a financial advisory, legal advisory, underwriting, or similar relationship with an individual or firm, with respect to a bond issue that requires voter approval on or after January 1, 2010, if that individual or firm, or an employee, agent, or person related to an employee or agent of the individual or firm, provided or will provide bond campaign services to the bond campaign.

SB 808 (Wolk) San Francisco Bay/Sacramento-San Joaquin Delta Estuary: Strategic Work Plan

Status: Senate Natural Resources & Water

This bill would require the State Water Resources Control Board to implement its resolution entitled the Strategic Workplan for Actions to Protect Beneficial Uses of the San Francisco Bay/Sacramento-San Joaquin Delta Estuary by commencing an investigation of the reasonableness of the methods of diversions from the Sacramento-San Joaquin Delta used by the State Water Project and the federal Central Valley Project, ensuring that the implementation is consistent with its duties to protect the public trust and prevent the waste, unreasonable use, unreasonable method of use, or unreasonable method of diversion of water, and taking other action.

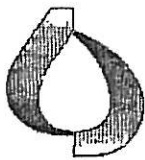
Comparison of Water Bond Proposals

March 2, 2009

Project Description	AB 1187 (Huffman)	SB 735* (Steinberg)	SB 456* (Woll)	SB 371* (Cogdill)	SB 301* (Fibres)
Regional Water Supply Reliability	\$2 B	\$2 B	\$2 B	\$2.125 B	\$2.5 B
- Integrated regional water management	- \$1.5 B	- \$1.5 B	- \$1.5 B	- \$1.450 B	- \$1.450 B
- Drought relief projects	- \$500 M	- \$500 M	- \$500 M	- \$125 M	- 0
- SWP rec., fish & wildlife enhancement	- 0	- 0	- 0	- \$50 M	- \$50 M
- Regional conveyance projects	- 0	- 0	- 0	- \$500 M	- \$1 B
Sac - San Joaquin Delta Sustainability	\$1.9 B	\$1.9 B	\$1.9 B	\$1.9 B	\$2.0 B
- Levees, water quality, agric., fish & wildlife	- \$700 M	- \$700 M	- \$700 M	- \$700 M	- \$700 M
- Delta ecosystem - BDCP etc	- \$1.2 B	- \$1.2 B	- \$1.2 B	- \$1.2 B	- \$1.3 B
	Res. Agency or New Delta entity; For Public benefits	Res. Agency or New Delta entity; For Public benefits	Res. Agency or New Delta entity; For Public benefits	Res. Agency or New Delta entity; For Public benefits	Water Commission;
Statewide Water System Operational Improvement	\$3 B	\$3 B	\$3 B	\$3 B	\$7 B
- CALFED Surface Storage	- Res. Agency or New Delta entity;	- Water Commission;	- Water Commission;	- Water Commission;	- No limit on public or state share
- Groundwater storage	- Max 50% public share	- Max 50% public share;	- Max 50% public share;	- Max 50% state share	- Cont approp.
- Regional and local storage					- Funding eligible for transfer to locals
Conservation & Watershed Protection	\$1.585 B	\$1.335 B	\$1.335 B	\$1.385 B	\$2.5 B
- Watershed Protection, etc.	- \$1 B	- \$1 B	- \$1 B	- \$1 B	- \$1 B
- Protection Against Invasive Species	- \$85 M	- \$85 M	- \$85 M	- \$85 M	- \$250 M
- Fire-Damaged Areas And Fuel Reduction	- \$100 M	- \$100 M	- \$100 M	- \$100 M	- \$100 M
- Fishery Improvements	- \$400 M	- \$150 M	- \$150 M	- \$200 M	- \$150 M
- Delta water and ecosystem projects	- 0	- 0	- 0	- 0	- \$1 B
Groundwater Prot. & Water Quality	\$1.05 B	\$1.05 B	\$1.05 B	\$1.05 B	\$800 M
- Groundwater Protection	- \$360 M	- \$360 M	- \$360 M	- \$360 M	- \$300 M
- Disadvantaged Community Drinking Water	- \$90 M	- \$90 M	- \$90 M	- \$90 M	- 0
- Small Community Wastewater Projects	- \$200 M	- \$200 M	- \$200 M	- \$200 M	- \$100 M
- Stormwater Management	- \$300 M	- \$300 M	- \$300 M	- \$300 M	- \$300 M
- Ocean Protection	- \$100 M	- \$100 M	- \$100 M	- \$100 M	- \$100
Water Recycling and Advanced Water Management Technology	\$500 M	\$500 M	\$500 M	\$500 M	\$200 M
State of CA Water Use Efficiency	-0-	-0-	\$20 M	\$20 M	0
New Water User Fee	Yes	Yes; cont. appropriated	No	No	No
TOTAL	\$10.035 B	\$9.785 B	\$9.805 B	\$9.980 B	\$15.0 B

* Urgency

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Date: April 15, 2009

To: The Honorable Board of Directors

Through: Public, Legislative Affairs and Water Resources Committee (04/08/09)

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

April 2009

- April 3, Solar Dedication, RP-5 site, 10:00 a.m.
- April 22, Earth Day at the Chino Creek Wetlands and Educational Park, 3:30 p.m. to 6:30 p.m.
- April 27 – 30, BioCycle International Conference 2009, San Diego.

May 2009

- May 1-3, Inland Green Expo, Ontario Convention Center
- May 8, IERCF dedication, 10:00 a.m.
- May 22, Cucamonga Valley Water District Open House for Water Awareness Day, 11:00 a.m. to 2:00 p.m.

Outreach/Educational Inland Valley Daily Bulletin Newspaper Campaign

The 5 tips on ways to help conserve water ad will appear in the Daily Bulletin on the first Sunday of each month. The Civic Leadership two-page advertisement is to run Friday, March 27.

Water Conservation Outreach

IEUA is continuing to work its conservation partners to plan its Regional Conservation message. The new slogan is *Saving Water...It's the Right Thing to do.*

Public Outreach and Communications

April 15, 2009

Page 2

Agency Tours

During the month of March, staff provided a number of tours of the HQ, RP-5, and RP-5 SHF (USDA Biomass workshop toured the SHF).

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.



The Metropolitan Water District of Southern California

NEWS RELEASE

P. O. Box 54153, Los Angeles, California 90054-0153 • (213) 217-6485 • www.mwdh2o.com

Contacts: Bob Muir, (213) 217-6930; (213) 324-5213, mobile
Armando Acuña, (213) 217-6853; (530) 574-3111, mobile

April 14, 2009

SOUTHLAND CONSUMERS, BUSINESSES FACE MANDATORY CONSERVATION THIS SUMMER

Delta environmental issues, dwindling reserves, drought combine to force Metropolitan board to begin limiting imported supplies effective July 1

Southland consumers and businesses for the first time in 18 years will face mandatory water conservation restrictions this summer, a reflection of drought, the region's limited water reserves and worsening environmental and regulatory conditions in Northern California's Sacramento-San Joaquin Delta.

The board of directors of the Metropolitan Water District of Southern California today reduced supplies delivered to its member public agencies for the first time since 1991, effective July 1. The financial impacts of higher Delta costs due to supply reductions caused by new regulatory restraints also were primary factors behind a rate increase approved by the Metropolitan board in a separate action. The rate increase will take effect Sept. 1.

"Up to 19 million Southern Californians this summer will feel the impact of a new water reality that has been in the making for years, if not decades," said Metropolitan board Chairman Timothy F. Brick.

Metropolitan General Manager Jeffrey Kightlinger said the tight water supply situation has had a cumulative, region-wide effect.

"When you consider the cuts we had already made to our agricultural customers and to groundwater replenishment deliveries, along with the reductions being asked for from consumers, the total amounts to about a 20 percent reduction in water usage for Southern California," said Kightlinger.

The approved allocation action offers local water providers the flexibility to choose among various conservation strategies, from tiered pricing to limits on outdoor water use, to ensure that demands stay in balance with limited supplies. As the region's wholesale supplier of water imported from Northern California and the Colorado River, Metropolitan provides water to

more

its 26 member public agencies and helps supplement local supplies to meet the needs of 19 million Southern Californians in MWD's six-county service area.

"There is no one-size-fits-all conservation solution. All residents of Southern California, however, do rely on the same regional water reserves," Brick said. "If we want to protect the region's water reserves, we will all need to reduce our water use and use it more efficiently.

"Today's action represents the critical need for each of us to modify our water use behavior—to be more efficient on a permanent basis—to reflect our new water reality," he added.

After consecutive critically dry years in the Sierra Nevada, the state Department of Water Resources' most-recent snow survey of the winter season indicates snowpack water content statewide is 81 percent of normal. DWR officials rely on snow water content to determine the availability of supplies to be delivered from Northern California via the State Water Project.

In the face of Delta environmental restrictions, the statewide drought and low reservoir levels, DWR has currently established a 20 percent allocation of State Water Project deliveries to Metropolitan. On the Colorado River, Metropolitan cannot expect additional deliveries as that watershed has yet to recover from eight years of record drought.

Kightlinger said the prospects of replenishing the region's water reserves in the coming years have been reduced by deteriorating environmental conditions in the Delta resulting in a series of court and regulatory actions which will reduce deliveries by as much as 40 percent.

"Since 2006, we have drawn down our reserves that are set aside for dry cycles and emergencies by more than half," Kightlinger said. "We must be very careful on how we manage our remaining supplies.

"The challenge is to achieve a careful balance that maintains supplies critical to our economy and well being and conserve our remaining resources to assure Southern California has water for the coming years," he said.

Metropolitan's allocation plan, first approved by the board in February 2008, will limit supplies and impose penalty rates on member agencies for any water use above the target levels. Funds collected by Metropolitan through penalty rates would help finance conservation programs within the boundaries of that member agency.

more

In its rate action, Metropolitan's board approved an 8.8 percent increase in the district's base wholesale water rate plus a \$69-per-acre-foot Delta surcharge.

The Delta surcharge reflects Metropolitan's costs in dealing with the loss of State Water Project supplies due to the environmental collapse of the Delta, Kightlinger said.

"The supply losses caused by that collapse have required us to purchase expensive replacement supplies, accelerate funding of alternative water supply programs and finance Delta sustainability projects, including the protection of endangered species," Kightlinger said.

The effect of the rate adjustment and Delta surcharge on Southland consumers will depend on how much of Metropolitan's imported water is purchased by their local water agency to augment supplies, such as groundwater and recycled supplies.

For more information on Metropolitan, visit the district's Web site at www.mwdh2o.com.

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The Metropolitan Water District of Southern California is a cooperative of 26 cities and water agencies serving 19 million people in six counties. The district imports water from the Colorado River and Northern California to supplement local supplies, and helps its members to develop increased water conservation, recycling, storage and other resource-management programs.

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Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Press Release:
April 15, 2009

Inland Empire Utilities Agency Adopts Drought Plan

Inland Empire – Today, the Inland Empire Utilities Agency’s (IEUA) Board of Directors adopted IEUA’s Drought Plan with a level 2 Shortage (10%) Allocation that is based on Metropolitan Water Districts decision to implement its Water Supply Allocation Plan with a Level 2 Shortage Allocation of approximately a 10 percent reduction in imported water supplies.

Since the summer of 2007, IEUA and the cities of Chino, Chino Hills, Ontario, Fontana, Rancho Cucamonga, Montclair, Upland, the Monte Vista Water District, Cucamonga Valley Water District, Fontana Water Company and the San Antonio Water Company have been meeting to discuss MWD’s water supply conditions and regional drought allocation options for reducing imported water supplies. IEUA’s Drought Plan was developed for the purpose of implementing MWD’s Water Supply Allocation Plan, within IEUA’s service area in a manner that is fair and equitable to IEUA’s cities and water districts. The Plan encourages development and full utilization of local water resources, such as recycled water and conservation measures to help reduce our need on imported water supplies.

“Smart water planning starts with water efficiency,” said IEUA Vice President Angel Santiago and the Agency’s representative to the Metropolitan Water District. “Every gallon of water saved at home translates into reduced demand for expensive imported water supplies from northern California.”

“The Inland Empire Utilities Agency and its local water agencies are asking residents to focus on outdoor water conservation,” stated IEUA Board President Terry Catlin. “We waste a tremendous amount of water outdoors. Up to 70% of our water use is for outdoor purposes and IEUA and its local water agencies have identified 5 easy ways to conserve,” continued Catlin.

- Water in the pre-dawn or early morning hours and **save 25 gallons each day.**
- Stop runoff and overspray from outdoor watering and **save 500 gallons of water per month.** Any cycle over 5 minutes may result in runoff. Re-adjust watering schedules to allow for two shorter cycles with 30 to 45 minutes in between and **save 15 to 25 gallons of water per minute.**
- Use a broom instead of a hose to clean off sidewalks and driveways and **save 150 gallons or more each time.**
- Check your sprinkler system for leaks, overspray and broken sprinkler heads and **save 500 gallons a month.**
- Talk with your family and friends about saving water - **priceless.**

“Now is the time to get serious. The water we save today, is the water we’ll need next year,” continued Catlin.

For more information, contact Sondra Elrod at (909) 993-1747.

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Inland Empire
*UTILITIES AGENCY **

Inland Empire Utilities Agency
Drought Plan

April 15, 2009

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SECTION 1 – INTRODUCTION

The State of California and the Southern California Region is in the midst of a third consecutive year of drought and water levels in all of the state's major reservoirs are below normal. On February 27, 2009, Governor Schwarzenegger proclaimed a statewide drought emergency and directed state agencies to take immediate action to address the drought conditions and water delivery reductions.

Critically dry conditions are affecting all of the Metropolitan Water District of Southern California (MWD) water supply sources. In addition, recent court rulings and regulatory actions have further impacted State Water Project water and supplies. These legal and regulatory developments, along with the impacts of dry conditions, have raised the possibility that MWD may not have access to the supplies necessary to meet total firm demands and will have to allocate shortages in supplies to MWD Member Agencies.

In February 2008, in anticipation of possible water supply shortages, the MWD Board of Directors adopted the Water Supply Allocation Plan (MWD WSAP). The MWD WSAP provides guidance for allocating limited water supplies to Member Agencies should the need arise. MWD is closely monitoring water supply conditions. If it is determined the MWD WSAP needs to be implemented, this decision will be made by the MWD Board of Directors on April 14, 2009 and the plan would go into effect July 1st, 2009.

The Inland Empire Utilities Agency (IEUA) Drought Plan was developed for the purpose of implementing the MWD WSAP, within the IEUA's service area in a manner that is fair and equitable to IEUA's Member Agencies. The IEUA Drought Plan is consistent with and supplements the MWD WSAP for specific IEUA service area drought planning issues. All MWD WSAP definitions, policies, principals and program provisions are incorporated here by reference and are considered to be a part of the IEUA Drought Plan. For example, if IEUA is not imposed a penalty from MWD then IEUA would not impose a penalty on a member agency within IEUA's service area. In addition, MWD does not allow resale or "marketing" of MWD WSAP allocation credits and IEUA will not allow IEUA Drought Plan credits to be sold internally within IEUA's service area or externally without IEUA's approval. A complete copy of the adopted MWD WSAP is provided as Appendix A.

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

program “shift” obligations concurrent with MWD WSAP reductions of imported water supplies to IEUA.

SECTION 2 – IEUA Drought Plan Preparation

2.1 IEUA and Retail Agency Coordination

The process to prepare the IEUA Drought Plan has been in full consultation with all the retail agencies, cities, Chino Basin Water Conservation District and Chino Basin Watermaster. This has been a consensus based process which has included monthly meetings to discuss the development of the IEUA Drought Plan as well as numerous presentations and workshops at MWD, IEUA, IEUA Member Agency offices and the offices of the Chino Basin Watermaster. Throughout this process the IEUA Board of Directors was provided with regular progress reports on the status of the plan and the technical workgroup discussions. Since July 2007, there have been more than 55 public presentations, workshops and meetings. See Appendix B for a summary of these activities.

2.2 IEUA Drought Allocation Plan Principles

The following principles are intended to describe the development and implementation of the IEUA Drought Plan.

Overall Plan

- The IEUA Drought Plan was developed in cooperation with the Member Agencies and includes all aspects of drought planning such as actions to avoid rationing, drought response stages, allocation, methodology, pricing and communications strategy.

Drought Supply Enhancement

- IEUA and its Member Agencies worked cooperatively to avoid or minimize rationing during droughts through supply enhancement, such as the implementation of the Three Year Recycled Water Business Plan and voluntary demand reduction measures.

Drought Response Stages

- The drought response stages are consistent with MWD’s adopted MWD WSAP. MWD, IEUA and IEUA’s Member Agencies will coordinate the administration of MWD WSAP and DYY Program accounting and performance targets to minimize impacts to IEUA Member Agencies.

Allocation Methodology

- The allocation methodology was developed to be equitable, easy to administer, contain financial and pricing signals to ensure Member Agencies and the public are informed and understand the need to conserve. In order to protect the economic health of the entire region, it is important that the allocation methodology avoid large, uneven retail impacts across the region.
- A Member Agency that has developed local projects and instituted conservation measures should not be penalized in the computation of the shortage allocation. To help balance the financial costs and risks associated with the development of local resources, the shortage allocation methodology should provide an incentive to those Member Agencies that can develop additional local supplies.

Metropolitan Water District Consistency

- IEUA will administer the IEUA Drought Plan to be consistent with MWD policies and procedures.

Communication Strategy

- A regional communication strategy is included as a part the IEUA Drought Plan. IEUA and Member Agencies have agreed that a coordinated regional strategy be prepared, including development of a unified message and press activities to strengthen communication with the public about the serious nature of the drought and the actions that are needed to manage water demands and ensure a safe and reliable water supply during drought conditions.
- The development of an ongoing, coordinated and regional public outreach program has been initiated and provides a clear and consistent message to the public regarding support Member Agencies communication efforts that address specific retail level allocations. An Ad hoc committee comprised of IEUA and its Member Agencies has been established to develop and coordinate the information to be provided to the media, public officials and the general public. The communication message will include clear solutions – easy and inexpensive ways to conserve. It is essential that local print and news media are fully committed to covering the situation.
- The drought communication strategy will include the following:
 - Regular meetings with Member Agencies and Conservation Partners Ad hoc committee to develop and coordinate a regional conservation message starting in February, 2009.
 - Regular briefings to the Inland Valley Daily Bulletin and other editorial boards.
 - Joint press conferences with Member Agencies, Three Valley's MWD, Western MWD, and MWD to provide updates on the water supply status and actions that need to be taken to address the drought.

- A speaker's bureau which will provide timely presentations and updates to City Councils, Chambers of Commerce, and Service Organizations.
- Inland Valley Daily Bulletin feature advertising on conservation and monthly conservation tips and rebates.
- An advertising campaign using donated billboard space and Public Service Announcements.
- Distribution of information to the public about the drought and conservation tips and rebates through school programs, libraries and senior organizations.

2.3 IEUA Drought Allocation Plan Goals

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

Section 3 – IEUA DROUGHT PLAN AND ALLOCATION SCENARIOS

3.1 Overview

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

3.2 IEUA Baseline under MWD Water Supply Allocation Plan

MWD uses a three year 2004-2006 average from actual water demand data as the baseline for its calculation of the water supply allocation for its Member Agencies. Only potable water supplies are counted in the baseline (recycled water is not included). The baseline data

addresses imported water, groundwater, surface water, and desalter water supplies. In-lieu water is designated as a local groundwater supply.

Table 1 provides a summary of IEUA's baseline data. Total imported and local supplies are 261,343 acre-feet. IEUA's purchase of imported water (Tier1/Tier2) during the 2004-2006 period averaged 51,992 acre-feet.

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

Water Source	Baseline (2004-2006) AF
Imported (MWD) Tier 1/Tier2 Purchases	51,992
Local Supplies	
Groundwater	166,815
Surface Water	18,361
Chino Desalters	6,228
Recycled ¹	--
In-Lieu	17,947
Local Supply SUB-TOTAL	209,351
TOTAL (Imported and Local Supplies)	261,343

IEUA's 2009 Imported Water Baseline Allocation was developed by MWD according to the methodology defined in the MWD WSAP (see Appendix A). This methodology begins with the baseline demand of 261,343 AF and then adds a growth adjustment percentage based on the actual growth rate in IEUA's service area. For IEUA's service area, the growth adjustment percentages are as follows: for 2007 (1.89%), for 2008 (2.4%) and for 2009 (2.4%). These growth adjustment percentages are based upon the California Department of Finance most recent growth report. In addition, a water conservation adjustment factor is added. This adjustment recognizes previous investments in water conservation in the IEUA service area and the use of tiered-rate structures, where applicable.

As shown in Table 2, IEUA's imported water allocation increases from 51,992 AF (2004-2006 three-year average "Baseline") to 69,386 AF (2009 Imported Water Baseline Allocation).

¹ Recycled water is not included in IEUA's baseline data because the MWD WSAP does not take into account non-potable water supplies; however, during the base period (2004-2006) on average IEUA produced 11,468 AFY.

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

Water Source	IEUA's Imported Water Baseline (2004-2006) AF	IEUA's 2009 Imported Water Baseline Allocation AF
Imported Deliveries (MWD)	51,992	69,386

IEUA's 2009 Imported Water Baseline Allocation of 69,386 AF is allocated as summarized here. First, the imported water baseline amount of 51,992 AF is allocated based on the amount of imported water purchased during the base period. The Water Facilities Authority (WFA) on average purchased 21,671 AFY (42%) and Cucamonga Valley Water District (CVWD) on average purchased 30,321 AF (58%). Fontana Water Company (FWC) did not purchase imported water during the base period. Second, IEUA's additional imported water allocation (attributable to growth and water conservation adjustments) of 17,394 AF is allocated based on 2008 population. Therefore of this 17,394 AF amount, the WFA is allocated 9,045 AF or 52% and CVWD is allocated 8,349 or 48% (see appendix C). Table 3 summarizes IEUA's 2009 Imported Water Baseline Allocation to the WFA and CVWD. As previously noted, FWC did not purchase imported water during the base period and for this reason does not receive an allocation. This table is the foundation for the IEUA Drought Plan allocation scenarios in the following sections.

In April, 2009 the MWD Board of Directors is scheduled to consider whether or not to implement the MWD WSAP. If implemented, the MWD WSAP will take effect July 1, 2009 and continue for a twelve month period through June 30, 2010.

Table 3. IEUA and Member Agencies 2009 Imported Water Baseline Allocation

Agency	IEUA & Member Agencies Baseline Allocation
IEUA	69,386
Water Facilities Authority	30,716
Cucamonga Valley W.D.	38,670
Fontana Water Company	0
TOTAL	69,386

3.3 Level 2 (10%) Shortage Allocation Scenario

The MWD WSAP establishes twenty levels of water shortage with corresponding percentage reductions in imported water allocations. In the event an MWD Member Agency exceeds its imported water supply allocation, then a penalty will be assessed to that agency. Such penalties will be assessed by MWD at the end of the twelve month period.

For the purpose of developing a shortage allocation scenario, a MWD WSAP Level 2 (10%) shortage allocation is provided here as an example. Table 4 compares IEUA and its Member Agencies baseline allocations with a Level 2 (10%) shortage allocation. IEUA's allocation, under a Level 2 (10%) shortage is reduced from 69,386 AF to 59,601 AF.²

Table 4. IEUA and Member Agencies Level 2 (10%) Allocation

Agency	IEUA & Member Agencies Baseline Allocation	Level 2 (10%) Allocation
IEUA	69,386	59,601
Water Facilities Authority	30,716	26,224
Cucamonga Valley W.D.	38,670	33,377
Fontana Water Company	0	0
TOTAL	69,386	59,601

3.4 IEUA's Drought Plan and DYY Performance Scenario

As noted above, the MWD WSAP may be implemented during the period July 1, 2009 through June 30, 2010. In addition to the MWD WSAP, MWD has notified IEUA that it will implement the second year of the Dry Year Yield (DYY) Program for the period May 1, 2009 through April 30, 2010 and will "call" for 31,000 AF of DYY Program groundwater in storage. One impact resulting from the implementation of both programs would be a greater reduction in the amount of imported water deliveries to the DYY Program participating agencies. Table 5 shows the impact that the DYY Program shift obligation has on the amount of imported water deliveries IEUA and its Member Agencies will receive. The last column in Table 5 shows the annual imported water deliveries that IEUA and its Member Agencies will receive after complying with their respective DYY Program shift obligation.

² Current MWD estimate for the IEUA Level 2 allocation is 59,601 AF but this may be adjusted in response to the final MWD calculation of conservation credits and potentially other amendments to the baseline.

**Table 5. IEUA and Member Agencies 2009 Imported Water Baseline Allocation
With DYY Shift Obligation**

Agency	IEUA & Member Agencies 2009 Baseline Allocation	DYY Shift Obligation	MWD Allocation after 2009 DYY Shift Obligation
IEUA	69,386	31,000	38,386
Water Facilities Authority	30,716	19,647	11,069
Cucamonga Valley W.D.	38,670	11,353	27,317
Fontana Water Company	0	0	0
TOTAL	69,386	31,000	38,386

The impact of the implementation of the two programs (MWD WSAP and DYY) during a Level 2 (10%) shortage allocation is a further decrease in MWD imported water deliveries to IEUA. Table 6 summarizes this impact.

Table 6. IEUA and Member Agencies Level 2 (10%) Allocation with DYY Shift Obligation

Agency	Level 2 (10%) Allocation	DYY Shift Obligation	MWD Allocation after 2009 DYY Shift Obligation
IEUA	59,601	31,000	28,601
Water Facilities Authority	26,224	19,647	6,577
Cucamonga Valley W.D.	33,377	11,353	22,024
Fontana Water Company	0	0	0
TOTAL	59,601	31,000	28,601

MWD has officially approved the DYY Shift Obligation Period to be May 1, 2009 to April 30, 2010. Therefore, depending on the amount of the DYY shift that can occur during this two month period (May and June 2009), IEUA Member Agencies will be able to reduce the impact of the DYY Program during the MWD WSAP period (July 2009 to June 2010) and maximize their imported water allocation for surface deliveries at CB12 and CB16.

3.5 Maximize Local Water Supplies Scenario

One of the core principles of the IEUA Drought Plan is to maximize the development and use of local water supplies, including recycled water, desalter water, groundwater and increased water efficiency. Current water demands in the IEUA service area are significantly less than IEUA's projected water supplies for 2009, which include MWD's 69,386 AF baseline allocation to IEUA. This suggests that increased local supplies will greatly enhance the service area's ability to cope with MWD's imported water allocations.

Table 7 provides a comparison of the projected demands and supplies for the baseline period (2004-2006), the actual IEUA water use in 2007/2008 and the projected water supplies under a MWD WSAP Baseline Allocation. Table 8 is similar to Table 7, but includes an added column that summarizes how local water supplies will help to address the reduction in MWD imported deliveries under a MWD level 2 (10%) shortage allocation.

Table 7. IEUA and Member Agencies Projected Water Supplies Table

Water Source	IEUA's Baseline (2004-2006) AF	IEUA 2007/08 Water Use AF	IEUA's 2009/10 Projected Supply AF
Imported (MWD)	51,992	69,000	69,386
3-Year Average (2004-06)			51,992
Local Supplies			
Groundwater	166,815	132,000	160,000
Surface Water	18,361	18,000	18,000
Chino Desalters	6,228	15,000	15,000
Recycled	--	8,000	20,000
In-Lieu	17,947	--	--
<i>SUB-TOTAL</i>	209,351	190,000	213,000
TOTAL Imported and Local Supplies	261,343	242,000	282,000
IEUA Projected Demand		242,000	242,000

**Table 8. IEUA and Member Agencies Projected Water Supplies
At a Level 2 (10%) Shortage Allocation**

Water Source	IEUA's Baseline (2004-2006) AF	IEUA FY 07/08 Water Use AF	IEUA's FY 09/10 Projected Supply AF	FY 09/10 Level 2 Shortage (10%) AF
Imported (MWD)	51,992	69,000	69,386	59,601
3-Year Average (2004-06)			51,992	51,992
Local Supplies				
Groundwater	166,815	132,000	160,000	160,000
Surface Water	18,361	18,000	18,000	18,000
Chino Desalters	6,228	15,000	15,000	15,000
Recycled	--	8,000	20,000	20,000
In-Lieu	17,947	--	--	--
<i>SUB-TOTAL</i>	209,351	190,000	213,000	213,000
TOTAL Import/Local Supplies	261,343	242,000	282,000	272,000
IEUA Projected Demand		242,000	242,000	242,000

3.6 IEUA Penalties

MWD enforces Member Agency allocations through a penalty rate structure. The applicable rates are based on MWD's established tiered pricing structure. Penalty rates and charges will only be assessed to the extent that an agency's total annual usage exceeds its total annual allocation.

Funds collected by MWD (through penalty rates) will be applied towards investments in conservation and local resources development within the service area of the Member Agency that incurs the penalties. MWD will assess penalties at the end of the twelve-month allocation period and currently proposes to provide Member Agencies with three months to pay any penalties that are incurred.

If the MWD WSAP is implemented by MWD and IEUA is assessed penalties, IEUA will enact penalty rates consistent with the MWD WSAP and the IEUA Drought Plan pursuant to IEUA Ordinance 70, Division II, Part II, Section 201. IEUA will not assess penalties if the whole IEUA service area is in compliance with its MWD WSAP allocation after the July 2009 – June 2010 period, even though WFA, CVWD or possibly FWC may exceed its IEUA Drought Plan allocation. This is consistent with IEUA's historic Tier 1 and Tier 2 billing procedures.

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

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

3.7 IEUA Billing Under an MWD Allocation

If the MWD WSAP is implemented by MWD, IEUA’s monthly billing process will remain the same. At the end of the twelve-month allocation period, IEUA will receive from MWD an invoice that includes an assessment of penalties if IEUA’s 2009 MWD WSAP allocation has been exceeded. IEUA will summarize WFA, CVWD and FWC total imported water purchases based upon the monthly MWD invoices to IEUA and determine whether either agency exceeded its individual allocation. Based on this determination, IEUA will assess penalties in accordance with IEUA’s adopted Ordinance 70, but only if IEUA is assessed a penalty from MWD. If penalties are incurred, IEUA will allow payment of these penalties, consistent with the MWD WSAP, to be spread over three monthly billing periods. IEUA will work as needed with each member agency to develop an appropriate payment schedule.

MWD has an administrative procedure for reviewing and making changes to the MWD WSAP allocation based upon loss of local supplies and other extraordinary conditions. IEUA will work with the Member Agencies and MWD to ensure that any changes to the MWD WSAP allocation are appropriately considered before penalties are assessed to any agency within the IEUA service area.

3.8 IEUA Tracking and Reporting

Consistent with current IEUA practice and the requirements of the MWD WSAP and the DYY Program, Member Agency imported water purchases and local water use will be summarized and reported on a monthly basis. This information will help IEUA and its Member Agencies to monitor and evaluate water use demands, project annual usage and avoid any over usage that would result in MWD WSAP and DYY Program penalties. IEUA will rely on the full cooperation of Member Agencies to collect monthly water demand and supply information in a timely manner.

3.9 Revisiting the IEUA Drought Plan

Principal objectives in the development of the IEUA Drought Plan are to ensure equity and fairness throughout IEUA's service area. However, due to the complexity of these issues and the possibility that unforeseen circumstances may occur, IEUA offers the opportunity to review and refine components of this plan as appropriate.

IEUA and the Member Agencies will continue to meet regularly during the next year to monitor DYY Program and MWD WSAP performance and will have the opportunity to revisit the plan and offer any recommendations to the IEUA Board that will improve the method, calculation, and approach of this plan.

Metropolitan has a similar process which will allow opportunity to review the MWD WSAP as approved.

Section 4 – Summary

In February 2008, in anticipation of possible water supply shortages, the MWD Board of Directors adopted the Water Supply Allocation Plan (MWD WSAP). The MWD WSAP provides guidance for allocating limited water supplies to Member Agencies should the need arise. MWD is closely monitoring water supply conditions. If it is determined the MWD WSAP needs to be implemented, this decision will be made by the MWD Board of Directors on April 14, 2009, and the plan would go into effect July 1st, 2009.

The Inland Empire Utilities Agency (IEUA) Drought Plan was developed for the purpose of implementing the MWD WSAP within the IEUA's service area in a manner that is fair and equitable to IEUA's Member Agencies. The IEUA Drought Plan is an extension of the MWD WSAP. All MWD WSAP definitions, policies, principals and program provisions are incorporated here by reference and are considered to be a part of the IEUA Drought Plan. A complete copy of the adopted MWD WSAP is provided as Appendix A.

IEUA's Drought Plan is consistent with and contributes to the existing IEUA policies and programs. For example, the plan's principles encourage development and full utilization of local water resources, such as recycled water, and extraordinary conservation measures. The plan also addresses MWD's DYY Program and the need for best management of the DYY Program "shift" obligations in concurrence with the MWD WSAP reductions of imported water supplies to IEUA.



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

April 14, 2009 Board Meeting

Revised 8-3

Subject

Adopt (1) recommended water rates and charges; and (2) resolutions to impose charges, for fiscal year 2009/10

Description

SUMMARY

This letter recommends approval of a 19.7 percent increase in overall rates and charges and, further, that the Board implement this increase by approving: (1) the recommended rates and charges as discussed in this letter; (2) the resolution to impose the Readiness-to-Serve Charge effective January 1, 2010; and (3) the resolution to impose the Capacity Charge effective January 1, 2010.

Metropolitan is facing one of the most challenging time periods in its history. Water supply challenges and the current economic downturn, combined with the fact that Metropolitan has not collected sufficient revenues to cover its costs in three of the past four years, will necessitate significant rate increases over the next two fiscal years. In an effort to spread rate increases, Metropolitan has been withdrawing from reserves to fund necessary expenditures over the past four years. At the same time, the largest court-ordered supply cutback in the history of the State Water Project (SWP) occurred in 2008. With the Delta smelt Biological Opinion issued by the U.S. Fish and Wildlife service on December 15, 2008, significant cutbacks are expected to continue into the future. This reduction of more than one-third of Metropolitan's SWP supplies has triggered additional expenditures for development and acquisition of new supplies and heightened conservation efforts. In light of past under-collections, projected water supply and water infrastructure cost increases, and reductions to future water sales, staff has estimated that Metropolitan needs to raise rates approximately 40 percent cumulatively over the next two years. These cutbacks in SWP supplies mean Metropolitan will need to allocate supplies in fiscal year 2009/10 and possibly beyond.

Given these severe conditions and the prospect of painful rate increases over the next two years, the Board and member agencies have participated in unprecedented review of Metropolitan's budget and rates over the past three months, including board workshops on January 6, February 24, and March 24, 2009, Business and Finance Committee meetings held on January 9, February 12, and March 9, 2009, and input at the monthly Member Agency Managers' Meetings throughout this process. In addition, the Business and Finance Committee held a public hearing on rates and charges at its meeting on March 9, 2009. Public comments are included in Attachment 1 for the Board's consideration.

The rate options in this letter reflect input from this process, including:

- a. **Delta Surcharge.** Member agencies and board members suggested that Metropolitan's rates include a specific element to reflect the impact of the Delta pumping restrictions on Metropolitan's finances. This supply component would be included in water sold by Metropolitan. The derivation of the Delta Surcharge is detailed below.
- b. **Timing.** At the suggestion of board members, staff has developed an option to increase rates in September 2009, rather than the usual scheduled increase on January 1, 2010 for the Board's consideration. Raising rates earlier than Metropolitan's normal practice helps reduce the magnitude of the increases in fiscal year 2009/10.

- c. **Sales volumes.** Both rate options reflect the reality of lower sales volumes due to cutbacks and the implementation of Metropolitan's Water Supply Allocation Plan. Rate options discussed in this letter have been developed based on water sales of 1.9 million acre-feet in 2009/10, consistent with the budget proposed in Board Letter 8-2.
- d. **Lower costs.** As more fully described in Board Letter 8-2, Metropolitan's budget has been reduced by about \$50 million, including lower chemical costs associated with treatment, reduced power costs, and lower operating and maintenance costs. Actions to reduce operating costs include reducing 33 positions, cutting outside service costs, and eliminating any contingency allowance within the budget. While negotiations with bargaining units are ongoing, the budget does not include any across the board salary increases.
- e. **Capital funding.** In an effort to mitigate the rate impacts in fiscal year 2009/10 and preserve reserves, the Pay-As-You-Go (PAYG) funding will be limited to \$37.6 million in the coming fiscal year, rather than the Board's historic guideline of \$95 million. Rate options have been developed assuming that PAYG funding will be restored to its historic levels in 2010/11.

REVENUE REQUIREMENTS

Table 1 summarizes the 2009/10 revenue requirements. The revenue requirements (including capital financing costs, but not construction outlays financed with bond proceeds) will total approximately \$1.535 billion in 2009/10.

Table 1. Revenue Requirements (by budget line item)

	Fiscal Year Ending 2010	% of Revenue Requirements (1)
Departmental Operations & Maintenance		
Office of the General Manager & Human Resources	\$ 13,907,000	0.8%
External Affairs	18,236,700	1.1%
Water System Operations	182,110,700	11.3%
Chief Financial Officer	5,846,600	0.3%
Corporate Resources	50,896,100	3.0%
Real Property Development & Mgmt	11,250,700	0.7%
Water Resource Management	19,680,200	1.2%
Ethics Department	480,200	0.0%
General Counsel	7,699,900	0.5%
Audit Department	2,058,700	0.1%
Total	322,166,800	19.0%
General District Requirements		
State Water Project	478,772,954	28.3%
Colorado River Aqueduct	49,751,247	2.9%
Supply Program Costs paid from operating revenues	125,503,611	7.4%
Water Management Programs	59,844,024	3.5%
Capital Financing Program	425,748,027	25.1%
Other O&M	18,690,700	1.1%
Increase (Decrease) in Required Reserves	54,200,000	3.2%
Total	1,212,510,563	71.6%
Revenue Offsets	(158,515,281)	9.4%
Net Revenue Requirements	\$ 1,376,162,082	100.0%

(1) Given as a percentage of the absolute values of total dollars allocated
Totals may not foot due to rounding

Metropolitan generates a significant amount of revenue from interest income, hydroelectric power sales and miscellaneous income. These additional revenues are expected to generate about \$67.1 million in fiscal year 2009/10. It is expected that Metropolitan will also generate about \$91.4 million in ad valorem property tax revenues and annexation charges. Property tax revenues are used to pay for a portion of Metropolitan's general obligation bond debt service, and a portion of Metropolitan's obligation to pay for debt service on bonds issued to fund the State Water Project. The total revenue offsets for fiscal year 2009/10 are estimated to be around

\$159 million. Therefore, the revenue required from rates and charges is the difference between the total costs and the revenue offsets, or \$1.38 billion.

RATE OPTIONS

As shown above, the total revenue requirements to be generated from rates and charges in fiscal year 2009/10 is projected to be \$1.38 billion. Neither of the rate options proposed in this letter will fully recover Metropolitan's costs in 2009/10, instead relying on additional withdrawals from reserves to support expenditures through at least 2009/10.

The following overall rate options are provided for the Board's consideration. The detailed cost of service study, analysis is included in Attachment 2, the proposed Readiness-to-Serve Charge resolution is included as Attachment 3, and the proposed Capacity Charge is included as Attachment 4.

- **Option 1** – Rate increase effective on January 1, 2010, reflecting a 33.9 percent average rate increase. This rate increase does not recover the full cost-of-service within fiscal year 2009/10. It is estimated that approximately \$118 million would be withdrawn from reserves to meet expenditures in 2009/10. The projected rate increase needed on January 1, 2011 would be about 5.5 percent, and rates would then recover the full cost-of-service in fiscal year 2010/11. This option would result in lower revenues in 2009/10, but would help insure against larger rate increases in future years. In addition, this increase would result in revenues that more quickly recover Metropolitan's cost-of-service. A number of member agencies favor this option as it provides time for them and their members to pass the higher rates on to their customers. On the other hand, a number of member agencies have expressed concern over the magnitude of this rate increase, and prefer a lower increase in the current fiscal year even if the January 2011 increase will be larger.
- **Option 2** – Rate increase effective on September 1, 2009, reflecting a 19.7 percent average rate increase. This rate increase does not recover the full cost-of-service within fiscal year 2009/10. It is estimated that approximately \$88 million would be withdrawn from reserves to meet expenditures in 2009/10. The projected rate increase on January 1, 2011 would be about 21.5 percent, and revenues would not recover the full cost-of-service until fiscal year 2011/12 when the cumulative impact of these increases would affect an entire fiscal year. In addition, the timing of this increase would require an adjustment in the way that Tier 2 rates are calculated. Staff recommends that the Tier 2 Supply rate in effect on January 1, 2009, be used to calculate the bill for Tier 2 sales in calendar year 2009. The Tier 2 Supply rate in effect on January 1 of subsequent years would continue to be used to calculate bills in the relevant calendar year. This adjustment would eliminate the potential of an unintended impact on member agencies that purchase Tier 2 supplies in 2009. The Readiness-to-Serve Charge and the Capacity Charge would continue to be increased on January 1, 2010. A number of member agencies prefer this option as it would result in lower rate increases in 2009/10, while recognizing that a large rate increase on January 1, 2011 would be required. In addition, this option generates more revenue in the 2009/10 fiscal year.

Delta Supply Surcharge

Each of the rate options would include a Delta Supply Surcharge of \$69 per acre-foot. This surcharge reflects the impact on Metropolitan's water rates of lower supplies from the State Water Project due to pumping restrictions associated with U.S. Fish & Wildlife's biological opinion on Delta Smelt and other actions to protect endangered fish species. The Delta Surcharge would remain in effect until a long-term solution for the Delta was achieved. It is expected that the surcharge would be phased out as interim Delta improvements ease pumping restrictions.

The Delta Supply Surcharge is designed to recover the costs of the additional supply costs that Metropolitan faces as a result of the pumping restrictions (such as purchases from the State Drought Water Bank, additional purchases from PVID, Yuma Desalter, etc), lost value in supplies available from the State Water Project, and the cost of personnel and consultants working to develop improved supply and ecological conditions in the Delta. These costs total approximately \$118 million in 2009/10. The Delta Supply Surcharge would be charged to all Tier 1 sales, IAWP and Replenishment sales, estimated to total about 1.7 million acre-feet. This results in a Delta

Supply Surcharge of \$69 per acre-foot. Since the Delta Supply Surcharge includes additional supply costs associated with the Delta pumping restrictions, the current Water Supply Surcharge will be eliminated effective with the 2009/10 rates.

Table 2 shows the individual rate elements proposed under both Option 1 and Option 2, along with the fully bundled rates.

Table 2: Rates and Charges by Option

	Effective January 1, 2009	Option 1 January 1, 2010	Option 2 Sept 1, 2009
Tier 1 Supply Rate (\$/AF)	\$109	\$147	\$101
Delta Supply Surcharge (\$/AF)	\$0	\$69	\$69
Tier 2 Supply Rate (\$/AF)	\$250	\$324	\$280
Water Supply Surcharge (\$/AF)	\$25	\$0	\$0
System Access Rate (\$/AF)	\$143	\$171	\$154
Water Stewardship Rate (\$/AF)	\$25	\$44	\$41
System Power Rate (\$/AF)	\$110	\$126	\$119
Full Service Untreated Volumetric Cost (\$/AF)			
Tier 1	\$412	\$557	\$484
Tier 2	\$528	\$665	\$594
Replenishment Water Rate Untreated (\$/AF)	\$294	\$439	\$366
Interm Agncultural Water Program Untreated (\$/AF)	\$322	\$489	\$394
Treatment Surcharge (\$/AF)	\$167	\$228	\$217
Full Service Treated Volumetric Cost (\$/AF)			
Tier 1	\$579	\$785	\$701
Tier 2	\$695	\$893	\$811
Treated Replenishment Water Rate (\$/AF)	\$436	\$642	\$558
Treated Interm Agncultural Water Program (\$/AF)	\$465	\$699	\$587
Readiness-to-Serve Charge (\$M)	\$92	\$120	\$114*
Capacity Charge (\$/cfs)	\$6,800	\$7,600	\$7,200*

* Effective January 1, 2010

Future Rate and Cost-of-Service Discussion

Over the next year, the committee, staff and the member agencies will review the cost-of-service methodology, and evaluate the need to add or delete cost of service categories, and to adjust rates and charges in 2010/11 to reflect full cost of service. This review may result in the addition or deletion of rate elements, as well as increases or decreases in rate elements. This evaluation would reflect the request of a number of Board members and member agency managers to evaluate increasing fixed charges. This would take some of the pressure from water rates, while helping to mitigate the impacts of lower sales in the future. Staff recommends continuing this discussion, with a full evaluation of Metropolitan’s ability to increase property taxes to fund a greater portion of the State Water Project fixed costs. In addition, other fixed charges including the Readiness to Serve Charge, the Capacity Charge, and possibly a Treated Water Capacity Charge will also be reviewed as ways to fund the costs associated with emergency and peaking service over time. It is anticipated that this review would be completed by December 2009, in order to be incorporated into the rates and charges to be effective on January 1, 2011.

Policy

Metropolitan Water District Administrative Code Sections 4301 (a) (b): Cost of Service and Revenue Requirement

Metropolitan Water District Administrative Code Sections 4304 (c) (f): Apportionment of Revenues and Setting of Water Rates and Charges to Raise Firm Revenues

California Environmental Quality Act (CEQA)

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

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

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

Board Options

Option #1

Adopt the CEQA determination and

- a. Approve water rates effective January 1, 2010;
- b. Adopt Resolution to Impose the Readiness-to-Serve Charge; and
- c. Adopt Resolution to Impose the Capacity Charge.

Fiscal Impact: Revenues from rates and charges of \$1.18 billion in fiscal year 2009/10, and an increase in the effective rate of 33.9 percent in 2010 if the rates and charges are adopted as recommended. This represents an increase of \$98 million in revenues in fiscal year 2009/10.

Option #2

Adopt the CEQA determination and

- a. Approve water rates effective September 1, 2009;
- b. Adopt Resolution to Impose the Readiness-to-Serve Charge; and
- c. Adopt Resolution to Impose the Capacity Charge.

Fiscal Impact: Revenues from rates and charges of \$1.22 billion in fiscal year 2009/10, and an increase in the effective rate of 19.7 percent in 2010 if the rates and charges are adopted as recommended. This represents an increase of \$128 million in revenues in fiscal year 2009/10.


Option #3

Adopt the CEQA determination and instruct staff to modify the recommended rates and charges.

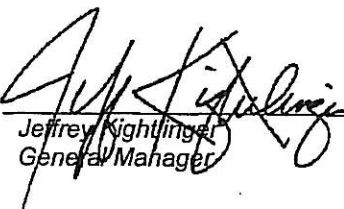
Fiscal Impact: Unknown

Staff Recommendation

Option #2


 Brian G. Thomas
 Chief Financial Officer

4/7/2009
Date


 Jeffrey Kightlinger
 General Manager

4/7/2009
Date

- Attachment 1 – Public Comments
 - Attachment 2 – Metropolitan Water District of Southern California, FY 2009/10 Cost of Service
 - Attachment 3 – Resolution to Fix and Adopt Readiness-to-Serve Charge
 - Attachment 4 – Resolution to Fix and Adopt Capacity Charge
- BLA #6333

DRAFT PEACE II CEQA Schedule

Version Date – (4/13/09)

(Dates meant to be approximate)

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

4/30/09—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.

5/13/09—SEIR Document released for public for review for 45 days.

7/1/09—End of 45-day public review period.

7/15/09—TDA finishes responses to comments.

8/5/09—IEUA Board adoption.



CHINO BASIN WATERMASTER

IV. INFORMATION

1. Newspaper Articles



dailybulletin.com

3/31/09

Stimulus could grow green jobs

Jannise Johnson, Staff Writer

Posted: 03/30/2009 04:34:41 PM PDT

Several Inland Empire organizations hope that President Obama's stimulus package will provide the seeds necessary to grow green jobs in the area.

Sondra Elwood, public information officer for the Inland Empire Utilities Agency in Chino, said that organization has applied for \$19 million in stimulus money to fund their recycled water program.

"Recycled water is a sure way to reduce drought in the area," Elrod explained. "It leaves drinking water for drinking."

Recycled water can be used for plant maintenance, such as watering residential lawns or the greens at golf courses, she said.

Elrod explained that some of the funds will go to either expanding the water utility's current desalination plants or building a new one, thereby creating jobs in construction.

The water utility has one plant in Chino and another in the Jurupa Community Services District.

Desalination is the process used to clean

ground water.

"Any time you can use desalted water for irrigation of lawns or golf courses instead of drinking water that is quite a savings," Elrod said.

The water authority is just one of many organizations helping to change the environmental face of the Inland Empire.

The Green Valley Initiative is another. That is a network of about 500 local politicians, businesses and organizations that are green-minded.

Supporters include 40 Inland Empire cities, San Bernardino and Riverside county governments and several regional organizations.


The initiative was founded by Iranian immigrant Ali Sahabi.

With leaders in Washington D.C. touting energy-efficiency, Sahabi's goal of transforming the Inland Empire into California's green capital could come to fruition.

He is the developer behind the 534-acre Dos Lagos mixed-use community in south Corona. He believes there's no better region for green industry companies to call home.

Since June 2007, the collaboration has spoken as one voice to federal and state officials, and it's analyzed what resources the Inland Empire already has to launch the area into a

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viable green-job, green-development and green-energy community.

Sahabi has high hopes for 2009, especially since the Green Valley initiative caught the attention of Commerce Department officials in October.

The initiative's economic plan for the two-county region was approved by the department's Economic Development Agency, which allows for local businesses and governments to apply for federal grants to help fund energy-saving projects.

Funding for those local projects may come from President Obama's stimulus package.

In an indirect way, the stimulus money just allocated to the San Bernardino County Workforce Investment Board may lead to training for green jobs.

The board just received news that it will get \$15.7 million in stimulus money.

That breaks down to \$7.2 million for projects aimed at youth, \$3 million for projects aimed at adults and \$5.5 million to be set aside for people who have been laid off, said Michael J. Gallo.

Gallo is the former chairman of the workforce investment board and the founder and CEO of Kelly Space & Technology, Inc. in San Bernardino.

The job training money will be used "to position the work force to compete for these

jobs," Gallo said in reference to both green and non-environmental jobs.

The San Bernardino Community Action Partnership has applied for some of the \$15.7 million allocated to the board, he said.


Some of those funds will be used for the Low Income Home Energy Assistance Program where workers are sent out to weatherize low-income family's houses, Gallo said.

The weatherizing benefits the environment by making the houses more energy-efficient, while providing the workers trained in the program with marketable skills.

The \$15.7 million in stimulus money needs to be distributed out over the next several weeks, Gallo explained.

Federal rules also state the funds need to be spent over the next eight months, he explained.

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3/31/09

County, come clean on pollution

Anthony Araiza

Created: 03/30/2009 07:50:34 PM PDT

We are unfortunately compelled to call public attention to the inaccurate information about San Bernardino County's role in contaminating local groundwater provided to you a few days ago by the office of Supervisor Josie Gonzales.

In a point of view ("County is cleaning up perchlorate," March 26), Supervisor Gonzales stated: "Before the county purchased property in north Rialto for the future expansion of the Mid-Valley Landfill, the county hired an expert to test the land for hazardous materials. Those tests did not find significant contamination in the soil."

We strongly disagree with these statements. It is time for the County of San Bernardino, and its elected supervisors, to honestly and openly talk about the illegal conduct associated with the county's Mid-Valley Sanitary Landfill expansion, and the serious harm these activities have inflicted on the citizens of the county, the environment and our precious local drinking water supply.


With all due respect to Supervisor Gonzales, the facts now being disclosed about the Mid-Valley Landfill clearly demonstrate that county officials acted, and continue to act, in complete and utter disregard of applicable state and federal laws.

Based on reports provided by the county, it now appears that county officials knowingly - and with reckless disregard of the law - demolished contaminated bunkers at a state-permitted hazardous waste site, and spread the contaminated waste debris onto adjacent parcels and unknown locations offsite. Much of this hazardous debris was improperly used to construct noise berms on the perimeter of the county's property. The hazardous chemicals in this debris included lead, arsenic, mercury, asbestos and perchlorate - the chemical currently contaminating groundwater and the region's drinking water wells.





The county has been well aware that demolition of the bunkers without proper decontamination would contaminate groundwater. Indeed, as early as 1993, county consultants identified hazardous levels of contaminants requiring cleanup and were fully aware of hazardous levels of lead, arsenic and mercury. The county's own consultants detected perchlorate inside some of the bunkers at levels exceeding 3 million parts per billion. The regulatory action level for perchlorate in groundwater is 6 parts per billion. These extremely high perchlorate levels were in addition to the hazardous levels of lead in soil (e.g., 1,330 mg/kg) requiring cleanup and high levels of asbestos (e.g., 35 percent). The county's consultant stated "that soils in the former Bunker Area likely continue to be a threat to water quality in the area."

It is a serious violation of civil and criminal law to transport hazardous wastes without a licensed hauler and without the required documents.

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Supervisor Gonzales' office, however, in an article that appeared in this newspaper on March 23, publicly admitted "some of the demolished material was left on the site and said that the county doesn't have complete records documenting what happened to the hazardous material..."!

After almost seven years of ignoring state regulatory demands, and only after pressure from West Valley Water District and other public agencies, the county is now willing to provide the California Department of Toxic Substances Control with an "oral summary" of the demolition and burial activities at issue. Such a late and incomplete disclosure is totally illegal and demonstrates the county's lengthy efforts to conceal information and obstruct investigative efforts of the DTSC.

All reasonable persons should be demanding that county officials, including Supervisor Gonzales, explain why they are only now, after seven years, responding to the DTSC and providing information regarding the burial of the hazardous facility. Why has Supervisor Gonzales not directed county staff to provide this information immediately to the DTSC? As of last week, the county has still not provided DTSC with any of the requested information or mandated records.

The county's repeated failure to provide timely information to DTSC has had serious negative impacts to the environment. Had the county honestly disclosed the requested documents and information in 2002, the DTSC would have had an

opportunity to undertake timely and effective measures to abate contamination migrating from illegally buried hazardous wastes in order to protect the public, the environment and regional drinking water supply.

The county has no excuse for withholding the requested information and not preserving the relevant documentation and records. This willful indifference should no longer be tolerated.

The county should stop acting like a corporate polluter and start acting on behalf of the citizens who are bearing this terrible cost.

The county's behavior to date has created and continues to cause a serious groundwater problem in the region. This misconduct and dissemination of false information must stop.

Anthony Araiza is general manager of West Valley Water District in Rialto.

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Key Water Supply Legislation for the Chino Basin and Riverside County Await President's Signature

The Chino Basin Desalter Authority (CDA), the Inland Empire Utilities Agency (IEUA) and Western Municipal Water District (Western) are pleased to announce that the Omnibus Public Lands Package, which included a bill sponsored by Senator Dianne Feinstein and Congressman Gary Miller to increase groundwater desalination in the Chino Basin, was sent to President Obama for his signature.

The legislation will fund \$26 million for the Chino Basin Desalter program, which provides a new fresh drinking water supply for the cities of Chino, Chino Hills and Ontario, the Jurupa Community Services District, Santa Ana Mutual Water Company, Western and the city of Norco in Riverside County.

"The CDA is very appreciative of Senators Dianne Feinstein and Barbara Boxer, as well as our congressional delegation, House of Representatives Joe Baca, Ken Calvert, David Dreier, Jerry Lewis, Gary Miller, and Grace Napolitano for supporting the efforts to expand our local water supplies," commented CDA Chairman Glenn Duncan, who is also a council member for the city of Chino.

"This is wonderful news from D.C.," commented CDA Member Jim Bowman, who is also the mayor pro tem for the city of Ontario. "With this funding, we will be able to expand our groundwater desalination from its current 9.2 billion gallons per year to

13 billion gallons per year."

Another significant piece of the Omnibus Package is Western's drought-proofing project, the Riverside-Corona Feeder. Sponsored by Congressman Ken Calvert and Senator Dianne Feinstein, the Riverside-Corona Feeder Water Supply Act authorizes \$26 million in federal funding for the Bureau of Reclamation to design, plan and construct a series of groundwater wells, pumps and pipelines that will comprise the conjunctive use project. "One of the biggest challenges we face as a region is securing additional sources of water as imported supplies continue to diminish. Signing of this bill will be a critical step to diversify our local water supply" said Western General Manager John V. Rossi.

The city of Corona, Elsinore Valley Municipal Water District and Rancho California Water District also benefit from Wednesday's movement of the legislation to the President's Office as it will help fund their recycled programs.



U.S. Senator Dianne Feinstein



Congressman Gary Miller
R-42nd District



Congressman Joe Baca
D-43rd District



Congressman Jerry Lewis
R-41st District



U.S. Senator Barbara Boxer



Congressman David Dreier
R-26th District



Congressman Ken Calvert
R-44th District



Congresswoman
Grace Napolitano
D-38th District

“The CDA, IEUA and Western would like to thank our partners, the Bureau of Reclamation, Chino Basin Watermaster, Metropolitan Water District, Orange County Water District, and the Santa Ana Watershed Project Authority for their efforts on helping to secure this funding,” stated IEUA Board President Terry Catlin. “This is a great example of a team effort and how regional watershed partnerships are critical to solving our southern California water problems.”

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Crisis On Tap: California's water reckoning



08:05 PM PDT on Saturday, March 21, 2009

By DOUGLAS QUAN, KIMBERLY PIERCEALL and JANET ZIMMERMAN
The Press-Enterprise

Storms that drenched much of the state in February may have turned parched earth into fields of wildflowers, but they did little to reverse three consecutive years of drought.

In fact, the signals have grown more ominous, culminating in an emergency declaration late last month by Gov. Arnold Schwarzenegger and warnings of mandatory water rationing.

California endured droughts in the late 1970s and early 1990s, but lack of rain isn't the only situation driving the current crisis, water experts say.

Story continues below



Ed Crisostomo / The Press-Enterprise

Russell E. van Löben Sels grows 40 million pounds of tomatoes for Campbell's soup, plus pears for fruit cups and grapes for wine. A fourth-generation farmer in the Sacramento-San Joaquin Delta, he worries about water: Will it be available and good enough to use?

The state's population has ballooned.

Water exports from Northern California have been slashed to protect threatened and endangered fish.

And a trend among farmers to grow tree fruit and other permanent crops rather than plantings that die off every year has made it harder for them to fallow their land.

Evidence of the diminishing water supply can be seen in the "bathtub rings" that run along the banks of California's reservoirs.

Diamond Valley Lake, the Inland region's largest reserve of drinking water for droughts and emergencies, has been drawn down by half.

All private boat launches on the lake south of Hemet were suspended in October because levels had fallen so low.

Boaters aren't the only ones affected by the drought.

Homeowners are paying more for water and, in some areas, those caught excessively watering their lawns could get slapped with fines.

Consumers will likely pay more for fresh produce.

Tens of thousands of farming jobs in the Central Valley could be wiped out by year's end.

Some say the state desperately needs new reservoirs and canals to capture and deliver water more efficiently.

Others say that's a waste of money and that the government should focus on getting farmers, homeowners and businesses to conserve more water, and on getting communities to recycle more wastewater -- though sometimes getting residents to overcome the "ick" factor can be a challenge.

The situation has gotten so dire, some say, that cities inevitably will have to limit growth.

Reaching a consensus won't be easy. Territorial rifts have been a hallmark of the state's water history.

Farmers blame environmentalists.

Environmentalists blame developers. Northern Californians blame Southern Californians.

Experts say all sides are going to have to suck it up.

At a 2007 water conference in Riverside, Celeste Cantú, general manager of the Santa Ana Watershed Project Authority, said the state was facing the "four horsemen of the apocalypse" -- climate change, drought, population growth, and a court-ordered reduction in water deliveries from the Sacramento-San Joaquin Delta, the hub of California's water supply, to protect threatened and endangered fish species.

"The four horsemen have arrived," Cantú said in a recent interview. "We don't have a drop to waste."

Bleak Forecast

Californians rely on a Byzantine network of reservoirs, canals, pipes and pumping stations to deliver water to their faucets, showerheads and sprinklers.

The two main conduits of that supply, the Delta and the Colorado River, rely on rain and snow to keep the water flowing.

Since 2006, precipitation across the state has been down about one-quarter, not as bad as California's worst drought in 1976-77 but comparable to the 1987-92 dry years, water officials say.

Several factors are exacerbating the problem:

The state's population has grown by 9 million since 1992, putting extra strain on the system.

A federal court order in late 2007 scaled back pumping in the Delta to protect smelt and other imperiled fish species, resulting in a 30 percent reduction in water deliveries from the Delta.

More and more farmers over the years have switched from growing annual crops to permanent crops.

While permanent crops are more desirable because they have a higher value and require less water, farmers cannot idle those crops without incurring a heavy cost.

It appears the drought will only get worse in the long term:

Projections show that the state population, now at 38 million, could soar to 60 million by 2050.

The warming earth is causing less snow to fall in the winter. That means a diminished mountain snowpack, a key source of the state's water.

And what snow does fall is melting faster, meaning less water available for the drier and hotter months.

State water officials say the winter snowpack in the Sierra Nevada range, a 400-mile string of peaks and a major source of the state's water, is expected to decrease 25 to 40 percent by 2050.

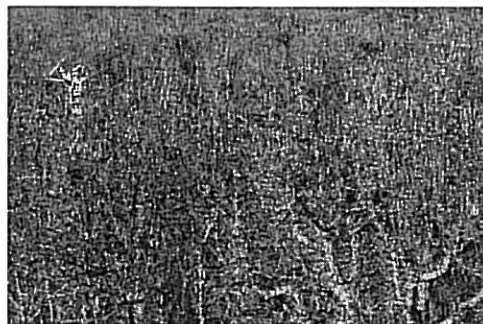
Researchers at the Scripps Institution of Oceanography at UC San Diego say there is a 50 percent chance that Lake Mead, the massive reservoir on the Colorado River 30 miles southeast of Las Vegas, could be dry by 2021.

Melting arctic ice caps could raise the sea level 4 to 16 inches by midcentury, increasing the risk that saltwater from San Francisco Bay could infiltrate and degrade Delta water.

And the levees protecting the Delta are aging and at risk from a major earthquake and flooding caused by rising seas.

If the levees fail, freshwater exports to Southern California could be cut off for more than a year.

Story continues below



Ed Crisostomo / The Press-Enterprise
A worker prunes pear trees at Amistad Ranches in the

Sacramento-San Joaquin Delta. The pears go to Del Monte for fruit bowls. When water is scarce, some fields can be fallowed; permanent crops like tree fruit are more problematic.

Ripple Effects

The drought's impacts have been immediate and far-reaching.

Water deliveries to regional and local suppliers have been cut, mandatory conservation is spreading, and water rates are climbing.

The state Department of Water Resources oversees the delivery of water to most urban water agencies, including the Metropolitan Water District of Southern California, the region's major water wholesaler.

Last year, the department was able to deliver only 35 percent of the water those agencies requested.

This year, the department expects to deliver 20 percent.

With supplies diminishing, officials of the MWD, responsible for delivering water to local agencies serving 2.3 million Inland residents, say there is a 75 percent chance they will cut allocations this year.

The agency hasn't rationed water since the last drought in the early '90s.

A decision on rationing is expected in April.

Many local water agencies, anticipating cutbacks, already have imposed mandatory restrictions on when residents can water their lawns, how they wash their cars, and how well they manage their sprinkler systems.

The Eastern Municipal Water District, one of the Inland region's largest water agencies and dependent on MWD for two-thirds of its water, is among those imposing restrictions.

"It's only smart to put those into effect now, because we don't know if the current water situation will get worse," said Peter Odencrans, a spokesman for Perris-based Eastern.

Eastern approved a tiered rate system earlier this year that penalizes households for using excess water. The rates took effect March 1.

Other areas that have adopted or are considering tiered rates include Coachella, Redlands, Rancho Cucamonga and southwest Riverside County.

Some customers are not happy.

Bruce Osgood, a Moreno Valley resident, said homeowners are shouldering too much of the burden.

Osgood blames the district for allowing too

much development.

The district can't keep charging homeowners "up the ying yang," he said.

Farmers are feeling the pinch, too.

The federal Bureau of Reclamation oversees the delivery of water to most Central Valley farmers, who produce a quarter of the country's food.

Last year, the bureau delivered only 40 percent of the water farmers had asked for.

This year, farmers have been told they are getting nothing -- for now.

Many farmers in the San Joaquin Valley have curtailed production or shut down.

Last year, the state lost \$309 million worth of rangeland and crops, and farmers left 106,000 acres unplanted or abandoned, the California Farm Bureau reported.

This year, in the western San Joaquin Valley alone, farmers anticipate they will let more than 300,000 acres go without water.

Richard Howitt, an agricultural economics professor at UC Davis, predicts 30,000 to 60,000 jobs in the Central Valley could be wiped out by year's end, along with as much as \$1.6 billion in agriculture-related revenue.

Experts say that the basic laws of supply and demand dictate that the price of lettuce, melons, tomatoes, almonds, walnuts and other produce will likely go up.

Joe Pezzini, director of operations for Castroville-based Ocean Mist Farms, the largest grower of artichokes in the nation with crops in the Coachella Valley, said he expects the trade-offs between agriculture and urban users to become more contentious.

"Truthfully, there's not enough water to go around now," Pezzini said.

No Simple Fix

Some experts say the state desperately needs new ways to capture and deliver water more effectively.

"We're operating a system that was designed and constructed a half-century ago . . . (that is) inherently incapable of balancing the needs of the aqua system and water-supply reliability for the California economy," said Timothy Quinn, executive director of the Association of California Water Agencies.

The most ambitious plan under consideration is a canal that would funnel fresh water around the Delta, instead of through it.

The peripheral canal, as it is known, would protect imperiled fish in the Delta and ensure a

more reliable flow of water from the Delta to Central and Southern California, given that the current Delta's levees are aging, proponents say.

Cost estimates range from \$5 billion to \$8 billion, plus land acquisition and habitat restoration.

It would be paid for by water users.

The governor is pushing to fast-track the timeline and start construction in 2011.

Opponents, including some farmers and environmentalists, have vowed to tie up the plan in court.

The state also is looking into building new dams to capture runoff during storms.

Increasing surface and groundwater storage was a key component of a \$9.3 billion water bond measure proposed in July 2008 by the governor and U.S. Sen. Dianne Feinstein, D-Calif.

The proposal also set aside money for rehabilitating the Delta and for wastewater recycling and conservation projects.

It failed to get on the November state ballot.

State Sens. Dave Cogdill, R-Modesto, and Dean Florez, D-Shafter, tried to kick-start the idea recently by introducing separate water bond bills.

In the near-term, it appears some money will be available for drought solutions.

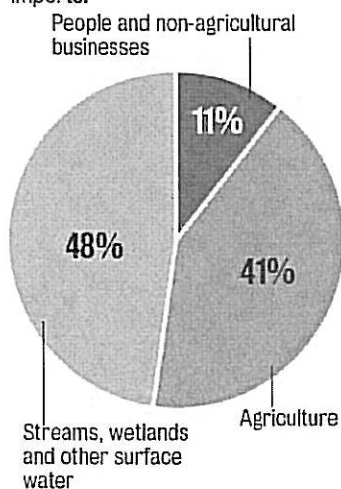
State water officials say they hope to release guidelines next month for distributing to communities \$100 million approved last year for local recycling, conservation and other projects.

The state also hopes for an infusion of money from the federal stimulus package to combat the drought, though it remains to be seen how much it will get and for what projects.

Story continues below

WHERE WATER GOES:

In 2000, considered an average year, the state distributed 82.5 million acre-feet of water (1 acre-foot equals about 326,000 gallons) from rain, snow, wells and imports.



SOURCE: CALIFORNIA DEPARTMENT OF WATER RESOURCES

THE PRESS-ENTERPRISE

Conservation

One remedy that has almost unanimous support is conservation: Everyone -- residential consumers, businesses and farmers -- needs to use less.

Landscape irrigation is an obvious target for water agencies.

Sixty to 70 percent of household water goes to keep lawns green, experts say.

"Grass is really my enemy," said Cantú of the Santa Ana Watershed Project Authority.

Most homeowners could easily cut their lawn watering in half and their lawns would still survive, she said.

Some water agencies are working aggressively to get the message out, providing rebates and other incentives for homeowners to cut water use.

The Eastern Municipal Water District has assigned a worker to look for oversaturated lawns.

Violators get two warnings. Subsequent violations could lead to fines up to \$100.

Since the program took effect in September, the agency has warned or fined more than 2,200 residents and businesses.

Farmers are being asked to pitch in, too.

For the first time since the early 1990s, the state has activated a water bank in which

farmers upstream from the Delta can voluntarily let their land go fallow and sell their water to those in need.

In farm and water-rich areas of Southern California -- the Palo Verde Valley and Imperial County -- farmers already have been selling their water to the MWD, San Diego and the Coachella Valley in long-term agreements allowing the growers to get paid for not farming their land.

Their water goes to Southern California urban users instead.

Some water observers say farmers should simply stop growing certain low-value, water-intensive crops.

"Alfalfa and cotton crops are not valuable enough to justify the amount of water" needed to grow them, said Cary Lowe, a San Diego-based land-use lawyer and urban planning consultant who works with developers.

Wendy Fink-Weber, a spokeswoman for the Western Growers Association, said the market, not government, should dictate what farmers sell.

A better solution is to ease environmental restrictions and improve water delivery and surface water storage, Fink-Weber said.

Alfalfa feeds dairy cows, farmers say, and growing less of it would send the price of milk, cheese and butter climbing and, worse, send the dairy industry out of state entirely.

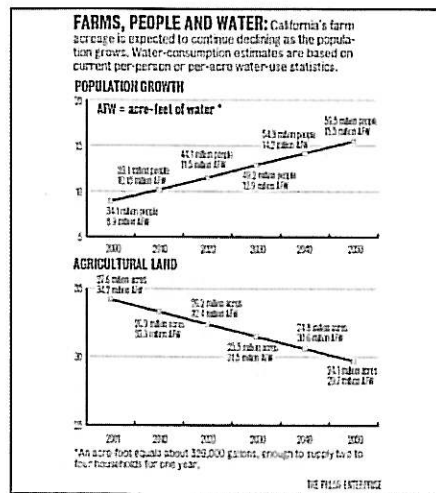
Some farmers and agricultural and water officials said they worry about food safety if the state becomes too reliant on imports.

Production of garlic, melons, onions and tomatoes has already been scaled back in some areas due to the drought.

Valuable almond trees in the San Joaquin Valley and avocado trees in Temecula and San Diego County have also been cut.

"I don't want to rely on a foreign country for my food. We do that with oil, and it's not working out so well," said Randy Record, a member of the Eastern Municipal Water District's board.

Story continues below



[Click to enlarge](#)

Curb Growth?

If homeowners and farmers have to make sacrifices, what about developers?

Curbing "mindless development" has to be considered, said Tim Barnett, a marine research physicist at the Scripps Institution of Oceanography at UC San Diego and co-author of the Lake Mead study.

"Have you been to Palm Springs or Palm Desert? . . . We have to learn what sustainability means."

Curtailling growth is not going to be an easy sell.

When Barnett floated the idea at a conference of California mayors last year, the reaction was almost universally negative, he said.

The response was that people have a right to live where they want, he said.

Some attempts have been made to reconcile growth and water supply.

In 2001, California passed a law requiring developers of large projects to secure in writing guarantees from water agencies that they can deliver water for 20 years.

But the law hasn't been enforced, say researchers with the Pacific Institute, a nonprofit organization that looks at the state's natural resources.

They also say the law should apply to more proposed projects and should require a water source beyond 20 years.

"Obviously, there are a lot of loopholes," said Juliet Christian-Smith, a senior research associate with the institute.

In early 2008, Eastern Municipal Water District officials temporarily halted several large projects, including a giant Skechers warehouse, because they weren't certain they could meet

the long-term water demand.

A few months later, the district approved all of them.

Officials said recycled water, desalination and conservation would make an extra 60,000 acre-feet of water available annually.

As long as developers meet the law's requirements, Record said he has trouble saying no to new homes and businesses, because the projects create jobs.

He said he has even more trouble supporting calls to stop growth when he sees water flowing down gutters from saturated lawns.

Some environmental groups have succeeded in blocking developments.

A few years ago, Vineyard Area Citizens for Responsible Growth sued the city of Rancho Cordova in Sacramento County over a large housing and commercial development.

In 2007, the California Supreme Court ruled in favor of the group, saying local officials had failed to evaluate the long-term water supplies for the project and the potential impact of groundwater pumping on river flows and fish migration.

Joel Kotkin, a futurist and fellow at Chapman University in Orange, worries about this trend.

"What the greens want to do is make it impossible for the state to grow," Kotkin said. "If California wants to become a place that can't accommodate people, people will continue to leave."

But California can't simply grow forever, Barnett said.

"If you want to continue to grow, where are you going to get the water?" he asked. "There has to be limits. It's a no-brainer."

Reach Douglas Quan at 951-368-9479 or dquan@PE.com

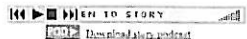
Reach Kimberly Pierceall at 951-368-9552 or kpierceall@PE.com

Reach Janet Zimmerman at 951-368- 9586 or jzimmerman@PE.com

Comments 0 | Recommend 1

Water worries weigh on farmers

With supplies stretched thin, some farmers idle fields and sell some of their water to serve urban users



08:12 PM PDT on Saturday, March 21, 2009

By KIMBERLY PIERCEALL
The Press-Enterprise



Video: Water cutbacks and rising prices force avocado growers to make tough choices

In California, water policy has always dictated that residents, not farms, come first.

Farmers are facing the consequences of that approach now more than ever.

Growth, drought, an aging water system and environmental limits on pumping from Northern California have stretched the state's water supply too thin, and increasing volumes of water are being diverted from agricultural fields to homes and businesses.

The impacts are serious and far-reaching, among them increased unemployment and fear for the future of farming in California.

Some of the nation's most productive farmland stretches across the state, from Riverside and San Diego counties to the San Joaquin Valley in Central California.

The state has 81,000 farms that produce more than \$30 billion in crops and livestock, and employ nearly 400,000 people.

In the San Joaquin Valley, where a quarter of the nation's produce is farmed, many growers were told to expect a zero allocation from their water system this year.

They are digging deeper wells, paying more for water, or using a saltier supply.

Many aren't growing at all.

Story continues below

Stories

[Crisis On Tap: California's water](#)



Ed Crisostomo / The Press-Enterprise
Fallbrook area avocado farmer Charley Wolk glances at the trees workers cut back in January after water allotments were reduced. Wolk hopes the trees, painted white to protect the bark from sunburn, will produce fruit again by 2011.

Last year, drought cost the state \$309 million in rangeland and crops, and farmers left 106,000 acres unplanted or abandoned, the California Farm Bureau reported.

The situation is expected to get worse this year.

"We don't know if we're in year three of a three-year drought or if we're in year three of a 10-year drought," said Ryan Jacobsen, executive director of the Fresno County Farm Bureau and a fourth-generation grape grower. "We're dealing with such dire circumstances; we're dealing with people's jobs, people's livelihoods. ... It's completely disheartening."

Praying For Rain

Dan Errotabere doesn't grow much cotton anymore.

He's not going to grow cantaloupes or onions, either.

The third-generation Fresno County farmer will grow less garlic and tomatoes this year, too, now that he won't be able to water 1,500 of his 5,600 acres of farmland.

His plight isn't unique in the county, where the total agricultural output is more valuable than in any other county in the nation.

More than a third of the county's 1.64 million acres of farmland is expected to lose out on water allocations this year.

Errotabere is praying for rain.

"There isn't much else to do," said Errotabere, president of the Fresno County Farm Bureau and a board member of the Westlands Water District in Fresno, a retailer that serves 600 family-owned farms in the San Joaquin Valley.

The farmers can hope for price increases in the crops they have left, but it's doubtful with the country's economic troubles, he said.

Normally, water agencies tap the pumps in the Sacramento-San Joaquin Delta in spring, after

the snowmelt collects, and send the water to storage in places like the San Luis Reservoir, which feeds farms on the west side of the San Joaquin Valley.

Not last year.

A judge restricted pumping in the Delta to protect a threatened species of fish.

Without rain, the rivers didn't rise to fill the reservoir.

Water cutbacks could cost the Central Valley up to 60,000 agriculture-related jobs and \$1.15 billion in wages, said Richard Howitt, an agriculture economist at UC Davis.

With the governor's recent declaration of a water emergency and the establishment of a state water bank to match parties who have water with willing buyers, there's hope that growers in Fresno County and other parts of the San Joaquin Valley will be able to survive the season.

"This is the one thing that can be done this year," Howitt said.

The San Joaquin Valley is the state's agriculture powerhouse, producing everything from almonds to melons to lettuce worth billions of dollars.

If water isn't transferred, crop acreage on the west side of the valley, where the federal cutbacks and lack of wells make the situation dire, could decrease 35 to 55 percent, Howitt said.

San Joaquin Valley farmers who can't plant still have to pay the property taxes on land that isn't bringing in money.

Sometimes, because of contractual agreements, they also have to pay fees for water they won't get.

Other farmers have chosen to sell some of their water to urban suppliers.

Story continues below



Ed Crisostomo / The Press-Enterprise
Mark Osterkamp, a third-generation farmer, grows wheat and other crops near Brawley, in Imperial County. Osterkamp and many other desert-area farmers are paid to leave some of their land idle so water can be diverted to cities such as San Diego.

Dry Fields

Mark Osterkamp, 56, is a third-generation

farmer who followed hundreds of the 5,000 acres he works near Brawley, in Imperial County between the Salton Sea and Mexico.

Imperial County growers raise nearly all of the winter vegetables in the state.

Osterkamp, like other farmers in the area, is paid by the local water district for not irrigating all of his land.

The unused water, imported from the Colorado River, is sent to residents in San Diego, the Coachella Valley and other Southern California communities.

Groundwater in the Imperial Valley is too salty to use, so farmers can't sink wells to irrigate.

As long as he is being compensated for the crops he does not grow, Osterkamp said he doesn't mind fallowing his fields.

He doesn't take too kindly, though, to seeing water being used on opulent landscape features like those in the Palm Springs area.

"They've got lakes with houses around them. That is disturbing," he said.

Osterkamp, like many of his fellow farmers, wonders how far the trend will go -- to let farms dry up as California continues to grow.

"You could dry up the entire Imperial Valley," he said. "You'd also be pretty hungry."

One of his 70-acre fields could produce enough wheat for more than a half-million packages of pasta, or alfalfa to feed cows producing 157,000 gallons of milk, or Bermuda grass to feed 269 horses for one year, he said.

Standing between two of his fields flanked by a canal and separated by a homemade dam, Osterkamp looked over lush, green sugar beats on one side and, on the other, lifeless blades of Kline grass he stopped watering in June.

He hopes sugar beet prices are strong this year so he can profit.

"That's why we plant any crop," he said. "It's always a gamble."

Stumping

In 1994, the Metropolitan Water District of Southern California offered its agricultural customers cheaper rates, with a catch -- the water wholesaler could cut their allocations 30 percent if supplies ran short.

The cuts were imposed for the first time last year.

The action sent ripples through local farming communities, where growers moved quickly to cut their crops 30 percent.

Charley Wolk, owner of Bejoca Grove

Management in Fallbrook, stumped almost a third of the avocado trees in the 12-acre grove he manages.

Expecting another cutback in July from the San Diego Water District, he stumped more trees, some of them three decades old.

Some might once again bear fruit to be mashed for guacamole or sliced for sandwiches, but not anytime soon.

For now, they are stark trunks, painted white to protect them from the sun, like tombstones among the mature trees that haven't been sacrificed.

The scene saddens Wolk, who remembers when growers paid \$75 an acre-foot for water. Now they pay close to 10 times that.

San Diego County has lost 4,000 acres of avocado trees to drought and another 3,000 acres to the fires of 2007.

The California Avocado Commission expects this year's crop to be the smallest in 20 years.

San Diego, Riverside, Ventura, Santa Barbara and San Luis Obispo counties are the top producers of avocados in the state.

Story continues below



Ed Crisostomo / The Press-Enterprise
Mark Osterkamp leaves hundreds of acres idle at his Imperial Valley farms so he can sell his water to serve urban areas. He said he doesn't object to seeing the water go to residents' taps, but he doesn't think it should be used on lush landscaping and lakes in the desert.

Beyond The Farm

In the Palo Verde Valley near Blythe, farmers have fallowed 25,947 acres of farmland since 2005.

The MWD signed agreements with 90 of the valley's landowners to give up some of their water for 35 years. In return, they got \$84 million and promises of more for each acre they didn't plant each year.

The water they would have gotten is instead going to the MWD, which sends it to the taps of 18 million residents and businesses in Southern California.

In the Imperial Valley south of the Salton Sea, the Imperial Irrigation District started a fallowing program in 2003 so water could be diverted to San Diego.

For 5,764 acres that wasn't planted, farmers received \$1.77 million.

Last year, farmers were told to leave 16,172 acres, mainly wheat, grass and alfalfa, idle in exchange for \$6.25 million from the district.

A fund of \$50 million has been set aside from a settlement with the San Diego Water Authority to help individuals and small businesses hurt by fallowing, a ripple effect that goes beyond growers, farmworkers and consumers.

Among those affected: beekeepers, who have less work because there are fewer fields for their bees to pollinate.

"We didn't anticipate that one," said Gustavo Reza, interim director of the Imperial Valley Small Business Development Center.

Statewide, fallowing will eventually impact truckers who haul produce, processors who package it and marketing departments that persuade people to buy it, said Dan Sumner, an agricultural economist with UC Davis.

"All will die if the farms go dry," Sumner said.

Researchers at UC Riverside are working toward a solution: crops that need much less water.

Biochemistry professor Daniel Gallie is working with corn and tobacco plants to come up with drought-tolerant grains and leafy crops.

Corn and tobacco, like lab mice, stand in for other species in the research process.

He discovered that cutting water 75 percent damaged a normal corn crop but had little effect on a drought-resistant variety.

That's good news for Grant Chaffin, a third-generation farmer in Blythe.

Chaffin joined a fallowing agreement a few years ago that pays him for letting some of his alfalfa and wheat fields go without water.

"Drought-resistant crops can make a big difference," he said.

If his crops needed less water to grow, the excess could be used elsewhere.

With increasing demand on the state's troubled water supply, drought-tolerant crops will become vital, he said.

"If previous history is any indication of where we're heading in 10 years, the population is not going to get smaller."

Staff writer Janet Zimmerman contributed to

this report.

Reach Kimberly Pierceall at 951-368-9552 or kpierceall@PE.com



A Press-Enterprise special report on the water crisis in California.

Special Report: [Crisis On Tap](#)

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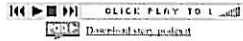
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Sacramento-San Joaquin Delta becomes water war's front line



08:07 PM PDT on Saturday, March 21, 2009

By JANET ZIMMERMAN
The Press-Enterprise



Video: A tour of the Sacramento-San Joaquin Delta, a major water source for California



Photo Gallery: California's Delta

Bumping along a rutted levee road in his pickup, Steve Mello surveys some of the 3,100 acres he and his son farm in the Sacramento-San Joaquin Delta.

The sinking sun warms the landscape to shades of gold and pink, and Mello's fingers trace the upward arc of sandhill cranes, geese and egrets abandoning their evening meal in an old corn field.

Mello, 53, took over this land from his father, who started as a field hand.

More than a century before, farmers carved the Delta from a swamp.

They built earthen levees to protect crops from the rivers' rising tides, pushed inward with saltwater from nearby San Francisco Bay.

Little did those early settlers know, California's modern-day struggle for water would zero in on this verdant estuary along Interstate 5, just south of Sacramento.

This triangular slice of land, a checkerboard of green and brown fields dotted with quaint farmhouses and serpentine rivers and sloughs, is the cornerstone of the state's fresh-water system.

Rainfall and snowmelt from the Sierra feed the Sacramento, the San Joaquin and smaller rivers.

That water is channeled through hundreds of

miles of canals and pipelines making up the federal Central Valley Project and the State Water Project that ends at Lake Perris.

Two-thirds of the state's water comes from the Delta.

It quenches the thirst of 23 million Southern Californians and supplies farms in the San Joaquin Valley that grow much of the country's grapes, almonds, cotton, tomatoes, apricots and asparagus.

But those supplies are threatened.

Delta exports have been drastically reduced under a court order to protect threatened fish species.

The cutback, paired with ongoing drought, has caused water agencies statewide to dip into reserves and impose rationing, and forced farmers to fallow their fields.

In addition, the Delta's 1,100-mile levee system is vulnerable to failure from rising sea levels and a large-magnitude earthquake.

Most of the land within the Delta already sits below sea level, a result of subsidence caused by farming of the rich black peat soil.

A catastrophic levee collapse would cause widespread flooding and draw saltwater from San Francisco Bay toward the pumps that pull water from the Delta and move it 244 feet uphill into the start of the California Aqueduct.

Story continues below



Ed Crisostomo / The Press-Enterprise

Farmer Steve Mello depends on a levee system in the Sacramento-San Joaquin Delta to irrigate the corn, alfalfa and other crops he and his son grow. As the state struggles to keep water flowing to a growing population, farmers worry about their future.

In that scenario, exports to the south would be cut off for more than a year because the water would not be fit to drink, the state Department of Water Resources says.

Nearly everyone agrees the Delta must be fixed, but how to do that is the source of a long-standing and contentious debate.

What is considered the ideal solution varies by geography and demographics.

"The Delta is the Bermuda Triangle of California. It is the single biggest ecosystem, water supply and headache in the state," said Barry Nelson, western water project director in San Francisco for the Natural Resources Defense Council.

Solutions Vary

Perhaps most controversial among the possible solutions is the state's revival of a decades-old proposal to build a canal to route fresh water around the Delta instead of through it and allow more seawater into the Delta from the San Francisco Bay.

The canal would be part of the Bay Delta Conservation Plan to restore the environmental health of the Delta by expanding floodplains and marshes to provide food, habitat and spawning ground for countless fish and fowl.

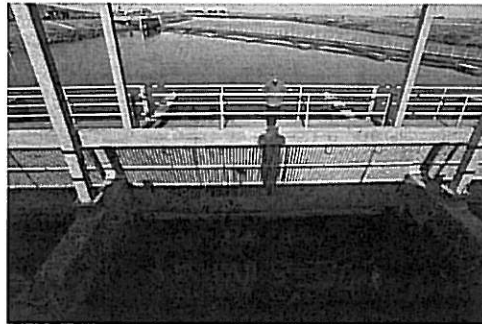
The canal, about 42 miles long and 600 feet wide, would cut through existing farmland, said Paul Marshall, principal engineer at the Department of Water Resources.

The state estimates the cost at \$5 billion to \$8 billion, not including land acquisition and wetlands restoration.

Others say such a project could total \$18 billion.

Water users, including about 2 million customers in the Inland area, would foot the bill.

Story continues below



Ed Crisostomo / The Press-Enterprise
Utility worker Jewel Huckaby shows where screens keep endangered fish from pumps that siphon water from the Delta into canals for delivery to other parts of the state.

An \$8 billion price tag would translate to an estimated \$50 per year boost to consumers' water bills, according to the Metropolitan Water District, Southern California's main wholesaler.

The MWD would be responsible for about 25 percent of the total project cost; the remainder would be covered by other water users.

The peripheral canal idea was first floated in 1965 as a way to bypass Delta channels and carry water more efficiently to pumping plants.

The plan was to release fresh water back into the Delta at intervals for irrigation and to reduce

salinity.

When the proposition went before voters in 1982, it was soundly defeated.

Northern Californians feared that such a canal would act as a giant funnel through which thirsty Southern California would take more water, a perspective still held by many today.

But water managers, environmentalists and state experts agree the purpose of a canal would be to provide a more dependable supply and to restore fish and wildlife species.

A canal wouldn't mean a larger share of water for Southern California, but it would ensure reliability, said Randy Van Gelder, general manager of the San Bernardino Valley Municipal Water District.

That would prevent problems like this year's expected 20 percent allocation of requested supplies from the State Water Project, a near-record low, he said.

"We've got to do it, even if it doesn't produce more water in aggregate, but a bigger block of water more of the time," Van Gelder said.

The state's water picture has grown dire since the last canal proposal in 1982:

The list of fish species receiving protection under the state and federal endangered species acts grew from zero to six.

Farmers have shifted from row crops to higher-value, permanent crops such as orchards and vineyards that are not easily fallowed without great economic impact.

The state's population has jumped by more than 10 million, driving Delta water exports to all-time highs in recent years.

The other major import supply, the Colorado River, has dwindled because of a decade-long drought and more states drawing their shares.

And three consecutive years of below-normal rainfall has left Californians wondering when, or even whether, the drought will end.

"It really is a question of balance. The old balance no longer works," said Peter Gleick of the Pacific Institute in Oakland, an independent research group that studies water issues. "We now are faced with the need to rethink what we're doing."

The state wants to begin construction on a peripheral canal in 2011.

State officials said such a plan does not require public or legislative consent based on the Burns-Porter Act, approved by voters in 1960 to authorize bond financing for State Water Project facilities.

Critics and supporters agree the issue will likely end up in court.

The Department of Water Resources has outlined several potential canal routes -- one on the east side of the Delta, one on the west, and a through-Delta alignment that would fortify the existing natural waterway by strengthening critical levees and installing gates to protect fish.

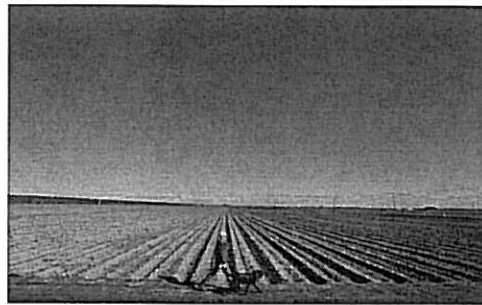
The pumps that move the water are so powerful that they reverse the flow of the river, sucking in smelt, salmon and other threatened species.

Moves to protect the fish have drastically cut water exports from the Delta.

The state began environmental review of the canal project last year and is expected to release more details in the coming weeks.

Nelson, of the Natural Resources Defense Council, is waiting for those details about the canal's size, alignment and management before taking a position on it.

Story continues below



Ed Crisostomo / The Press-Enterprise
Russell E. van Löben Sels and his dog, Pacha, walk next to his tomato fields in the Sacramento-San Joaquin Delta. Van Löben Sels' great-grandfather built many of the levees that control water in the Delta, part of the richest agricultural region in the nation.

His group was one of the environmental organizations that filed suit in 2007 to protect the threatened Delta smelt, a tiny silver fish that scientists say is an indicator of the health of the entire Delta ecosystem.

Some environmental groups, including The Nature Conservancy, favor the canal idea. They want less water taken from the Delta for exports in order to restore the ecological balance.

Many Delta farmers and residents favor the through-Delta route with repair of the levee system, which they say has worked for more than a century.

The farmers want more storage for the wettest times of the year, when the land is prone to flooding; that water could be released south in dry times.

They fear that once a canal is built, interest in

preserving the Delta would fade, agricultural land would be lost to habitat restoration and with it would go the businesses that support the farm industry and the tax base.

"This is the legacy my mother and father worked a lifetime to create, and I'm protecting it," said Mello, the farmer. "We won't go quietly into the night, for obvious reasons."

Different Perspectives

The 1,153-mile Delta is the largest estuary on the West Coast, though it remains unknown to many.

It is home to about 400,000 people.

Marci Coglianese lives in Rio Vista, one of the largest small towns along the Delta with a population of 8,000.

She was a city girl when she moved there with her husband, a teacher, in 1966.

She couldn't wait to leave.

But it wasn't long before the "Tom Sawyer way of life" grew on her, she said.

Coglianese came to appreciate the friendly residents and the way people pull together, especially when there are problems with the levees.

Coglianese, who was Rio Vista's mayor from 2000 to 2004, said the seismic risk of the levees is overstated.

She believes government used levee breaks in New Orleans during Hurricane Katrina as an opportunity to push for the peripheral canal.

"It sounds like it is an easy solution, but I think it creates as many problems as it solves," she said. "Once the state makes such a huge investment, it may not have the ability to deal with the impact it creates. It may not even help the fish."

In addition to losing the tax base, Coglianese worries about the town's water quality, if fresh water is drawn off and seawater is allowed to penetrate farther into the Delta.

Similar worries plague Russell van Löben Sels, a fourth-generation farmer to the north in Courtland.

It's possible that the canal's eastern alignment could cut through the middle of the grape crop he sells to Beringer Winery for chardonnay.

Van Löben Sels' great-grandfather built many of the Delta's levees, and his grandfather worked some of the same land Russell van Löben Sels does today.

The 8 million pounds of pears he grows each season go into Del Monte's fruit bowls; his

tomatoes are used for Campbell's soup.

"The big fear is if good quality water is not maintained, you can't farm," he said.

But his view differs from his neighbors to the south.

Burt Robbins of Hemet is tired of hearing about pumping restraints in the Delta, and he accused the judge who restricted pumping of kowtowing to environmentalists.

Robbins, a retired Metropolitan Water District surveyor, said he's seen plenty of smelt alive and well in Lake Skinner, though he doesn't know if they're Delta smelt.

What's more, he said, the Sacramento is a big river and far from fragile.

"The Northern California people would rather see that water run right out into the ocean than see us have it," Robbins said. "They can't take that water away legally."

Reach Janet Zimmerman at 951-368-9586 or jjzimmerman@PE.com

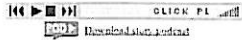


A Press-Enterprise special report on the water crisis in California.

Special Report: [Crisis On Tap](#)

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Experts: Stop water waste



08:14 PM PDT on Saturday, March 21, 2009

By JANET ZIMMERMAN
The Press-Enterprise



Photo Gallery: Signs of Drought

California is in the third year of drought and imported supplies are scarce, but experts say there's plenty more water to be wrung from conservation.

There will have to be, because the state is headed toward chronic shortages, said Peter Gleick, one of the world's leading experts on water issues and president of the Pacific Institute, a nonpartisan research group based in Oakland.

"There are enormous opportunities on the demand side to rethink what we do with the water we do have, and especially to increase efficiency and reduce waste," Gleick said. "I don't think we can afford not to do these things . . . given the crisis we face."

The Pacific Institute's 2003 report on potential conservation estimated that California could cut water use almost one-third by using existing technology in homes and businesses.

Indoors, that means fixing leaks and replacing inefficient toilets, dishwashers, showerheads and washing machines.

It comes down to steps like turning off the tap while brushing teeth, shaving or doing dishes, which saves three to five gallons per minute, Gleick said.

Outside, where most water is used, savings will come from weather-based irrigation controllers, low-water plants, and use of gray water from showers and sinks for landscapes, he said.

Story continues below



Frank Bellino / The Press-Enterprise
A water audit determined that Menifee homeowner Louise Skari, 79, left, could save more than 7,500 gallons a year with low-flow toilets and other efficient appliances. Stephanie

Stout, a surveyor with WaterWise, inspects Skari's sprinklers during the audit. Experts say such steps will be essential as California copes with uncertain water supplies.

Much is left to be done, said Gleick, who criticized the drought response so far as "grossly inadequate."

Last year, Gov. Arnold Schwarzenegger called for a voluntary 20 percent reduction in urban water use statewide by 2020, enough to serve 2 million families a year. He took it a step further last month, declaring a state of emergency because of the drought and appealing to all Californians to immediately cut their water use by 20 percent.

Millions of dollars are being spent on conservation programs, including rebates and incentives for everything from new washing machines to lawn removal.

Calls for conservation have had varying success.

In Southern California, Long Beach's mandatory cutbacks in August 2007 have had some of the best results, with an almost 10 percent reduction in the past year, to the city's lowest usage level in a decade.

State officials are looking to Australia as an example of changing behavior in the face of drought, a campaign that starts as early as teaching kindergartners about the source of their water and its value, said Wendy Martin, drought coordinator for the state Department of Water Resources.

In northern Australia, a 10-year drought and depleted reservoirs triggered a crusade to reduce average daily water use from 80 gallons per person to 37 gallons.

Two weeks into the 2007 campaign, which focused on four-minute showers and turning off the tap while brushing teeth, per-capita daily use dropped to 32 gallons.

Many people refuse to acknowledge how serious the water shortage is in California, Martin said.

"Very severe conditions oftentimes are the only things that can cause people to change their behavior," she said. "We may be in a situation this year where that is the case. If not, it just means we bought ourselves a little time."

Moreno Valley resident Linda Ruiz wanted to cut water use and save money, so she took advantage of a free home water audit offered in November by the Eastern Municipal Water District.

The \$100,000 budget for the surveys has since been exhausted, but the district proposed continuing them.

The audits produce an 8 to 10 percent overall



Frank Bellino / The Press-Enterprise
Stephanie Stout prepares to give the homeowner the lowdown after the audit, provided through Eastern Municipal Water District. The audits look at everything from leaky toilets to broken sprinklers to faucet flow rates.

The other parts include agricultural water conservation, wastewater recycling, and capturing more storm runoff, steps that can save more than 10 million acre-feet a year statewide, enough to serve as many as 70 million people.

"Those four tools are the biggest new source of water in the state," said Nelson, director in San Francisco of the group's western water project. "There's a massive potential there."

But others doubt that conservation will be enough to meet the needs of the next population wave.

By 2030, the state's population is expected to be 53 million, 16 million more than today.

Once everyone switches to low-flow toilets, front-loading washers and new irrigation controllers, it's a case of diminishing returns, said Randy Van Gelder, general manager of the San Bernardino Valley Municipal Water District, a wholesaler to communities in southwestern San Bernardino County.

"We're wringing out a smaller and smaller piece," Van Gelder said. "It's not going to be the answer for the next 10 million people living in California."

Reach Janet Zimmerman at 951-368-9586 or jzimmerman@PE.com



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