



CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Thursday, June 25, 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, June 25, 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. – June 25, 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 on May 28, 2009 *(page 1)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of May 2009 *(page 13)*
2. Watermaster Visa Check Detail *(page 17)*
3. Combining Schedule for the Period July 1, 2008 through April 30, 2009 *(page 19)*
4. Treasurer's Report of Financial Affairs for the Period February 1, 2009 through April 30, 2009 *(page 21)*
5. Budget vs. Actual July 2008 through April 2009 *(page 23)*

II. BUSINESS ITEM

A. OVERLYING NON-AGRICULTURAL POOL AUCTION ISSUES *(page 25)*

1. Storage & Recovery Agreement
2. Broad Benefit
3. Determination on Material Physical Injury

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. June 29, 2009 Hearing
2. Auction Administration Contract

B. ENGINEERING REPORT

1. Recharge Master Plan Progress Report
2. Upcoming Workshop Schedule

C. FINANCIAL REPORT

- 1. Fiscal Year End Update

D. CEO/STAFF REPORT

- 1. Legislative Update
- 2. Recharge Update
- 3. Revised Rules & Regulations Forms for Water Transfers and Land Use Conversions

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. DYY Program Expansion Update – Oral
- 6. 2010 UWMP Kickoff - Oral
- 7. Water Conservation Programs Monthly Report *(page 45)*
- 8. Monthly Water Use Report *(page 55)*
- 9. Recycled Water Newsletter *(page 67)*
- 10. State and Federal Legislative Reports *(page 73)*
- 11. Community Outreach/Public Relations Report *(page 121)*

F. OTHER METROPOLITAN MEMBER AGENCY REPORTS

IV. INFORMATION

- 1. Newspaper Articles *(page 125)*

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.

VIII. FUTURE MEETINGS

June 25, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
June 25, 2009	9:00 a.m.	Advisory Committee Meeting
June 25, 2009	11:00 a.m.	Watermaster Board Meeting
June 29, 2009	9:30 a.m.	CBWM Court Hearing – San Bernardino Court
July 9, 2009	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
July 21, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA
June 23, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
June 23, 2009	9:00 a.m.	Advisory Committee Meeting
June 23, 2009	11:00 a.m.	Watermaster Board Meeting
July 23, 2009	1:00 p.m.	WE Workshop #3 Task 4.3 and Task 6.2

Meeting Adjourn

**CHINO BASIN WATERMASTER
BOARD MEETING**

WITH

Mr. Ken Willis, Chair

Mr. Bob Kuhn, Vice-Chair

11:00 a.m. – June 25, 2009

At The Offices Of

Chino Basin Watermaster

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

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 Watermaster Board Meeting on May 28, 2009 (*page 7*)

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of May 2009 (*page 13*)
2. Watermaster Visa Check Detail (*page 17*)
3. Combining Schedule for the Period July 1, 2008 through April 30, 2009 (*page 19*)
4. Treasurer's Report of Financial Affairs for the Period February 1, 2009 through April 30, 2009 (*page 21*)
5. Budget vs. Actual July 2008 through April 2009 (*page 23*)

C. BANK OF AMERICA

1. Bank of America Visa Request to Appoint Ken Manning, CEO as Authorized Agent at Chino Basin Watermaster with a Credit Limit of \$10,000.00 for the Visa Account No. XXXX-XXXX-XXXX-9341

II. BUSINESS ITEM

A. OVERLYING NON-AGRICULTURAL POOL AUCTION ISSUES (*page 25*)

1. Storage & Recovery Agreement
2. Broad Benefit
3. Determination on Material Physical Injury

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. June 29, 2009 Hearing
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B. ENGINEERING REPORT

1. Recharge Master Plan Progress Report
2. Upcoming Workshop Schedule

C. FINANCIAL REPORT

1. Fiscal Year End Update

D. CEO/STAFF REPORT

1. Legislative Update
2. Recharge Update

IV. INFORMATION

1. Newspaper Articles (*page 125*)

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

June 25, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
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July 9, 2009	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
July 21, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA
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June 23, 2009	9:00 a.m.	Advisory Committee Meeting
June 23, 2009	11:00 a.m.	Watermaster Board Meeting
July 23, 2009	1:00 p.m.	WE Workshop #3 Task 4.3 and Task 6.2

Meeting Adjourn



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Advisory Committee Meeting – May 28, 2009



Draft Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING

May 28, 2009

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on May 28, 2009 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Appropriative Pool

Gene Koopman, Chair
Robert DeLoach
Mark Kinsey
Ken Jeske
Anthony La
Dave Crosley
Bill Kruger
Raul Garibay
Robert Young

Milk Producers Council
Cucamonga Valley Water District
Monte Vista Water District
City of Ontario
City of Upland
City of Chino
City of Chino Hills
City of Pomona
Fontana Union Water Company

Agricultural Pool

Bob Feenstra
Jennifer Novak
Jeff Pierson

Ag Pool - Dairy
State of California Dept. of Justice, CIM
Ag Pool – Crops

Non-Agricultural Pool

Bob Bowcock

Vulcan Materials Company (Calmat Division)

Watermaster Board Members Present

Michael Camacho

Inland Empire Utilities Agency

Watermaster Staff Present

Ken Manning
Sheri Rojo
Ben Pak
Sherri Lynne Molino

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

Watermaster Consultants Present

Michael Fife
Mark Wildermuth

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

Others Present

Sandra Rose
Mohamad El Amamy
Ron Craig
Steven Lee
Marty Zvirbulis
Eunice Ulloa
Rich Atwater
Terry Catlin
Marv Shaw
John Bosler

Monte Vista Water District
City of Ontario
City of Chino Hills
Reid & Hellyer
Cucamonga Valley Water District
Chino Basin Water Conservation District
Inland Empire Utilities Agency
Inland Empire Utilities Agency
Inland Empire Utilities Agency
Cucamonga Valley Water District

Chair Koopman called the Advisory Committee meeting to order at 9:02 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 April 23, 2009

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of April 2009
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2008 through March 31, 2009
4. Treasurer's Report of Financial Affairs for the Period March 1, 2009 through February 31, 2009
5. Budget vs. Actual July 2008 through March 2009

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Cucamonga Valley Water District is purchasing 500 acre-feet of water from West Valley Water District. This purchase is made from WVWD's water in storage and is to be placed in CVWD's Excess Carryover Account. Date of Application: March 10, 2009
2. **Consider Approval for Notice of Sale or Transfer** – Chino Basin Watermaster will purchase 1,000 acre-feet of water from the Jurupa Community Services District Toward Replenishment Obligation. Date of Application: March 17, 2009
3. **Consider Approval for Notice of Sale or Transfer** – On March 9, 2009, Watermaster received Form 5 "Application to Transfer Annual Production Right or Safe Yield, with KCO, LLC (Koll) as Transferor and the City of Ontario (as Overlying Non-Agricultural party) as Transferee in the amount of 22 acre-feet – a permanent transfer of its share of safe yield. Date of Application: March 9, 2009

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

Moved to approve Consent Calendar A through C, as presented

II. BUSINESS ITEM**A. CHINO BASIN WATERMASTER 2009-2010 BUDGET**

Ms. Rojo noted this is the same presentation given at the Pool meetings and the committee members stated they would waive seeing the presentation and move forward with a motion.

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

Moved to approve the Chino Basin Watermaster 2009-2010 Budget, as presented

III. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT****1. April 27, 2009 Hearing**

Counsel Fife stated a copy of the notice of the ruling from the April 27, 2009 hearing is available on the back table. Chino Basin Watermaster was excused by Judge Wade on the final report on Condition Subsequent No. 5 which was a report on the progress for the Recharge Master Plan and that is reflected in the notice. A third hearing is now scheduled for June 29, 2009 at 9:30 a.m. which will cover Program Elements No. 4, 5, and 6. Counsel Fife described the Program Elements in detail and noted staff is working with the City of Chino Hills and the City of Chino to decide how Program Element No. 4 will be presented.

2. Auction Price Floor Agreement and Storage & Recovery Agreement

Counsel Fife stated this was a business item on the Pools agenda and has been moved to reports for the Advisory Committee and Watermaster Board meetings. Counsel Fife stated it was anticipated this item would be concluded in May; however, there are still findings that need to be made by the Watermaster Board concerning broad mutual benefit and

concerning how the Storage and Recovery Agreement will work. The details on these were not complete in order to bring this forward as an action item this month. Staff is anticipating the details to be completed shortly and this item to be on the agenda in June, 2009. Mr. Kinsey commented about possible generated income from the sale/auction of this water which is considered an annuity stream to help fund future Watermaster activities and a commitment was made to actually define what those activities would be. Mr. Manning stated that is part of the broad benefit findings and that information will be made available in June. Counsel Fife stated in order for the Watermaster Board to approve this item, according to the Peace Agreement, the Board will need to make a finding. Mr. Kinsey asked if a draft of those findings can be sent out as quickly as possible so that there is ample time to review the findings prior to the meeting date. Mr. Manning stated staff will do its best to get the findings out prior to the meeting packet for early review. A discussion regarding this matter ensued.

3. Application for Storage Account

Counsel Fife stated this was a business item on the Pools agenda and has been moved to reports for the Advisory Committee and Watermaster Board meetings. Counsel Fife stated this is the application by Inland Empire Utilities Agency, Three Valleys Municipal Water District, and Western Municipal Water District for the MET DYY Expansion. The Appropriate Pool voted to table this item and to move it to the agenda for next month; the materials were kept in the packet for reference and transparency. Mr. Garibay inquired about the water referenced in the submitted form, if it was in lieu water. Mr. Atwater stated what Mr. Garibay stated is correct and that referenced water in the form is in lieu water. A discussion regarding this item ensued.

B. ENGINEERING REPORT

1. Brooks Basin Recharge Recycled Water

No comment was made regarding this item.

2. Storage Losses

Mr. Wildermuth noted a workshop regarding storage losses will be scheduled in the near future to review this item thoroughly.

3. Recharge Master Plan Update

No comment was made regarding this item.

C. FINANCIAL REPORT

1. Hanson Settlement

Ms. Rojo stated this item was discussed at the Pool meetings regarding the breakdown of the Hanson settlement and how staff will allocate the funds once they are received.

2. Replenishment Obligation Update

Ms. Rojo noted the replenishment obligations remain the same as previously reported at the Pool meetings.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning noted the slide show that was playing on the screen as people walked in to the meeting room were of photos taken at the recent ACWA Conference in Sacramento. The protest demonstration was the very first for ACWA and was held right in front of the Governor's office. Mr. Manning offered comment on the demonstration efforts.

Added Comment:

Mr. Manning stated the first issue out of four of the National Geographic magazine on water is now available, it is a very informative magazine, and you can even get your logo printed on the back of it.

2. Recharge Update

Mr. Manning stated the most recent recharge update is available on the back table for review.

Added Comment:

Mr. Manning informed the parties present about Board member Charles Fields recent health conditions and noted Mr. John Rossi will be sitting in as his alternate until Mr. Fields returns.

3. Foothill Water Coalition

Mr. Manning stated the parties will see an agreement regarding the Foothill Water Coalition in the next 30-60 days. Mr. Manning gave an overview of what the Foothill Water Coalition is and does. One of the projects that this coalition is working on has tremendous benefit to the Chino Basin is the connection between the two pipelines that will connect the Agua De Lejos and WFA facility; this will also allow for a turnout for the Chino Basin to pull water off of that when there are times that other water districts water is not available to us. The estimated cost to join is \$10,000 which gets Watermaster involved in the project and at the table; this is a onetime payment. More information will be provided at future meetings.

4. Zone 1 Repair to San Sevaine Channel Agreement

Mr. Manning noted this agreement will be brought back in the near future.

E. INLAND EMPIRE UTILITIES AGENCY1. MWD Water Supply Allocation Update

No comment was made regarding this item.

2. IEUA's Drought Plan Update

Mr. Atwater stated the drought plan begins on July 1, 2009. A drought workshop will be planned for late July to work with the parties to optimize performance in connection with the drought plan.

3. Recycled Water Status Report

No comment was made regarding this item.

4. Peace II CEQA Update

No comment was made regarding this item.

5. Quarterly Water Conservation Programs

No comment was made regarding this item.

6. Monthly Water Conservation Programs

No comment was made regarding this item.

7. Imported Water Deliveries/DYY Performance Report

No comment was made regarding this item.

8. Recycled Water Newsletter

No comment was made regarding this item.

9. State and Federal Legislative Reports
No comment was made regarding this item.

10. 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.

IV. INFORMATION

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

V. COMMITTEE MEMBER COMMENTS
No comment was made regarding this item.

VI. OTHER BUSINESS
No comment was made regarding this item.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION
Pursuant to 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.

No confidential session was called to order.

VIII. FUTURE MEETINGS

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
June 11, 2009	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
June 16, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA
June 25, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
June 25, 2009	9:00 a.m.	Advisory Committee Meeting
June 25, 2009	11:00 a.m.	Watermaster Board Meeting
June 25, 2009	1:00 p.m.	WE Workshop #3 Task 4.3 and Task 6.2
June 29, 2009	9:30 a.m.	CBWM Court Hearing – San Bernardino Court

The Advisory Committee meeting was dismissed by Chair Koopman at 9:30 a.m.

Secretary: _____

Minutes Approved: _____

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CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Watermaster Board Meeting – May 28, 2009



Draft Minutes
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING
May 28, 2009

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on May 28, 2009 at 11:00 a.m.

WATERMASTER BOARD MEMBERS PRESENT

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

Watermaster Staff Present

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

Watermaster Consultants Present

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

Others Present

Robert DeLoach	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
Bill Kruger	City of Chino Hills
Ron Craig	City of Chino Hills
Ken Jeske	City of Ontario
Mohamad El-Amamy	City of Ontario
Charles Moorrees	San Antonio Water Company
David DeJesus	Three Valleys Municipal Water District
Rick Hansen	Three Valleys Municipal Water District
Jeff Pierson	Ag Pool
Sandra Rose	Monte Vista Water District
Steven Lee	Reid & Hellyer
Eunice Ulloa	Chino Basin Water Conservation District
Terry Catlin	Inland Empire Utilities Agency

The Watermaster Board Meeting was called to order by Chair Willis at 11:06 a.m.

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

No public comments were made.

AGENDA - ADDITIONS/REORDER

No additions or reorders were made to the agenda.

Added Comment:

Mr. Manning informed the parties present about Board member Charles Fields recent health conditions and noted Mr. John Rossi will be sitting in as his alternate until Mr. Fields returns. Mr. Manning stated a card is being passed around for the Board members to sign.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Watermaster Board Meeting held April 23, 2009

B. FINANCIAL REPORTS

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D. PERS AMENDMENT

Final Contract for Public Employee Retirement formula from 2.0% at 55 to 2.5% at 55

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

Moved to approve Consent Calendar A through D, as presented

II. BUSINESS ITEM**A. CHINO BASIN WATERMASTER 2009-2010 BUDGET**

Mr. Manning noted the 2009-2010 Budget is in the meeting package. Mr. Manning stated staff is looking at approving the budget as it was approved last year in that a revised budget will be presented half way through the fiscal year just prior to the Assessment Package approval with proposed revised numbers. Ms. Rojo reviewed the 2009-2010 budget and the 2008-2009 budget changes and summarized the Peace II portion and the MZ1 Long Term Plan portion of the budget. Ms. Rojo reviewed the 2009-2010 budget noting there is no COLA for Watermaster staff, there are 11 approved positions but only 10.25 are budgeted. Watermaster staff has worked to not increase administrative expenses, there are reductions in OBMP & Special Project categories, and Watermaster is still working to reduce "maximum benefit" related monitoring costs. Ms. Rojo examined the detailed portion of the Recharge Debt Service and Recharge O&M budget detail. Ms. Rojo reviewed several years of OBMP & Project Costs by Fiscal Year with and without recharge debt and recharge O&M in detail.

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

Moved to approve the Chino Basin Watermaster 2009-2010 Budget, as presented

III. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT****1. April 27, 2009 Hearing**

Counsel Slater stated a copy of the notice of the ruling from the April 27, 2009 hearing is available on the back table. Chino Basin Watermaster was excused by Judge Wade on the final report on Condition Subsequent No. 5 which was a report on the progress in the development of the Recharge Master Plan Update and that is reflected in the notice. A third hearing is now scheduled for June 29, 2009 at 9:30 a.m. which will cover Program Elements No. 4, 5, and 6. Counsel Slater described the Program Elements in detail and noted staff is working with the City of Chino Hills and the City of Chino to decide how Program Element No. 4 will be presented.

2. Auction Price Floor Agreement and Storage & Recovery Agreement

Counsel Slater stated that this process is moving forward at the Pool level. There has still been no action taken by the underlying Pools with regard to making a formal recommendation or to bring a project forward to the Watermaster Board. The expectation is this item will be more complete and ready to be brought forward next month; hopefully, having board approval at the end of June. If this is approved in June it will be submitted to the court, with approval from the court 30 to 60 days later and then conduct the auction in the fall. There is some interest in developing an alternative to the straight auction process so that in the event the auction process does not yield the results that the parties are looking for. This possible alternative will assist the parties in not losing the opportunity negotiated under Peace II documents. The key questions that will be presented to the Watermaster Board will be the Storage & Recovery Agreement; no party can hold a storage account in the Chino Basin unless they hold an approved storage agreement. The approval must be from the Watermaster Board and from the court. Included in the approval there must be a finding of no material physical injury; Wildermuth Environmental will develop that analysis. There has been a lot of discussion regarding broad benefit and those discussions included the notion that the auction process may not be the best way to proceed. Counsel Slater stated under the Peace Agreement there is a requirement that all of the revenue secured from a Storage & Recovery Agreement, must be earmarked for the members of the Appropriative Pool; however, it cannot be discriminatory or discreet so that only certain members of the pool benefit and there will need to be a finding that all parties of the pool are benefitted. Staff is working with the parties to try and develop a standard to present to the Board members so you can conclude a broad benefit is being provided. A lengthy discussion regarding this matter ensued.

3. Application for Storage Account

Counsel Slater stated this was a business item on the Pools agenda that has been moved to reports for the Advisory Committee and Watermaster Board meetings. Counsel Slater stated this is the application by Inland Empire Utilities Agency, Three Valleys Municipal Water District, and Western Municipal Water District for the MET DYY Expansion. The Appropriative Pool voted to table this item for this month and to move it to the agenda for next month; the materials were kept in the packet for reference and transparency.

B. ENGINEERING REPORT**1. Brooks Basin Recharge Recycled Water**

Mr. Wildermuth stated there are three items to report on today with the first being the Brooks Basin Recharge Recycled Water permit. Mr. Wildermuth stated Watermaster and IEUA must meet certain recycled water contributions at each basin over a rolling 60-month average. IEUA proposed to amend the Watermaster and IEUA recharge permit to expanding the dilution period from 60 to 120 months. Both the Department of Public Health (DPH) and the Regional Water Quality Control Board (RWQCB) appear to be supportive of this permit expansion. Mr. Wildermuth noted that the City of Pomona has expressed concern that this is a material change from the current permit, due to water quality concerns at its nearby wells and that IEUA should make a new application to Watermaster for analysis and approval pursuant to the Peace Agreement. Mr. Wildermuth reviewed a table from the 2010 Recharge Master Plan Perspective for the Chino Basin Recycled water

Groundwater Recharge Program in detail. Several maps were reviewed in detail. Mr. Wildermuth stated for the Phase II recycled water recharge application, Watermaster found no material injury provided that IEUA could obtain DPH approval and a permit from the RWQCB. Mr. Wildermuth stated they would both likely come to the same conclusion if the proposed dilution period was extended from 60 to 120 months. Mr. Wildermuth reviewed the TDS projections for the Chino Basin North Management Zone which included Max Benefit Objectives and Ambient TDS concentrations. A brief discussion regarding Mr. Wildermuth's presentation ensued.

2. Storage Losses

Mr. Wildermuth stated Watermaster currently assesses a 2% loss to water in storage accounts pursuant to the Peace Agreement. Staff was asked to re-evaluate the storage loss amount given the additional data collected by Watermaster and based on the new high resolution model. Mr. Wildermuth discussed the storage loss term and noted the linear reservoir theory is commonly applied in hydrology models to describe groundwater discharge to streams. Mr. Wildermuth reviewed the charts, Cumulative Change in Chino Basin Groundwater Storage for Each Alternative, Comparison of Projected Difference in Annual Santa Ana River Discharge at Prado for DYY Expansion Program Alternatives Relative to Baseline, and Approximate Relationship between Incremental Changes in Storage and Incremental Changes in Groundwater Discharge in Santa Ana River in detail. In summary, it appears that the use of 2% as a storage loss factor is consistent with the model results. A lengthy discussion regarding storage losses ensued.

3. Recharge Master Plan Update

Mr. Wildermuth gave the 2010 Recharge Master Plan Update Progress Report presentation. Mr. Wildermuth reviewed the current Storm Water Recharge, Safe Yield – pending storm water work, Production and Recharge Optimization, and Projection and Recharge Optimization, including the problems and the solution approach. Several estimated drawdown maps between 2006 and 2030 were reviewed in detail. Figures examining simulated groundwater water levels in the service areas of Cucamonga Valley Water District, the City of Ontario, and Jurupa Community Services District were reviewed in detail. Mr. Wildermuth stated supplemental water requirements are done and most of the data collection is done with major efforts to begin in late June. The schedule is being adjusted to reflect actual and a draft report should be ready next February. A brief discussion regarding the Recharge Master Plan Update ensued. Mr. Manning stated a workshop will be held to discuss this item in greater detail.

C. FINANCIAL REPORT

1. Hanson Settlement

Ms. Rojo noted the settlement was discussed at previous meetings. Ms. Rojo stated the settlement is for damages caused by Hanson Aggregates at the Lower Day Basin. The settlement amount is \$450,000.00 and a check in the amount of \$117,000 has been received. Staff has come up with a plan as to how to equitably breakdown those monies as they come in along with how it will be allocated. Ms. Rojo reviewed the Hanson Expense Analysis slide in detail.

2. Replenishment Obligation Update

Ms. Rojo stated this item deals with our Current Unmet Replenishment Obligation (CURO); there is still a 13,000 acre-foot replenishment obligation from the previous year that staff is looking to come up with sources of water to meet. Ms. Rojo discussed interest income, and how interest earnings attributed to money held for purchasing replenishment water will have that interest unedited to the replenishment water funds.

D. CEO/STAFF REPORT1. Legislative Update

Mr. Manning noted the slide show that was playing on the screen as people walked in to the meeting room were of photos taken at the recent ACWA Conference in Sacramento. The protest demonstration was the very first for ACWA and was held right in front of the Governor's office. Mr. Manning offered comment on the demonstration efforts. Mr. Manning stated IEUA puts together a very detailed report on legislative issues and those sheets start of page 285 in the meeting packet for your review. Mr. Manning stated the first issue out of four of the National Geographic magazine on water is now available, it is a very informative magazine, and you can even get your logo printed on the back of it.

2. Recharge Update

Mr. Manning stated the most recent recharge update is available on the back table for review.

3. Foothill Water Coalition

Mr. Manning stated the parties will see an agreement regarding the Foothill Water Coalition in the next 30-60 days. Mr. Manning gave an overview of what the Foothill Water Coalition is and does. One of the projects that this coalition is working on has tremendous benefit to the Chino Basin is the connection between the two pipelines that will connect the Agua De Lejos and WFA facility; this will also allow for a turnout for the Chino Basin to pull water off of that when there are times that other water districts water is not available to us. The estimated cost to join is \$10,000 which gets Watermaster involved in the project and at the table; this is a onetime payment. More information will be provided future meetings.

4. Zone 1 Repair to San Sevaine Channel Agreement

Mr. Manning noted this agreement will be brought back next month.

IV. INFORMATION1. Newspaper Articles

No comment was made regarding this item.

V. COMMITTEE MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

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

No confidential session was called to order.

VIII. FUTURE MEETINGS

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
June 11, 2009	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
June 16, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA
June 25, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
June 25, 2009	9:00 a.m.	Advisory Committee Meeting
June 25, 2009	11:00 a.m.	Watermaster Board Meeting
June 25, 2009	1:00 p.m.	WE Workshop #3 Task 4.3 and Task 6.2
June 29, 2009	9:30 a.m.	CBWM Court Hearing – San Bernardino Court

The Watermaster Board meeting was dismissed by Chair Willis at 11:53 a.m.

Secretary: _____

Minutes Approve: _____



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of May 2009
2. Watermaster Visa Check Detail
3. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2008 through April 30, 2009
4. Treasurer's Report of Financial Affairs for the Period February 1, 2009 through April 30, 2009
5. Profit & Loss Budget vs. Actual July 2008 through April 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: June 11, 2009
June 16, 2009
June 25, 2009

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report

SUMMARY

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

Recommendation – Staff recommends the Cash Disbursements for May 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 May 2009 were \$2,981,165.45. The most significant expenditures during the month were City of Chino in the amount of \$1,500,075.00, Santa Ana River Water Company in the amount of 531,000.00, Jurupa Community Services District in the amount of \$295,000, and Brownstein Hyatt Farber Schreck in the amount of \$64,484.53.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
May 2009

Type	Date	Num	Name	Amount
May 09				
General Journal	5/2/2009	09/05/03	PAYROLL	-7,723.33
General Journal	5/2/2009	09/05/03	PAYROLL	-28,042.37
Bill Pmt -Check	5/6/2009	13258	BETTY J. KELLEY, C.S.R.	-900.00
Bill Pmt -Check	5/7/2009	13264	BLACK & VEATCH CORPORATION	-5,546.25
Bill Pmt -Check	5/7/2009	13265	STATE COMPENSATION INSURANCE FU...	-868.73
Bill Pmt -Check	5/7/2009	13266	CINDY NAVAROLI	-1,125.00
Bill Pmt -Check	5/7/2009	13267	CITISTREET	-5,550.37
Bill Pmt -Check	5/7/2009	13268	ESRI	-464.00
Bill Pmt -Check	5/7/2009	13269	HSBC BUSINESS SOLUTIONS	-582.78
Bill Pmt -Check	5/7/2009	13270	INLAND EMPIRE UTILITIES AGENCY	-58,301.66
Bill Pmt -Check	5/7/2009	13271	JAMES JOHNSTON	-900.00
Bill Pmt -Check	5/7/2009	13272	PARK PLACE COMPUTER SOLUTIONS, I...	-4,425.00
Bill Pmt -Check	5/7/2009	13273	PAYCHEX	-221.76
Bill Pmt -Check	5/7/2009	13274	PREMIERE GLOBAL SERVICES	-128.48
Bill Pmt -Check	5/7/2009	13275	PUBLIC EMPLOYEES' RETIREMENT SYS...	-11,861.04
Bill Pmt -Check	5/7/2009	13276	PUMP CHECK	-950.00
Bill Pmt -Check	5/7/2009	13277	SAFETY CLEAN JANITORIAL SERVICES	-651.31
Bill Pmt -Check	5/7/2009	13278	SOUTHERN CALIFORNIA WATER COMM...	-850.00
Bill Pmt -Check	5/7/2009	13279	STATE COMPENSATION INSURANCE FU...	-552.21
Bill Pmt -Check	5/7/2009	13280	UNION 76	-87.86
Bill Pmt -Check	5/7/2009	13281	VERIZON	-522.64
Bill Pmt -Check	5/7/2009	13259	BOWCOCK, ROBERT	-250.00
Bill Pmt -Check	5/7/2009	13260	CAMACHO, MICHAEL	-375.00
Bill Pmt -Check	5/7/2009	13261	FEENSTRA, BOB	-125.00
Bill Pmt -Check	5/7/2009	13262	KUHN, BOB	-125.00
Bill Pmt -Check	5/7/2009	13263	WILLIS, KENNETH	-500.00
Bill Pmt -Check	5/13/2009	13282	ASSOCIATION OF GOVERNMENT ACCO...	-60.00
Bill Pmt -Check	5/13/2009	13283	PETTY CASH	-448.96
Bill Pmt -Check	5/14/2009	13284	ACWA SERVICES CORPORATION	-209.95
Bill Pmt -Check	5/14/2009	13285	CHINO, CITY OF - FINANCE DEPT	-1,500,075.00
Bill Pmt -Check	5/14/2009	13286	JURUPA COMMUNITY SERVICES DISTRI...	-295,000.00
Bill Pmt -Check	5/14/2009	13287	SAFEGUARD DENTAL & VISION	-57.68
Bill Pmt -Check	5/14/2009	13288	SANTA ANA RIVER WATER COMPANY	-531,000.00
Bill Pmt -Check	5/14/2009	13289	THE STANDARD INSURANCE COMPANY	-156.56
Bill Pmt -Check	5/14/2009	13290	UNITED PARCEL SERVICE	-86.34
General Journal	5/16/2009	09/05/05	PAYROLL	-7,973.03
General Journal	5/16/2009	09/05/05	PAYROLL	-28,042.67
Bill Pmt -Check	5/18/2009	13291	REID & HELLYER	-21,439.24
Bill Pmt -Check	5/18/2009	13292	EMPIRE CLEANING SUPPLY	-45.88
Bill Pmt -Check	5/18/2009	13293	W.C. DISCOUNT MOBILE AUTO DETAILI...	-75.00
Bill Pmt -Check	5/18/2009	13294	YOUNG, ROBERT	-125.00
Bill Pmt -Check	5/27/2009	13295	A & R TIRE	-3,273.95
Bill Pmt -Check	5/27/2009	13296	ARROWHEAD MOUNTAIN SPRING WATER	-71.14
Bill Pmt -Check	5/27/2009	13297	BANC OF AMERICA LEASING	-3,215.74
Bill Pmt -Check	5/27/2009	13298	BANK OF AMERICA	-2,862.75
Bill Pmt -Check	5/27/2009	13299	BLACK & VEATCH CORPORATION	-8,853.35
Bill Pmt -Check	5/27/2009	13300	BROWNSTEIN HYATT FARBER SCHRECK	-64,484.53
Bill Pmt -Check	5/27/2009	13301	CALPERS	-4,008.12
Bill Pmt -Check	5/27/2009	13302	CUCAMONGA VALLEY WATER DISTRICT	-5,495.00
Bill Pmt -Check	5/27/2009	13303	CUCAMONGA VALLEY IAAP	-104.00
Bill Pmt -Check	5/27/2009	13304	ENVIRONMENTAL DEFENSE SCIENCES	-1,680.00
Bill Pmt -Check	5/27/2009	13305	FIRST AMERICAN REAL ESTATE SOLUTI...	-125.00
Bill Pmt -Check	5/27/2009	13306	GEOTECHNICAL SERVICES	-6,400.76
Bill Pmt -Check	5/27/2009	13307	HOME DEPOT	-237.08
Bill Pmt -Check	5/27/2009	13308	IDEAL GRAPHICS	-52.20
Bill Pmt -Check	5/27/2009	13309	INLAND EMPIRE UTILITIES AGENCY	-250.50
Bill Pmt -Check	5/27/2009	13310	KONICA MINOLTA BUSINESS SOLUTIONS	-398.22
Bill Pmt -Check	5/27/2009	13311	MAACO	-2,000.00
Bill Pmt -Check	5/27/2009	13312	MCI	-1,226.37
Bill Pmt -Check	5/27/2009	13313	MWH LABORATORIES	-31,142.00
Bill Pmt -Check	5/27/2009	13314	OFFICE DEPOT	-468.01
Bill Pmt -Check	5/27/2009	13315	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	5/27/2009	13316	PUMP CHECK	-3,682.50
Bill Pmt -Check	5/27/2009	13317	QUILL	-356.92
Bill Pmt -Check	5/27/2009	13318	STANDARD INSURANCE CO.	-596.82
Bill Pmt -Check	5/27/2009	13319	STATE COMPENSATION INSURANCE FU...	-874.56
Bill Pmt -Check	5/27/2009	13320	VERIZON WIRELESS	-536.05
Bill Pmt -Check	5/27/2009	13321	WESTERN DENTAL SERVICES, INC.	-28.06

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
May 2009

Type	Date	Num	Name	Amount
Bill Pmt -Check	5/27/2009	13322	WILDERMUTH ENVIRONMENTAL INC	-286,177.42
Bill Pmt -Check	5/29/2009	13323	MAKE A WISH FOUNDATION	-40.00
General Journal	5/30/2009	09/05/07	PAYROLL	-7,881.89
General Journal	5/30/2009	09/05/07	PAYROLL	-28,133.81
May 09				<u>-2,981,185.45</u>

2:59 PM
06/04/09

CHINO BASIN WATERMASTER
Check Detail
May 2009

Type	Num	Date	Name	Account	Paid Amount
Bill Pmt -Ch...	13298	5/27/2009	BANK OF AMER...	1012 · Bank of America Gen'l Ckg	
Bill	4024...	4/30/2009		6031.7 · Other Office Supplies	-96.92
				6191 · Conferences	-2,235.49
				6909.1 · OBMP Meetings	-301.92
				6141.3 · Admin Meetings	-111.03
				6312 · Meeting Expenses	-117.39
TOTAL					-2,862.75

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CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE
 PERIOD JULY 1, 2008 THROUGH APRIL 30, 2009

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION AND SPECIAL PROJECTS APPROPRIATE AGRICULTURAL POOL	NON-AGRIC. POOL	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			85,175	2,014			24	95,646	174,368
Mutual Agency Project Revenue			466,371	11,973				478,344	148,410
Grant Income									0
Miscellaneous Income									0
Total Revenues			8,544,853	186,804			24	8,740,114	8,163,832
Administrative & Project Expenditures									
Watermaster Administration	481,256							481,256	619,960
Watermaster Board-Advisory Committee	47,338							47,338	61,201
Pool Administration		17,190	136,725	4,380				158,295	166,523
Optimum Basin Mgmt Administration		1,412,270						1,412,270	1,913,484
OBMP Project Costs		4,434,031						4,434,031	5,392,289
Education Funds Use							375	375	375
Mutual Agency Project Costs		10,000						10,000	10,000
Total Administrative/OBMP Expenses	528,594	5,856,301	136,725	4,380			375	6,543,565	8,163,832
Net Administrative/OBMP Income	(528,594)	(5,856,301)							
Allocate Net Admin Income To Pools	528,594		396,474	118,889					
Allocate Net OBMP Income To Pools		5,856,301	4,392,539	1,317,178					
Agricultural Expense Transfer			1,551,319	(1,551,319)					
Total Expenses	6,357,822		21,474	164,194			375	6,543,565	8,163,832
Net Administrative Income	2,187,332		(13,041)	22,609			(351)	2,196,549	
Other Income/(Expense)									
Replenishment Water Assessments					6,437,643			6,437,643	0
Interest Revenue					34,126			34,126	0
Water Purchases									0
Balance Adjustment									0
Groundwater Replenishment									0
Net Other Income					6,471,769			6,471,769	0
Net Transfers To/(From) Reserves							(351)	8,668,318	
Working Capital, July 1, 2008									
Working Capital, End Of Period			5,413,216	481,995	294,397	158,251	1,343	6,492,359	
			7,600,548	468,954	6,766,166	158,251	992	15,160,677	
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 APRIL 30, 2009

DEPOSITORIES:			
Cash on Hand - Petty Cash		\$	500
Bank of America			
Governmental Checking-Demand Deposits		\$	332,412
Zero Balance Account - Payroll			
Local Agency Investment Fund - Sacramento			
			<u>14,340,455</u>
			332,412
			<u>14,673,367</u>
			15,306,411
			<u>\$ (633,044)</u>

TOTAL CASH IN BANKS AND ON HAND	4/30/2009	
TOTAL CASH IN BANKS AND ON HAND	3/31/2009	

PERIOD INCREASE (DECREASE)

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets:		
Accounts Receivable		\$ (15,810)
Assessments Receivable		-
Prepaid Expenses, Deposits & Other Current Assets		2,348,922
(Decrease)/Increase in Liabilities:		(45,597)
Accounts Payable		(2,920,559)
Accrued Payroll, Payroll Taxes & Other Current Liabilities		
Transfer to/(from) Reserves		
		<u>\$ (633,044)</u>

SUMMARY OF FINANCIAL TRANSACTIONS:

	Petty Cash	Gov't'l Checking Demand	Zero Balance Account Payroll	Local Agency Investment Funds	Totals
Balances as of 3/31/2009	\$ 500	\$ 365,502	\$ -	\$ 14,940,455	\$ 15,306,457
Deposits	-	117,000	-		117,000
Transfers	-	526,695	73,305	(600,000)	-
Withdrawals/Checks	-	(676,739)	(73,305)		(750,044)
Balances as of 4/30/2009	\$ 500	\$ 332,458	\$ -	\$ 14,340,455	\$ 14,673,413
		46.00			
		(33,044)		(600,000)	(633,044)
PERIOD INCREASE OR (DECREASE)	\$ -	\$ -	\$ -	\$ -	\$ (633,044)

CHINO BASIN WATERMASTER
 TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
 FEBRUARY 1 THROUGH APRIL 30, 2009

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
4/23/2009	Withdrawal	L.A.I.F.	\$ 600,000				
TOTAL INVESTMENT TRANSACTIONS			\$ 600,000				

* The earnings rate for L.A.I.F. is a daily variable rate; 1.91% was the effective yield rate at the Quarter ended March 31, 2009.

INVESTMENT STATUS
 April 30, 2009

Financial Institution	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	\$ 14,340,455			
TOTAL INVESTMENTS	\$ 14,340,455			

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 - Apr 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	95,646	174,368	(78,722)	54.85%
Total Income	<u>8,740,114</u>	<u>8,315,426</u>	<u>424,688</u>	<u>105.11%</u>
Gross Profit	8,740,114	8,315,426	424,688	105.11%
Expense				
6010 · Salary Costs	416,812	484,302	(67,490)	86.07%
6020 · Office Building Expense	74,565	102,000	(27,435)	73.1%
6030 · Office Supplies & Equip.	24,782	46,500	(21,718)	53.29%
6040 · Postage & Printing Costs	58,254	87,380	(29,126)	66.67%
6050 · Information Services	121,069	144,000	(22,931)	84.08%
6060 · Contract Services	57,223	98,000	(40,777)	58.39%
6080 · Insurance	15,706	17,730	(2,024)	88.58%
6110 · Dues and Subscriptions	14,332	16,750	(2,418)	85.56%
6140 · WM Admin Expenses	1,322	4,000	(2,678)	33.05%
6150 · Field Supplies	864	2,500	(1,636)	34.54%
6170 · Travel & Transportation	22,274	39,200	(16,926)	56.82%
6190 · Conferences & Seminars	27,904	26,500	1,404	105.3%
6200 · Advisory Comm - WM Board	13,044	19,181	(6,137)	68.01%
6300 · Watermaster Board Expenses	34,294	42,020	(7,726)	81.61%
8300 · Appr PI-WM & Pool Admin	17,190	24,008	(6,818)	71.6%
8400 · Agri Pool-WM & Pool Admin	18,358	24,820	(6,462)	73.97%
8467 · Ag Legal & Technical Services	110,367	128,000	(17,633)	86.22%
8470 · Ag Meeting Attend -Special	8,000	12,000	(4,000)	66.67%
8500 · Non-Ag PI-WM & Pool Admin	4,380	7,695	(3,315)	56.91%
6500 · Education Funds Use Expens	375	375	-	100.0%
9500 · Allocated G&A Expenditures	(353,849)	(448,902)	95,053	78.83%
Subtotal G&A Expenditures	<u>687,265</u>	<u>878,059</u>	<u>(190,794)</u>	<u>78.27%</u>
6900 · Optimum Basin Mgmt Plan	1,296,859	1,755,421	(458,562)	73.88%
6950 · Mutual Agency Projects	10,000	10,000	-	100.0%
9501 · G&A Expenses Allocated-OBMP	115,411	137,959	(22,548)	83.66%
Subtotal OBMP Expenditures	<u>1,422,270</u>	<u>1,903,380</u>	<u>(481,110)</u>	<u>74.72%</u>
7101 · Production Monitoring	96,392	107,515	(11,123)	89.66%
7102 · In-line Meter Installation	45,871	87,931	(42,060)	52.17%
7103 · Grdwtr Quality Monitoring	150,512	210,458	(59,946)	71.52%
7104 · Gdwtr Level Monitoring	353,072	372,538	(19,466)	94.78%
7105 · Sur Wtr Qual Monitoring	4,160	46,717	(42,557)	8.91%
7107 · Ground Level Monitoring	299,590	651,468	(351,878)	45.99%
7108 · Hydraulic Control Monitoring	493,806	713,949	(220,143)	69.17%
7200 · PE2- Comp Recharge Pgm	1,123,627	1,245,266	(121,639)	90.23%

	<u>Jul '08 - Apr 09</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7300 · PE3&5-Water Supply/Desalte	66,761	108,477	(41,716)	61.54%
7400 · PE4- Mgmt Plan	232,898	272,515	(39,617)	85.46%
7500 · PE6&7-CoopEfforts/SaltMgmt	53,148	76,411	(23,263)	69.56%
7600 · PE8&9-StorageMgmt/Conj Use	12,282	61,909	(49,627)	19.84%
7690 · Recharge Improvement Debt Pymt	1,261,894	1,261,594	300	100.02%
7700 · Inactive Well Protection Prgm	-	6,296	(6,296)	0.0%
9502 · G&A Expenses Allocated-Projects	240,017	310,943	(70,926)	77.19%
Subtotal Special Project Expenditures	4,434,031	5,533,987	(1,099,956)	80.12%
Total Expense	6,543,566	8,315,426	(1,771,860)	78.69%
Net Ordinary Income	2,196,549		2,196,549	100.0%
Other Income/Expense				
Other Income				
4225 · Interest Income	34,126			
4210 · Approp Pool-Replenishment	6,427,596			
4220 · Non-Ag Pool-Replenishment	10,047			
Total Other Income	6,471,769			
Other Expense				
5010 · Groundwater Replenishment	2,326,075			
9999 · To/(From) Reserves	6,342,243			
Total Other Expense	8,668,318			
Net Other Income	(2,196,549)			
Net Income				



CHINO BASIN WATERMASTER

II. BUSINESS ITEM

A. OVERLYING NON-AGRICULTURAL POOL AUCTION ISSUES

1. Storage & Recovery Agreement
2. Broad Benefit
3. Determination on Material Physical Injury





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: June 11, 2009
June 16, 2009
June 25, 2009

TO: Committee Members
Watermaster Board Members

SUBJECT: Non-Agricultural Pool Stored Water Auction

SUMMARY

Summary: Action items required in order for the Non-Agricultural Pool stored water auction to move forward as reported and discussed at prior pool meetings.

Recommendation: Staff recommends: (1) adoption of proposed allocation of auction funds in order to provide broad mutual benefit; (2) adopt findings regarding potential for material physical injury; (3) approval of the draft storage and recovery agreement through an auction process; and (4) retain a qualified auction consultant, subject to approved terms.

Background

One part of the Peace II Measures is the Purchase and Sale Agreement for the Purchase of Water by Watermaster from the Overlying (Non-Agricultural) Pool. (See Exhibit "G" to Watermaster Resolution 07-05 (Resolution 07-05 is Exhibit "1" to the Peace II Agreement).)

Section "C" of the Purchase and Sale Agreement says that within 24 months of the final Court approval of the Peace II Measures (December 21, 2007), Watermaster will provide written notice of intent to purchase the water held in storage by the Non-Agricultural Pool as of June 30, 2007. The amount of water held in storage by the Non-Agricultural Pool as of June 30, 2007 is approximately 40,000 acre-feet. Under section "E" of the Purchase and Sale Agreement, 10% of this quantity will be dedicated to desalter production without compensation to the Non-Agricultural Pool. Under section "F" of the Purchase and Sale Agreement, Watermaster will take possession of the remaining water and make use of the water in a manner consistent with Section 5.3(e) of the Peace Agreement.

Section 5.3(e) of the Peace Agreement says that members of the Non-Agricultural Pool may transfer or lease their quantified production rights within the Pool or to Watermaster to use for desalter replenishment or for use in the storage and recovery program. All transfers made under Peace Agreement Section 5.3 are subject to the requirements stated in 5.3(a) that no transfer shall be approved unless it is consistent with the Judgment and the Peace Agreement and will not cause Material Physical

Injury. In addition, under Peace Agreement section 5.2(c)(iv)(b), Watermaster will give first priority to Storage and Recovery Programs that provide broad mutual benefits.

Watermaster staff has been working with the members of the Appropriative Pool to develop a proposed approach for disposition of the water obtained through the Purchase and Sale Agreement. A proposal has emerged whereby a storage account containing the water will be put up for auction according to terms and conditions as described in the storage and recovery account agreement. Before the auction can take place, the Watermaster Board must approve its willingness to enter in to the storage and recovery agreement with the successful bidder, whoever that might be. Pursuant to the Peace Agreement, as a precondition to this Board action, the Board will also be required to find that the storage and recovery agreement will not cause Material Physical Injury, and must find that the agreement will provide broad mutual benefit. Staff recommendations regarding these finds as well as the storage and recovery agreement itself are described below.

1. Recommendation Regarding Broad Mutual Benefit

As a precondition to Board and Court approval of the Storage and Recovery Agreement, there must be a finding that the program will provide broad mutual benefit. Pursuant to Sections 5.2(b)(xi) and 5.3(c)(iv) of the Peace Agreement, Watermaster must provide first priority to Storage and Recovery Agreements that will offer broad mutual benefits to the parties to the Judgment. The members of the Overlying (Non-Agricultural) Pool and the Appropriative Pool are exclusively entitled to all the compensation received from the Storage and Recovery Agreement. (Peace Agreement Section 5.2(c)(v).)

With regard to the Purchase and Sale Agreement with the Overlying (Non-Agricultural) Pool, the members of the Non-Ag Pool will receive the compensation as set forth in the Purchase and Sale Agreement. The members of the Appropriative Pool will obtain the revenue received from any third party in excess of the purchase price under the Purchase and Sale Agreement.

To meet the broad mutual benefit standard, Watermaster staff proposes that the revenues received from the auction that are in excess of the purchase price set forth in the Purchase and Sale Agreement be escrowed in an interest bearing account and earmarked by Watermaster for the following purpose:

“Upon receipt of a written recommendation from the Appropriative Pool and further Board approval, Watermaster may authorize the use of excess revenues received from the Purchase and Sale Agreement for capital improvements to be spread equitably among management zones and that are: (i) designed, approved and scheduled for timely implementation under the Court approved Recharge Master Plan or any approved yield enhancement/preservation program and (ii) will facilitate Watermaster’s recharge goals of maintaining hydrologic balance within each Management Zone and the Basin. “Capital improvements” means physical facilities that will be actually used in the production, storage, treatment and distribution of water that will recharge the Chino Basin, including but not limited to recharge basins, injection wells, pipelines and water supplies. The qualifying capital improvements may facilitate recharge directly or indirectly through approved in-lieu strategies.”

Watermaster staff recommends that the Pools recommend to the Advisory Committee and Board that approval of the auction storage and recovery agreement be conditioned upon the use of the auction proceeds consistent with the above proposal.

2. Material Physical Injury Analysis

As a precondition to Board and Court approval of the Storage and Recovery Agreement, there must be finding that no unmitigated Material Physical Injury exists. Watermaster staff considered the following uses of the water being sold and stored pursuant to the proposed Auction Floor Agreement (“AFA”) with respect to determining the potential for Material Physical Injury due to the proposed storage and recovery agreement:

- Storage – The AFA Party would obtain a storage account pursuant to the AFA and place the water in storage for subsequent use.
- Use by a Judgment Party to offset a replenishment obligation pursuant to the Judgment – The AFA Party would, by means provided for in the Judgment and the Peace Agreement, provide the water to a Judgment Party, and the Judgment Party would use the water to offset a replenishment obligation.
- Physical export of the water by an AFA Party or Judgment Party – The AFA Party or Judgment Party would produce the AFA Party's water through new or existing facilities and convey that water out of the Chino Basin through surface facilities for subsequent use on lands that do not overlie or are not tributary to the Chino Basin.
- Exchange export by a Judgment Party – The AFA Party would provide water to a Judgment Party, substituting that water for water that would otherwise be imported to the Basin; the avoided imported water would then be provided to some other non-Judgment entity at the direction of the AFA Party.
- Other unknown uses – Uses other than those listed above.

The potential for material physical injury from these proposed AFA related water uses is analyzed below. The basis for these findings is WEI's recent groundwater management alternative analyses, including the Peace II Agreement, investigations required by the December 2007 Court Order, and the proposed Dry-Year Yield Program expansion.

No significant changes in groundwater quality are expected from the first four uses listed above. Liquefaction potential and rising water will be unchanged with the first use, and liquefaction potential and rising water will be reduced with the second through fourth uses. No findings can be made regarding "other unknown uses." Groundwater level changes and the potential for subsidence will be addressed in this material physical injury analysis.

Storage. Currently, the water being sold under the AFA is in storage and is not causing material physical injury. Neither granting a new storage agreement to the AFA Party nor the maintenance of this water in storage will cause material physical injury to the Basin or a Party, provided that it is managed pursuant to the Judgment and the Peace Agreement.

Use by a Judgment Party to Offset a Replenishment Obligation Pursuant to the Judgment. Under this use, the AFA Party would, by means provided for in the Judgment and the Peace Agreement, provide some or all of the AFA Party's water to a Judgment Party, and the Judgment Party would use the water to offset a replenishment obligation. The net effect to the Basin will be a slight lowering of groundwater levels but only slightly more than would have occurred if the Overlying Non-Agricultural Pool Parties had produced their water. This lowering of groundwater levels will be less than 10 feet and will be in addition to the lowering of groundwater levels caused by re-operation. No material physical injury will occur to the Basin, provided that this lowering of groundwater levels does not contribute to subsidence in Management Zone 1 (MZ1).

As to the individual Parties, there will be no material physical injury, provided that this lowering of groundwater levels is addressed in the ongoing Recharge Master Plan Update, in future Recharge Master Plan updates, and in Watermaster's continuing assessment of the balance of recharge and discharge pursuant to the Peace Agreement, and provided that this lowering of groundwater levels does not contribute to subsidence in MZ1.

As to subsidence in MZ1, strict adherence to the long-term MZ1 subsidence management plan will ensure that subsidence is controlled in the managed area. Potential subsidence north of the managed area is an unresolved issue, and the use of water provided by an AFA Party to offset a Judgment Party's production in this area of MZ1 will require a specific and detailed production and replenishment proposal and additional analysis outside the scope of this material physical analysis.

Physical Export of the Water by an AFA Party or Judgment Party. Under this use, an AFA Party or Judgment Party would produce the AFA Party's water through new or existing facilities, convey that water out of the Chino Basin through surface facilities for subsequent use on lands that do not overlie or are not tributary to the Chino Basin. To the Basin as a whole, the impacts would be identical to the previous water use alternative. The loss of return flows from the export of this water would be compensated by return flows from supplemental water.

As to individual Parties, there will be no material physical injury, provided that this lowering of groundwater levels is addressed in the ongoing Recharge Master Plan Update, in future Recharge Master Plan updates, and in Watermaster's continuing assessment of the balance recharge and discharge pursuant to the Peace Agreement, and provided that this lowering of groundwater levels does not contribute to subsidence in MZ1.

As to subsidence in MZ1, strict adherence to the long-term MZ1 subsidence management plan will ensure that subsidence is controlled in the managed area. Potential subsidence north of the managed area is an unresolved issue, and the production and export of an AFA Party's water from this area in MZ1 by the AFA Party or a Judgment Party will require a specific and detailed production and replenishment proposal and additional analysis outside the scope of this material physical analysis.

Exchange Export by a Judgment Party. Under this use, the AFA Party would provide water from its storage account to a Judgment Party, substituting that water for water that would otherwise be imported into the Basin; the avoided imported water would then be provided to some other non-Judgment entity at the direction of the AFA Party. To the Basin as a whole, the impacts would be identical to the physical export alternative.

As to individual Parties, there will be no material physical injury, provided that this lowering of groundwater levels is addressed in the ongoing Recharge Master Plan Update, in future Recharge Master Plan updates, and in Watermaster's continuing assessment of the balance recharge and discharge pursuant to the Peace Agreement, and provided that this lowering of groundwater levels does not contribute to subsidence in MZ1.

As to subsidence in MZ1, strict adherence to the long-term MZ1 subsidence management plan will ensure that subsidence is controlled in the managed area. Potential subsidence north of the managed area is an unresolved issue, and the production of an AFA Party's water from this area in MZ1 by an AFA Party and its exchange to a Judgment Party will require a specific and detailed production and replenishment proposal and additional analysis outside the scope of this material physical analysis.

Other Unknown Uses. No material physical injury findings can be made regarding any other uses.

Conclusion: No material physical injury will result from the anticipated known uses of the stored water so long as the storage and recovery agreement is conditioned upon adherence to the Judgment, the Peace Agreement, and the MZ1 Plan for the Management of Subsidence. The storage and recovery agreement should also contain a condition such that any proposed production of the stored water in the northern MZ1 area not covered by the Subsidence Management Plan will require Watermaster approval of a separate and detailed production proposal. Lowered water levels resulting from the withdrawal of the stored water should be addressed through the update to the Recharge Master Plan.

3. Storage and Recovery Agreement

Included with this staff report is a draft template storage and recovery agreement. This agreement contains conditionality with regard to prevention of Material Physical Injury as described below. The agreement is based on the terms that have been under discussion by the members of the Appropriative Pool for several months.

This agreement will need Court approval. Assuming approval by the Watermaster Board at its June meeting, staff and legal counsel will be prepared to submit the agreement to the Court for approval in the July time-frame.

Throughout the process of development of the terms of the storage and recovery agreement, the issue of whether the stored water may be available for export has been highlighted and thus it is relevant to address it at length here.

Staff and legal counsel believe there is a reasonable basis to conclude that the stored water may be exported without the imposition of a replenishment assessment.

The Judgment does not prohibit exports. When allocating storage capacity, Watermaster must give priority to the overlying needs of the parties over exports. (Judgment Paragraph 12.) In fact, Watermaster has consistently adhered to the goal by facilitating local storage opportunities. Today more than 200,000 acre-feet of water is stored within the Basin for local, predominantly overlying use.

The only reference to the export of water derives from the Appropriative Pool Pooling Plan. (Judgment Exhibit H.) The Plan establishes a requirement that Watermaster replenish water that is exported from the Basin by Appropriators. However, it already exempts certain exports from the requirement. Thus, the condition is not absolute as it applies to the members of the Appropriative Pool.

In the instant case, the water stored by the Overlying (Non-Agricultural) Pool derives from overlying water rights. The Pooling Plan for the Overlying (Non-Agricultural) Pool does not contain an export limitation. That is, absent a court adjudication, overlying water rights are generally not transferable. They also cannot be stored.

The Judgment did provide members of the Pool with right to make assignments to appropriators. Later, the Peace Agreement and further Judgment amendment expanded the transferability of the Overlying (Non-Agricultural) Pool water rights, and the Peace II Agreement extended this right further still. Moreover, the Judgment has always allowed members of the Overlying (Non-Agricultural) Pool to store water as Carry-Over. (Exhibit G Paragraph 7). It also should be noted that the Judgment actually facilitates the prospect of Carry-Over and storage by expressly authorizing members of the Pool to receive imported water and to Carry-Over the unused quantity. Modernly, we generally refer to such activity as "in lieu" storage. (Exhibit G Paragraph 8).

Regardless, up until the Peace Agreement, the exportation of stored water originating from the Overlying (Non-Agricultural) Pool was simply not addressed. Generally, the replenishment condition on exports was linked to the quantity of water physically exported in 1976. Staff's view is that the Judgment simply sought to protect the Basin's safe yield and its historical forms of recharge. Indeed, the subject of recharge remains a key concern for Watermaster in the future, but the likelihood that the return flows from the applied water that could be beneficially used by the members of the Pool had the water not been stored, would be relatively miniscule.

On the basis of the above, staff recommends that the Pools recommend approval of the draft storage and recovery agreement as a template agreement for use with the successful auction bidder as conditioned with respect to avoidance of Material Physical Injury as described above and conditioned upon the use of auction proceeds as described above.

Professional Consulting Services:

Auctions have long been relied upon to create an open and transparent process to establish a fair market value price for an asset. Auction of real property assets have occurred within a fairly routine and generic process. However, in the case of the auction of the Overlying (Non-Agricultural) Pool water and the related storage and recovery agreement, the characterization of the asset and the procedure is more complex. While there have been auctions of water and water rights, Watermaster staff and counsel believe that Watermaster should retain professional support to assist in publicizing and conducting the auction. The assets are of extreme importance to the stakeholders and professional help is prudent. Watermaster has contacted public and private professionals to obtain their opinion as to qualified parties to conduct these services and it has obtained conceptual and specific proposals as to conducting the services and as for success fees. Watermaster will present a summary of its findings in closed session. Staff recommends that subject to reaching an agreement on terms, Watermaster should retain a qualified provider of auction and publicity services

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**TEMPLATE
STORAGE AND RECOVERY AGREEMENT
DOES 1-4**

This Storage and Recovery Agreement is made by and between the Chino Basin Watermaster, a Court-appointed groundwater basin management entity (“Watermaster”) and Does Number 1-4, and is effective as of the date last signed by a Party (“Effective Date”). The term “Buyer” as used herein shall refer to the buyer at Auction (as defined in Recital __ herein. This Agreement shall govern all actions between Does 1-4 and Watermaster. Watermaster and Does Number 1-4 are sometimes referred to herein collectively as “Parties” and individually as “Party.”

RECITALS

A. In 1978, the San Bernardino Superior Court entered judgment on Case No. 164327 (now designated No. RCV 51010), Chino Basin Municipal Water District v. City of Chino (the “Judgment”). The Judgment is a plenary adjudication of all rights to groundwater and storage capacity within the Chino Basin and established a physical solution to provide ongoing management of the Chino Basin water resources and an equitable and feasible method of allocating the cost of importing supplemental water to achieve a hydrologic balance within Chino Basin. The Judgment adjudicated the rights of several hundred overlying landowners as well as several substantial industrial and commercial producers of water for use on their overlying lands, and within the cities, public water districts, utilities, and mutual water companies that provide water service within and adjacent to the Chino Basin.

B. The Judgment authorized the appointment of a Watermaster with the express powers and duties as provided for in the Judgment or as the Court may subsequently order pursuant to its continuing jurisdiction. Watermaster holds no rights to produce groundwater, but is the entity responsible for monitoring and regulating the production of groundwater within the basin under the Judgment.

C. Each of the defendants named in the Judgment is a water producer or other water claimant or public water district within the Chino Basin. Each such defendant has been identified as a member of one of the following three groups: (1) Overlying (Agricultural) Producers, possessing lands overlying the Chino Basin and producing water from the basin for agricultural uses on overlying lands; (2) Overlying (Non-Agricultural) Producers (the “Non-Ag Pool”), possessing lands overlying Chino Basin, producing water from the basin for use on overlying lands for other than agricultural purposes; and (3) Appropriators, producing water from Chino Basin pursuant to appropriative or prescriptive rights.

D. On June 29, 2000, the Non-Ag Pool entered into the Chino Basin Peace Agreement (“Peace Agreement”) with various other Chino Basin right holders. The Peace Agreement enabled Watermaster to adopt and implement the Optimum Basin Management Program (“OBMP”), a comprehensive program to monitor, develop, and manage groundwater

Template Agreement

and storage capacity in the Chino Basin. The Peace Agreement grants Watermaster significant authority to regulate storage and recovery programs in the Chino Basin. Specifically, Section 5.2(a)(i) provides that “all storage capacity shall be subject to regulation and control by Watermaster.” Under Section 5.2(c)(ix), Watermaster “reserves complete discretion” over any proposed storage and recovery program involving non-parties to the Judgment. Additionally, Section 5.3(e) provides that “parties to the Judgment with rights within the [Non-Ag Pool] shall have the additional rights to Transfer their rights to Watermaster for the purposes of Replenishment for a Desalter or for a Storage and Recovery Program.”

E. Exhibit B to the Peace Agreement was the Implementation Plan: Optimum Basin Management Program (“Implementation Plan”) and the Court ordered Watermaster to proceed in accordance with the Peace Agreement and Implementation Plan in its Order of July 13, 2000 (July 13, 2000 Order, p.4.).

F. Program Element 8 of the OBMP Implementation Plan set forth a strategy for the development of groundwater storage. Program Element 9 of the Implementation Plan set forth a plan for developing and implementing a Storage and Recovery Program;

G. The Implementation Plan (page 38) set forth the baseline against which storage activities would be evaluated and that “Safe Storage is an estimate of the maximum storage in the Basin that will not cause significant water quality and high groundwater related problems;” and further set forth the baseline for “Safe Storage Capacity” within which Watermaster could safely approve further storage and recovery without causing water quality degradation and high groundwater related problems and estimated the quantity of Safe Storage Capacity at 500,000 acre-feet, “including water in the existing storage accounts;”

H. The Inland Empire Utilities Agency (“IEUA”) certified the Programmatic Environmental Impact Report (“PEIR”) for Watermaster’s Optimum Basin Management Program on July 12, 2000. This PEIR analyzed the impacts associated with a 100,000-300,000 acre-foot storage and recovery program and found no significant impacts from such a program;

I. On October 25, 2007, the Non-Ag Pool entered into the Chino Basin Peace II Agreement (“Peace II”) with various other Chino Basin right holders to confirm support for Watermaster’s OBMP. As part of Peace II, Exhibit G to the Judgment was amended to grant members of the Non-Ag Pool “the discretionary right to transfer or lease their quantified production rights and carry-over water held in storage accounts to Watermaster in conformance with the procedures described in the Peace Agreement between the parties therein.” On the same date, Paragraph 8 of the Judgment was similarly amended to grant members of the Non-Ag Pool the “right to transfer or lease their quantified production rights to Watermaster in conformance with the procedures described in the Peace Agreement between the parties therein.” In conjunction with Watermaster’s “complete discretion” under the Peace Agreement to enter into Storage and Recovery Programs with non-parties to the Judgment, these Peace II amendments authorize Watermaster to purchase or lease water rights from the Non-Ag Pool to remarket those

Template Agreement
rights to other entities such as Does Number 1-4.

J. Watermaster has sold by auction the sole and exclusive contractual right and interest to certain Chino Basin related Groundwater Resources in conformity with the Judgment and the Peace Agreement(s).

K. An applicant for approval of a Storage and Recovery Agreement must comply with the approved forms in accordance with Appendix 1 to the Rules and Regulations and the proposed forms require the statement of compliance with the requirements of the California Environmental Quality Act.

L. Despite the inability to presently identify the successful bidder at the auction (Buyer) Watermaster seeks to establish pre-approved parameters to enable it to conduct an auction regarding a certain and defined Overlying (Non-Agricultural) Pool stored water supply and a Storage and Recovery Agreement and to present this Template Agreement to the Court for approval.

N. A template application has been approved unanimously by all Pools, the Advisory Committee and the Board and no opposition was expressed to the proposed application for a Storage and Recovery Agreement. The date of approval by the Advisory Committee and Board was June 25, 2009 and Watermaster is prepared to execute a Storage and Recovery Agreement in accordance with the conditions of approval and the Judgment following the conclusion of a successful auction;

NOW, THEREFORE, in consideration of the mutual promises, covenants, and agreements hereinafter set forth, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties agree as follows:

1. Incorporation by Reference. The above Recitals and Exhibits hereto are incorporated herein by this reference.

2. Purpose. This Template Storage and Recovery Agreement will be used for the purpose of obtaining Court Approval of the auction of 36,000 acre-feet in 4 lots of 9,000 acre-feet each along with a cumulative total of 40,000 acre-feet of storage capacity in lots of 10,000 acre-feet respectively. Upon completion of the auction process, each of the 4 Template Storage and Recovery Agreements will be amended to identify the successful Buyer and substituted for Doe(s) 1-4 and *prior to execution*, the Agreement will be further conformed as may be deemed prudent and necessary to effectuate the intent of the Parties.

3. Regulation of Water in Storage. Buyer acknowledges that any Storage and Recovery of water under this Agreement shall occur only under Watermaster's control and regulation in accordance with the Judgment and the Peace Agreement. However, Watermaster

Template Agreement

agrees that the Watermaster's Storage and Recovery Policies shall be applied to water stored pursuant to this Agreement in a non-discriminatory manner consistent with the application of such policies to any other participant in the Storage and Recovery Program, including all parties to the Judgment. Watermaster shall not impose any policies upon the water stored pursuant to this Agreement, whether or not imposed on other parties that would materially alter the rights or benefits provided to the Buyer under the auction. Without limiting the foregoing, Watermaster shall not impose any policies that would create any significant discrepancies between the amount of water placed into storage and the amount of water that is available for recapture.

4 Quantity of Storage Right. Subject to the terms of this Agreement, Buyer may store up to 10,000 acre-feet of water within the Safe Storage Capacity of the Chino Basin.

5. No Material Physical Injury. The Storage and Recovery of 9,000 acre-feet of stored Overlying (Non-Agricultural) Pool water, Supplemental Water and other water stored under this Agreement will not cause Material Physical Injury or a substantial adverse impact to any party to the 1978 Judgment or to the Basin itself provided that the conditions set forth in Exhibit "A" are met.

6. Watermaster Cooperation on Delivery of Supplemental Water to Storage. Watermaster will exercise good faith and reasonable best efforts to make available any Watermaster controlled facilities for the purpose of assisting Buyer make deliveries of water into storage.

7. Delivery and Withdrawal Maximums. Subject to the conditions set forth in Exhibit A, there is no maximum rate of placement of water into or from storage.

8. Export. There is no limitation on the place of use for the initial 9,000 acre-feet secured through the auction or upon Supplemental Water that is subsequently stored.

9. Priority of Rights. Watermaster will take the necessary actions (including groundwater monitoring and mitigation and/or limiting extraction of groundwater) to protect the rights of the persons and entities with rights arising under the Judgment.

10. Assignment of Storage Capacity. Buyer's rights under this Agreement, inclusive of any claim to storage capacity, may be assigned with the prior approval of Watermaster, whose approval shall not be unreasonably withheld.

11. Accounting. Watermaster shall maintain records of the amounts of all water stored in and extracted from the Chino Basin pursuant to this Agreement and all other Storage Agreements and will not approve additional Storage Agreements if such approval(s) will result in more than 500,000 acre-feet of water being stored within the Basin at any time without further approval of Watermaster and the Court. Watermaster's accounting shall not include any credit for return flows from the use of water extracted from storage. Watermaster's accounting will

Template Agreement

include the assignment of losses according to a procedure utilized for all water stored in the Storage and Recovery Program.

12. Losses. The quantity of water stored under the Agreement by Buyer shall be subject to the uniform losses established by Watermaster in a non-discriminatory manner.

13. Term. This Storage Agreement shall be effective upon approval of the Court and shall remain in effect for thirty (30) years.

14. Conflicts.. All conflicts arising under this Agreement, without limitation shall be resolved by the Court pursuant to paragraph 15 of the 1978 Judgment.

CHINO BASIN WATERMASTER

BUYER

By: _____

By: _____

Dated: _____

Dated: _____

Approved as to Form:

Approved as to Form:

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Exhibit A

Conditions for Storage and Recovery Agreements

1. General Legal Conditions

The storage and recovery of water in Chino Groundwater Basin is subject to legal conditions imposed by:

- Chino Basin Municipal Water District v. City of Chino (Sup. Ct. County of San Bernardino, No. 164327, 1978) (Judgment);
- Peace Agreement;
- Peace II Agreement
- The Optimum Basin Management Plan for the Chino Basin (OBMP);
- Prior Orders of the Court;
- The Court's continuing jurisdiction under the Judgment;
- Watermaster's regulation of storage as defined by the above listed documents and the Chino Basin Watermaster Rules and Regulations.

2. No Material Physical Injury

(a) Permitted Withdrawals: No significant changes in groundwater quality are expected from the uses listed below.

- Storage – The AFA Party would obtain a storage account pursuant to the AFA and place the water in storage for subsequent use.
- Use by a Judgment Party to offset a replenishment obligation pursuant to the Judgment – The AFA Party would, by means provided for in the Judgment and the Peace Agreement, provide the water to a Judgment Party, and the Judgment Party would use the water to offset a replenishment obligation.
- Physical export of the water by an AFA Party or Judgment Party – The AFA Party or Judgment Party would produce the AFA Party's water through new or existing facilities and convey that water out of the Chino Basin through surface facilities for subsequent use on lands that do not overlie or are not tributary to the Chino Basin.
- Exchange export by a Judgment Party – The AFA Party would provide water to a Judgment Party, substituting that water for water that would otherwise be imported to the Basin; the avoided imported water would then be provided to some other non-Judgment entity at the direction of the AFA Party.

(b) Restricted Withdrawals: Require Watermaster approval of a separate and detailed production proposal.

- Northern MZ1 Production — Any proposed production of the stored water in the northern MZ1 area not covered by the Subsidence Management Plan.

- Other unknown uses –Uses other than Permitted Withdrawals listed above.
- 3. Watermaster Oversight of Deposits into Storage. Purchaser shall exercise good faith and best efforts in coordinating further deposits into the Chino Basin with Watermaster.
- 4. Exports in Excess of initial 9,000 acre-feet subject to any water export limitations under the Judgment, the Peace Agreement, the OBMP, and Watermaster Rules and Regulations.

**APPLICATION
FOR
STORAGE AND RECOVERY AGREEMENT
DOES 1-4**

APPLICANT

Watermaster in Trust for Successful Purchasers via
Proposed Auction Process

1.		
2.		
3.		
4.	September 2008	June 25, 2009
Name of Party	Date Requested	Date Approved
To be announced following auction	10,000 Acre-Feet	10,000 Acre-Feet
Street Address	Amount Requested	Amount Approved
To be announced following auction		
City	State	Zip Code
Telephone: _____	Facsimile: _____	

TYPE OF WATER TO BE PLACED IN STORAGE

Excess Carry Over
(Overlying (Non-Agricultural) Pool

Local Supplemental or Imported

Both

PURPOSE OF STORAGE - Check all that may apply

- Stabilize or reduce future water costs/assessments.
- Facilitate utilization of other available sources of supply.
- Facilitate replenishment under certain well sites.
- Preserve pumping right for a changed future potential use.
- Other, explain: *The successful bidder will be expected to extract and use water for reasonable and beneficial purposes in a manner consistent with California Constitution Article 10, Section 2, the Judgment, the Peace Agreement(s) and its progeny. The specific methodology will depend upon the buyer.*

METHOD AND LOCATION OF PLACEMENT IN STORAGE - Check and attach all that may apply

- Recharge (Form 2)
 - Transfer of Right to Water in Storage (Form 3)
 - Transfer from another party to the Judgment (Form 5)
- NOTE: Water is presently held in storage.

METHOD AND LOCATION OF RECAPTURE FROM STORAGE - Check and attach all that may apply

- Pump from my wells (Form 4)
- Transfer to another party to the Judgment (Form 3)
- To be determined

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?

To be determined (see Watermaster Staff Report dated June 8, 2009)

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

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?

Note: If recovery is conditioned as recommended in the Watermaster Staff Report dated June 8, 2009, Watermaster expects no Material Physical Injury to occur.

CEQA

Does the action being applied for require compliance with the California Environmental Quality Act?

Yes No *The approval covers water, which is presently held in an existing Overlying (Non-Agricultural) Pool storage account. Recovery would occur through existing facilities as provided in the Watermaster Staff Report dated June 8, 2009, or as may be subsequently approved by the Watermaster. Recovery under an unspecified plan or through new facilities may require additional CEQA analysis.*

If yes, on what basis?

- (i) Exempt
- (ii) Categorical Exempt
- (iii) Negative Declaration
- (iv) Mitigated Negative Declaration
- (v) Environmental Impact Report

Note: No new CEQA compliance is proposed because the activity is being pursued through existing facilities and pursuant to Court approved agreements. If yes, have you filed a copy of the applicable CEQA documentation with Watermaster? Yes No

ADDITIONAL INFORMATION ATTACHED Yes No *However, see Watermaster Staff Report dated June 8, 2009*

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 # _____

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CHINO BASIN WATERMASTER

III. REPORTS / UPDATES

E. INLAND EMPIRE UTILITIES AGENCY

7. Water Conservation Programs Monthly Report
8. Monthly Water Use Report
9. Recycled Water Newsletter
10. State and Federal Legislative Reports
11. Community Outreach/Public Relations Report



CHINO BASIN WATERMASTER

ADVISORY COMMITTEE

June 25, 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)
- DYY Program Expansion Update (oral)
- 2010 UWMP Kickoff (oral)

Written Items:

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

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Water Resources and Conservation Programs

Monthly Report

MAY 2009 (REPORTING APRIL 2009 DATA)

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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>

Save Our Water Program..
www.saveourh2o.org

California Water Supply News



On May 20th, the Department of Water Resources (DWR) announced that it will increase the 2009 State Water Project delivery allocation from 30% to 40%.

American Recovery and Reinvestment Act (ARRA) funding for California water recycling projects has been increased from \$126 million to \$135 million. In addition, \$240 million has been earmarked for water conservation, drought assistance and Integrated Regional Water Management programs.

On April 28th, IEUA CEO/GM Richard Atwater, testified at a Congressional oversight committee in his capacity as President of WaterReuse Association. He spoke on the importance of the ARRA to local water agencies for the expansion of innovative water recycling and desalting technologies.

DWR released the final draft of the "20x2020" Water Conservation Plan, prepared at the Governor's direction. This plan describes actions California can take to reduce per capita use 20% by 2020. A public workshop was held May 29, 2009 to receive comments on the final draft.

DWR announced the month of May as Water Awareness Month and sponsored activities to promote water conservation. Future educational activities will be announced at the "Save Our Water" program website, which was launched in April to help the public reduce water use at home and work (www.saveourh2o.org).

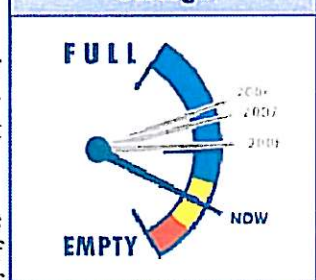
MWD Water Supply and Drought News

As a result of the April updated local supply forecast and other factors, IEUA's imported water allocation from Metropolitan Water District (MWD) was raised to 68,713 acre-feet per year (AFY), an increase of 9,000 AFY.

As part of MWD's Integrated Resources Plan (IRP) update process, a "Synergy Workshop" was held at the end of April to explore how to effectively integrate the work of the individual technical workgroups in order to increase groundwater recharge through water recycling and stormwater management.

MWD issued its annual progress report on conservation, recycled water, and groundwater storage & recovery. Since 1990, MWD has invested more than \$223 million in conservation incentives, saving 120,000 acre-feet annually. In FY2007/08, MWD programs increased new annual water savings by 7,400 AF; increased recycled water development by 114,000 AF; and recovered 48,000 AF of groundwater for municipal use.

MWD Water Reserves in Storage



IEUA Water Supply Programs



Imported Water Deliveries

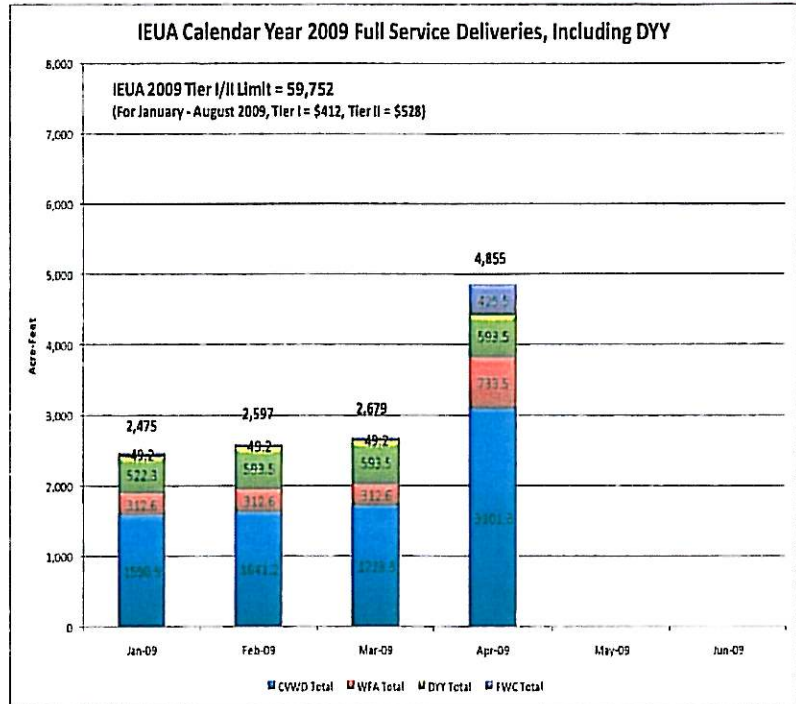
For the month of April, IEUA purchased 2,487.8 acre feet (AF) of Tier I water, increasing the cumulative total for the calendar year to 5,166.4 AF (see graph below).

Dry Year Yield (DYY) Program

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 30,332.5 AF (98% of IEUA's obligation of 31,000 AF) from the groundwater storage account. MWD imported water deliveries have been reduced by 29,472 AF (95% of IEUA's obligation of 31,000 AF). The April MWD invoice to IEUA contained 2,048 AF in DYY certifications.

DYY Program Expansion

A DYY workgroup met several times in May to develop deal points for the expansion of the DYY Program. The key components being considered are: (1) Program Funding; (2) Chino Basin Groundwater Storage Rules; and (3) Program Operating and Pricing. DYY participants have until September 2009 to negotiate a final agreement 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, by IEUA, Three Valleys Municipal Water District, and Western Municipal Water District.



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 April, there was 21,590 AFY of connected capacity, with another 7,145 AFY expected over the next 4 months.



Chino Desalter Authority (CDA)

This fiscal year, the two desalters have produced 21,936.8 AF of water (of which 11,562.1 AF was delivered to IEUA retail agencies). The current production capacity is 24,600 AFY, and it is scheduled to be expanded to approximately 40,000 AFY by 2012, with the implementation of CDA Phase III. The Omnibus Public Lands Act, passed by the U.S. Congress in March 2009, authorizes funding for the third desalter under the Bureau of Reclamation Title XVI program.

Conservation Programs



MWD Conservation Budget

On April 13, 2009, MWD approved the FY 2009-10 conservation budget of \$19.1 million; however, this funding will only last through August 2009 due to overwhelming interest in all of the conservation programs, a backlog of rebate applications, and a very limited budget. MWD is currently working with member agencies to devise a plan that will allow the programs to continue over the next year.

Temporary Suspension of MWD Rebate Programs

Effective May 7, 2009, MWD placed the commercial, institutional, and industrial-Save-A-Buck and residential-So Cal WaterSmart rebate programs on hold until further notice. Reservation systems were previously instituted in both programs without a transition period and as a result, numerous customer complaints were received by MWD. Due to funding constraints, a backlog of rebate applications, and problems with the reservation systems, it was the decision of management to temporarily suspend the programs. MWD is working with member agencies to develop solutions and reinstate the programs on or after July 1, 2009.

The Phase II Public Agency Sector program is *not* on hold and the IEUA service area has \$464,757.43 in pending program applications. MWD is tentatively scheduled to release the first \$5 million for Phase II funding prior to June 30, 2009. As of April 16, 2009, all IEUA member agencies are in compliance with the MWD Ordinance Requirement and are eligible for funding.

MWD Semiannual Conservation Report

MWD's semiannual conservation report was presented to their Board on April 13, 2009. Included in the report were highlights of Monte Vista Water District's new recycled water system at Wilderness Park in Montclair. Also included was information illustrating IEUA's enormous success in the Phase I—Public Sector Program, through having the highest participation throughout MWD's service area, receiving the most funding incentives, and achieving the largest lifetime water savings of approximately 6,500 AF.

Inland Empire Landscape Alliance

DWR's Model Ordinance was rejected by the Office of Administrative Law due to a lack of clarity in several sections and was opened for another 15 day comment period which closed on May 26th. Comments were prepared and submitted by individual agencies. The Inland Empire Landscape Alliance technical committee has sent a letter to the DWR asking for certification of the Landscape Alliance's model ordinance as equivalent and is continuing to develop support tools for the implementation of the regional model landscape ordinance. The next Advisory Board meeting will be held on August 13th.



Landscape Evaluation and Audit Program

In Phase III, Chino Basin Water Conservation District has completed 153 landscape audits with a potential savings of 887 AFY. This is in addition to 1,200 AFY in Phase II. There are currently 3 sites scheduled for auditing, 7 sites awaiting scheduling, and 150 release forms pending processing. During the month of May, the District again hosted MWD's "professional series" California Friendly Landscape Training Classes for professional landscapers in both English and Spanish.

Garden in Every School®

Vegetable beds and gardens are in the process of having the irrigation systems installed and being planted. Valley View High School students constructed the vegetable beds for the new gardens. Site visits occurred with the four schools who applied to 2009/10 program and discussions with school and maintenance staff are underway. Garden dedications will occur after the plantings have been completed.



Water Wise Residential Landscape Program

A total of 117 conversions have been completed, with the cumulative area of landscape retrofitted since program inception being 147,288 sq. ft. This represents an annual water savings of 21 AFY. The program has been put on hold as of December 31, 2008, and is awaiting the initiation of the new MWD Turf Buy Back Program this spring. Approximately 25 landscapes are still in the process of being converted and should be completed by June 30, 2009.

Public Outreach Activities

On May 1–3, 2009, IEUA staff along with staff from the Cities of Upland, Ontario and SAWA, participated in the first Inland Green Expo held at the Ontario Convention Center with over 1,000 people in attendance. Most of the questions received were regarding re-landscaping yards to native, and other ways that they could conserve outdoors.

Water Education Water Awareness Committee (WEWAC)

There were seven entries received for the Public Service Announcement (PSA) contest in which high school students create a video PSA on water conservation. Chino Hills High School received first place, Bonita High School received second place and Nogales High School received third place. An Awards Ceremony was held for the participating schools at the City of La Verne on May 27th.



Conservation Legislation and Grants

IEUA continues to work directly with stakeholders and the legislature on shaping language for three water conservation bills listed below. Each bill lays out variations and approaches in achieving a 20% reduction in urban per capita water use in California by 2020 (consistent with the Governor's call for 20% by 2020).

- **AB 49 (Feuer/Huffman)** was amended on April 13, 2009; passed the Assembly Committee on Appropriations with a 7-4 vote on April 29, 2009; and was referred to the Committee on Appropriations. A southern California technical workgroup has developed a unified proposal and is working with MWD, NRDC, and Assemblyman Feuer's office to have their language incorporated into this bill.
- **SB 261 (Dutton/Ducheny/Hollingsworth)** was last amended on April 30, 2009 and passed the Senate Committee on Natural Resources and Water with an 11-0 vote on April 28, 2009. The bill was referred to the Committee on Appropriations.
- **SB 460 (Wolk)** passed the Senate Committee on Natural Resources and Water with an 11-0 vote on April 28, 2009. As a work-in-progress, the bill was amended on April 30, 2009 and referred to the Committee on Appropriations.

Grant Opportunities

In March 2009, IEUA submitted two grant proposals to MWD’s Enhanced Conservation Program for water budget development and residential water surveys. MWD is tentatively scheduled to announce project selections in June 2009, but may delay results due to budget issues.

The Bureau of Reclamation released proposal solicitations for their 2009 CALFED Water Use Efficiency Grant Program on April 29, 2009. Grant applications are due on June 8, 2009 and IEUA is in the process of preparing three water use efficiency grant applications for the development of water budgets, a water use efficiency business plan, and a direct installation program for weather-based irrigation controllers and rotating nozzles for pop-up spray heads.

Rebates Issued and Water Savings



MWD SoCal Water\$mart & Save-A-Buck Programs

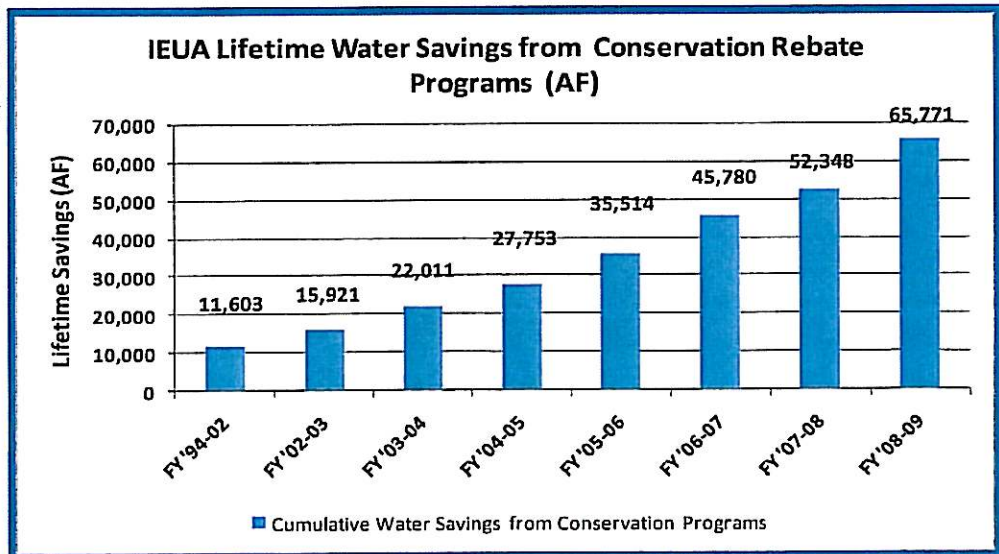
Table I summarizes the rebates provided through April 2009 for the Save-A-Buck Program (CII and Multi-family Residential) and the SoCal Water\$mart Program. Overall, 51,429 devices/rebates were issued under these programs since their inception, for a total annual water savings of 3,436 acre-feet per 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.

Cumulative Water Savings

The cumulative expected lifetime water savings from the water conservation devices that have been installed in the service area through rebates currently totals 65,771 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 on the next page.



MWD Public/Private and Public Agency Rebate Programs

TABLE I—MWD Public/Private Sector Rebate Programs

Device Name	Current Fiscal Year through April '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	8	0.7	9	0.8
Cooling Tower Conductivity & pH Controllers	4	2.6	28	18.0
Ultra-Low-Flush Toilets	1	0.03	1,895	657.6
ULFT Flushometers	0	0	4	0.3
High-Efficiency Toilets	847	36	3,268	138.9
Zero Water Urinals	142	17	1,168	143.1
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	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	1254	89.2	7909	1198.5
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	1614	56.0	13,683	474.8
High-Efficiency Clothes Washers	889	75.2	10,531	890.9
Weather-Based Irrigation Controllers	11	7.2	400	260.0
Rotating Nozzles for Pop-Up Spray Heads	24	0.1	2,603	10.4
Synthetic Turf Retrofit (rebates)	96	113.36	158	11.3
Water-Wise Residential Landscape Retrofit Program (rebates)	98	206.20	118	20.6
Subtotal	2732	458.0	27,493	1668.1
TOTALS	5668	618.7	51429	3436.3

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

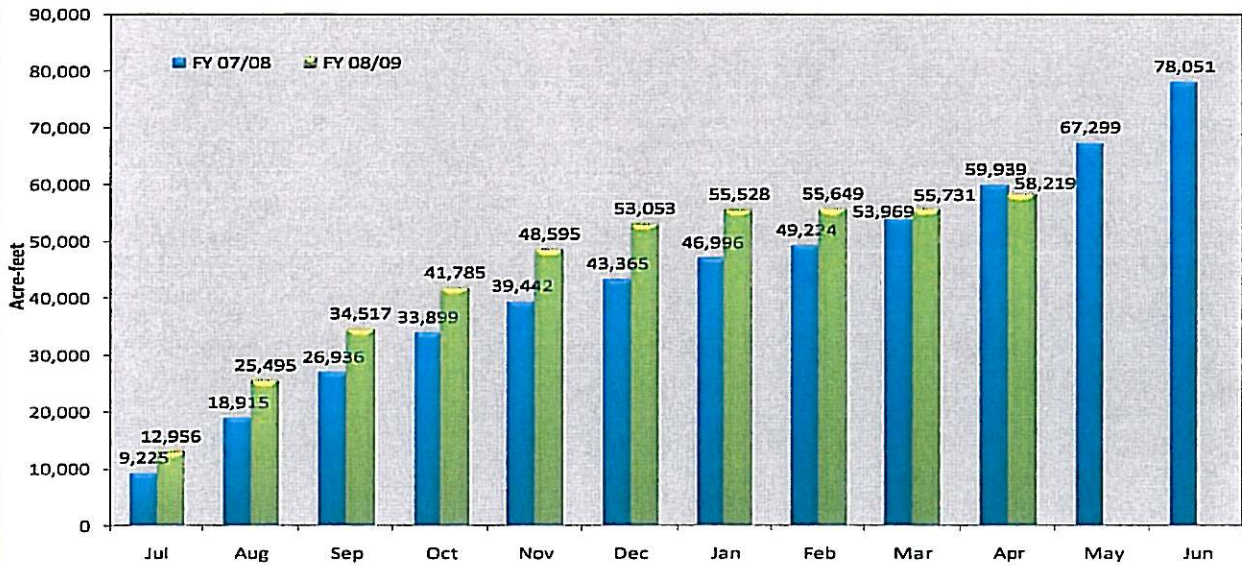
Customer	Device Quantity	Award	Annual Water Savings (AFY)	Lifetime Water Savings (AF)
City of Ontario	72	\$445,540.02	95.8	956.9
Chino Valley Unified School District (Cities of Chino, Chino Hills, Ontario)	277	\$561,575.50	123.5	1200
Cucamonga School District	10	\$10,547.13	7.7	76.9
Central School District	32	\$31,619.94	11.9	119.3
Elmerdale School District	39	\$125,206.58	32.2	321.8
Chaffey Joint Union School District (City of Ontario, CVWD, MVWD)	86	\$222,832.50	45.5	434.3
Monte Vista Water District	6	\$2,356.46	0.4	8.3
Alta Loma School District	12	\$36,538.62	16.7	166.7
City of Fontana	9	\$94,087.50	18.8	188.2
Upland Unified School District (Cities of Chino, Chino Hills, Ontario)	51	\$84,487.74	23.5	234.6
City of Chino Hills	302	\$997,425.00	195.5	1924.9
TOTALS	906	\$2,612,227	575.4	5,762

Calendar of Upcoming Events and Meetings

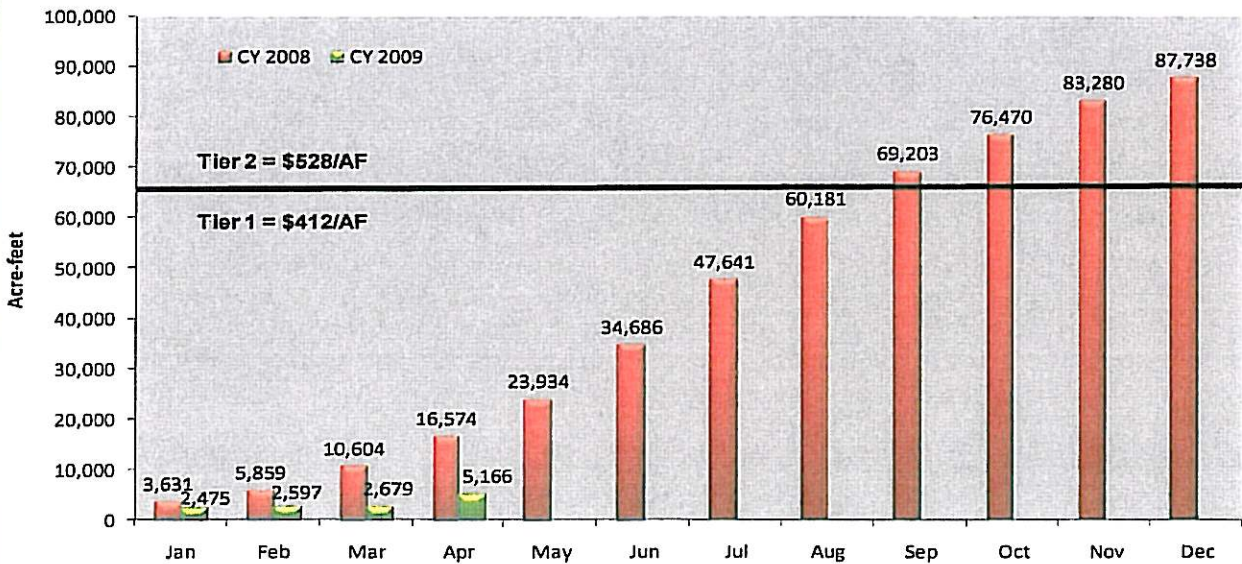
June 3-4, 2009	WEF Education Committee Meeting, Temecula (8:00 am – 3:00 pm)
June 3, 2009	IEUA Board Meeting (IEUA Board Room)
June 9, 2009	Conservation presentation to Fontana Kiwanis Club, noon, Sizzler Restaurant 9860 Sierra Ave Fontana (M Davis)
June 17, 2009	IEUA Board Meeting (IEUA Board Room)
June 18, 2009	MWD Monthly WUE Meeting (MWD-LA, 9:30 am – 2:30 pm)
June 20, 2009	Greenlee Nursery Landscape Workshop “Low Water Lawns & Micro Meadows” IEUA Event Center (10:00 am to 12:00 pm)
June 23, 2009	Conservation presentation to RC Rotary Club, noon, Etiwanda Gardens RC (M Davis)
June 25, 2009	Pervious Concrete Conference (IEUA Event Center, TBD)
July 1, 2009	IEUA Board Meeting (IEUA Board Room)
July 15, 2009	IEUA Board Meeting (IEUA Board Room)
July 16, 2009	MWD Monthly WUE Meeting (MWD-LA, 9:30 am – 2:30 pm)
July 18, 2009	Greenlee Nursery Landscape Workshop “Maintain & Sustain” IEUA Event Center (10:00 am to 12:00 pm)
July 22, 2009	Conservation presentation to Chino Kiwanis Club, noon, Chino Community Building (M Davis)
July 23, 2009	Landscape Alliance Technical Sub-Committee Meeting (1:00 pm – 3:30 pm, Anza)
August 5, 2009	IEUA Board Meeting (IEUA Board Room)
August 13, 2009	Landscape Alliance Board Meeting (3:00 pm – 4:00 pm, Board Room)
August 19, 2009	IEUA Board Meeting (IEUA Board Room)
August 20, 2009	BIA/San Bernardino County Water Conference, Ontario Convention Center (Time TBD)
August 20, 2009	MWD Monthly WUE Meeting (MWD-LA, 9:30 am – 2:30 pm)
September 24, 2009	Landscape Alliance Technical Sub-Committee Meeting (1:00 pm – 3:30 pm, Anza)

Imported Water Deliveries

IEUA
Cumulative Full Service Imported Water Deliveries & Dry Year Yield
FY 07-08 and FY 08-09

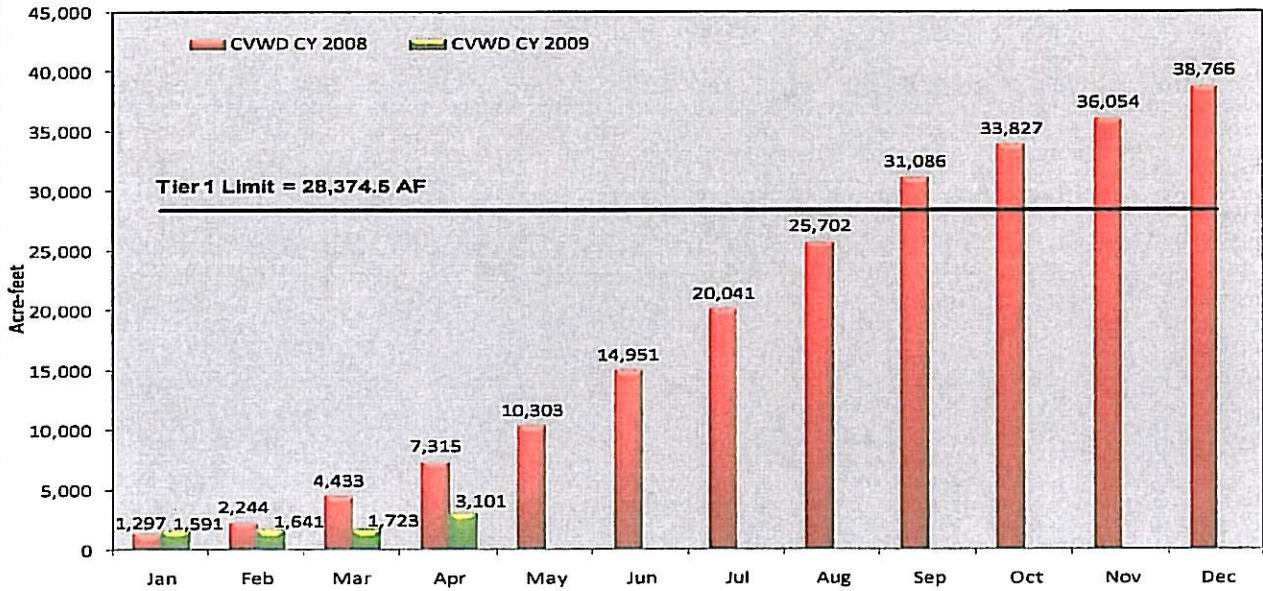


IEUA
Cumulative Full Service Imported Water Deliveries & Dry Year Yield
Calendar Year 2008 and Calendar Year 2009

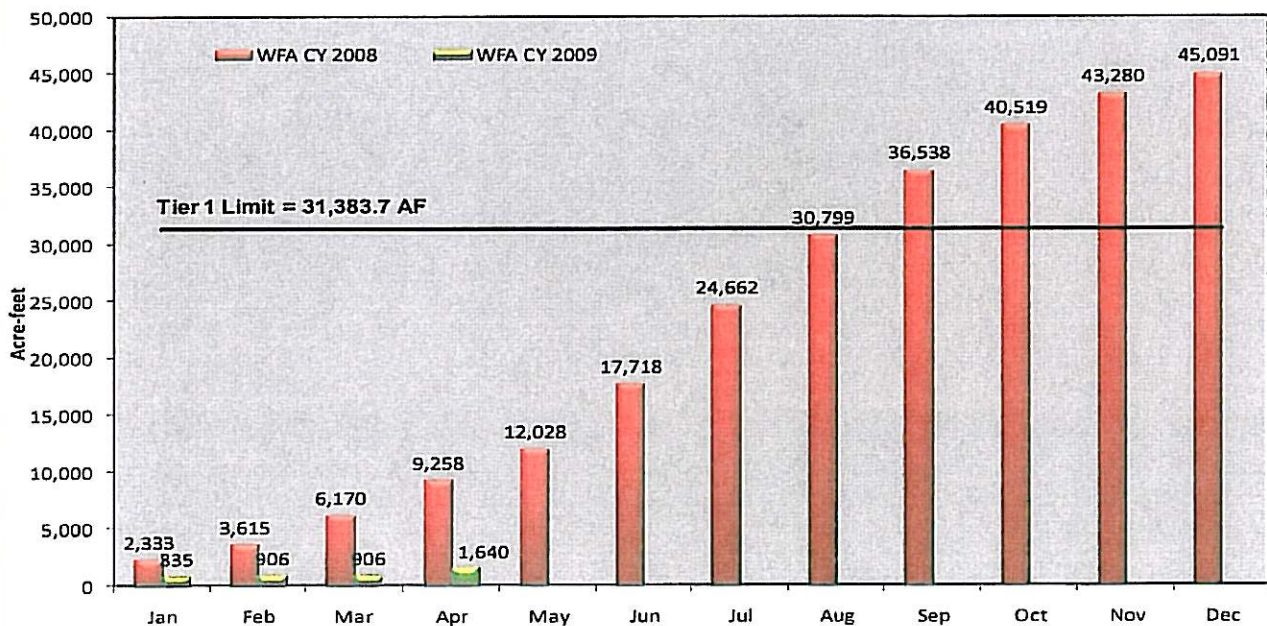


Imported Water Deliveries (Continued)

CUCAMONGA VALLEY WATER DISTRICT
Cumulative Full Service Imported Water Deliveries & Dry Year Yield
Calendar Year 2008 and Calendar Year 2009



WATER FACILITIES AUTHORITY
Cumulative Full Service Imported Water Deliveries & Dry Year Yield
Calendar Year 2008 and Calendar Year 2009



Summary of 2008 & 2009 Imported Water Purchases

2008 Imported Water Sales		January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Water Facilities Authority		2,333	1,282	2,555	3,088	1,332	1,682	2,730	3,450	2,913	2,836	1,444	1,060	26,705
Direct Deliveries														
Dry Year Yield						1,438	4,008	4,214	2,686	2,827	1,145	1,317	751	18,386
Sub-Total/		2,333	1,282	2,555	3,088	2,770	5,690	6,944	6,136	5,740	3,981	2,761	1,811	45,091
Cucamonga Valley Water District		1,297	947	2,189	2,883	2,988	3,046	3,074	3,129	2,857	2,741	2,182	1,213	28,546
Direct Deliveries														
Dry Year Yield						1,603	2,016	2,532	2,527	0	44	1,499	1,131	11,352
Sub-Total/		1,297	947	2,189	2,883	4,591	5,062	5,606	5,656	2,857	2,785	3,681	2,344	39,898
Fontana Water Company		0	0	0	0	0	15	406	747	426	501	369	303	2,767
Direct Deliveries														
Sub-Total/		0	0	0	0	0	15	406	747	426	501	369	303	2,767
Inland Empire Utilities Agency		3,631	2,229	4,744	5,971	4,320	4,743	6,210	7,326	6,196	6,078	3,995	2,576	58,018
Direct Deliveries														
Dry Year Yield		0	0	0	0	3,041	6,024	6,746	5,213	2,827	1,189	2,816	1,882	29,737
TOTAL		3,631	2,229	4,744	5,971	7,360	10,767	12,956	12,539	9,023	7,267	6,811	4,458	87,756
2009 Imported Water Sales		January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Water Facilities Authority		312	0	0	734									1,046
Direct Deliveries														
Dry Year Yield		522	71	0	0									594
Sub-Total/		834	71	0	734	0	0	0	0	0	0	0	0	1,639
Cucamonga Valley Water District		1,591	50	82	1,378									3,101
Direct Deliveries														
Dry Year Yield		0	0	0	0									0
Sub-Total/		1,591	50	82	1,378	0	0	0	0	0	0	0	0	3,101
Fontana Water Company		49	0	0	376									425
Direct Deliveries														
Sub-Total/		49	0	0	376	0	0	0	0	0	0	0	0	425
Inland Empire Utilities Agency		1,952	50	82	2,488									4,572
Direct Deliveries														
Dry Year Yield		522	71	0	0									594
TOTAL		2,474	121	82	2,488	0	0	0	0	0	0	0	0	5,165



IEUA Monthly Water Use Report – June 2009

The purpose of this report is track IEUA and its member agencies water use on a monthly basis. Over the next 12 months, tracking water use will be essential to complying with the Drought Allocation Plan, Dry Year Yield Program and Tier I/Tier II limit.

Below is a summary of current water use and programs that IEUA and its member agencies are participating in. Attached are several tables and graphs representing overall water use and imported water purchases.

OVERALL WATER USE DOWN 5%!!!

Imported Water Deliveries

For the month of May, IEUA purchased 3,611.1 acre feet (AF) of Tier I water, increasing the cumulative total for the calendar year to 8,777.5 AF. (Including DYY certifications)

Dry Year Yield (DYY) Program

IEUA retail agencies have met their DYY Program obligations for the year, ending in April 2009. DYY participants certified they have pumped 30,332.5 AF (98% of IEUA's obligation of 31,000 AF) from the groundwater storage account. MWD imported water deliveries were reduced by 30,589 AF (99% of IEUA's obligation of 31,000 AF).

Recycled Water Program

IEUA has achieved a recycled water milestone!!! IEUA had a goal of reaching 31,000 AFY of connected direct reuse by the end of FY 2008/09, and as of May 2009 has connected 32,594! IEUA is implementing a 3-Year Business Plan that will increase recycled water connected capacity to 50,000 AFY by 2010. During the month of April, IEUA sold 1,231 AF (781 AF = direct sales, 920 AF = recharge).

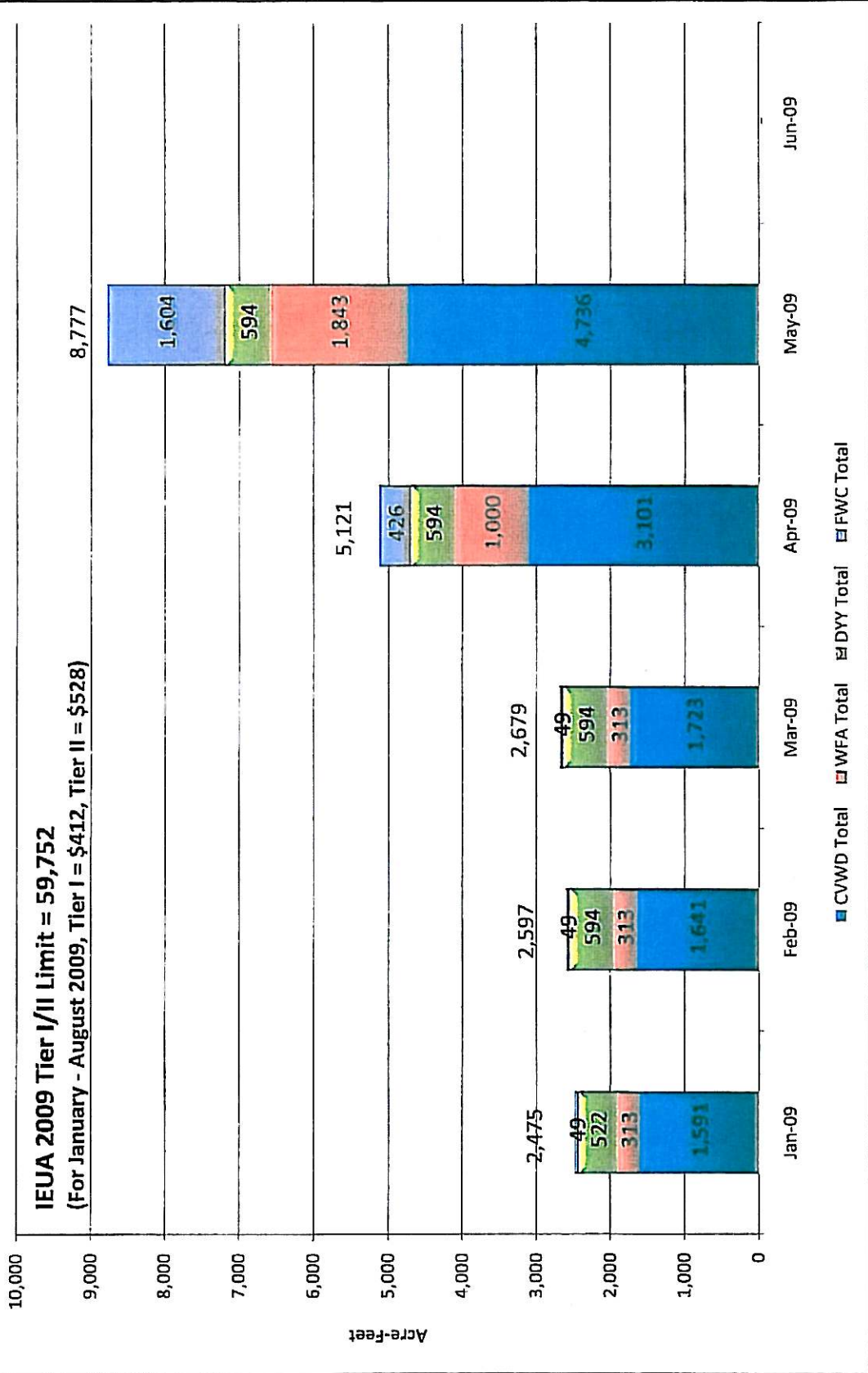
Chino Desalter Authority (CDA)

This fiscal year through the month of May, the two desalters have produced 23,847.8 AF of water (of which 13,726 AF was delivered to IEUA retail agencies). The current production capacity is 24,600 AFY, and it is scheduled to be expanded to approximately 40,000 AFY by 2012, with the implementation of CDA Phase III.

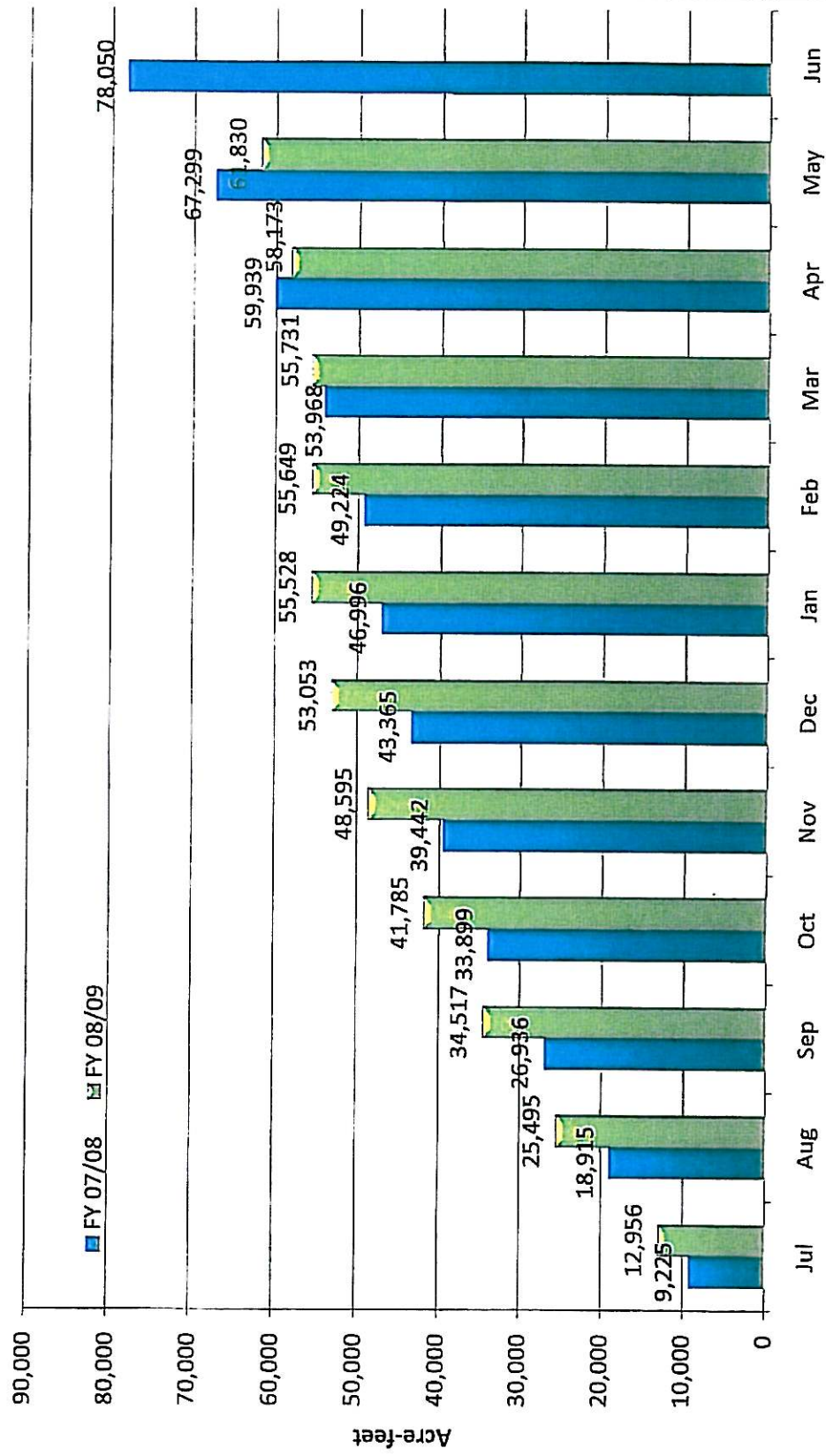
Attachments

- Attachment 1 – IEUA Calendar Year 2009 Full Service Deliveries, Including DYY (Graph)
- Attachment 2 – IEUA Cumulative Full Service Imported Water Deliveries & Dry Year Yield (Graph)
- Attachment 3 – IEUA Cumulative Full Service Imported Water Deliveries & Dry Year Yield (Graph)
- Attachment 4 – WFA Cumulative Full Service Imported Water Deliveries & Dry Year Yield (Graph)
- Attachment 5 – WFA 2009 Imported Water Deliveries (Graph)
- Attachment 6 – CVWD Cumulative Full Service Imported Water Deliveries & Dry Year Yield (Graph)
- Attachment 7 – CVWD 2009 Imported Water Deliveries (Graph)
- Attachment 8 – FWC Cumulative Full Service Imported Water Deliveries (Graph)
- Attachment 9 – IEUA Imported Water Sales (Table)
- Attachment 10 – Chino Basin Conjunctive Use Program Performance (Table)

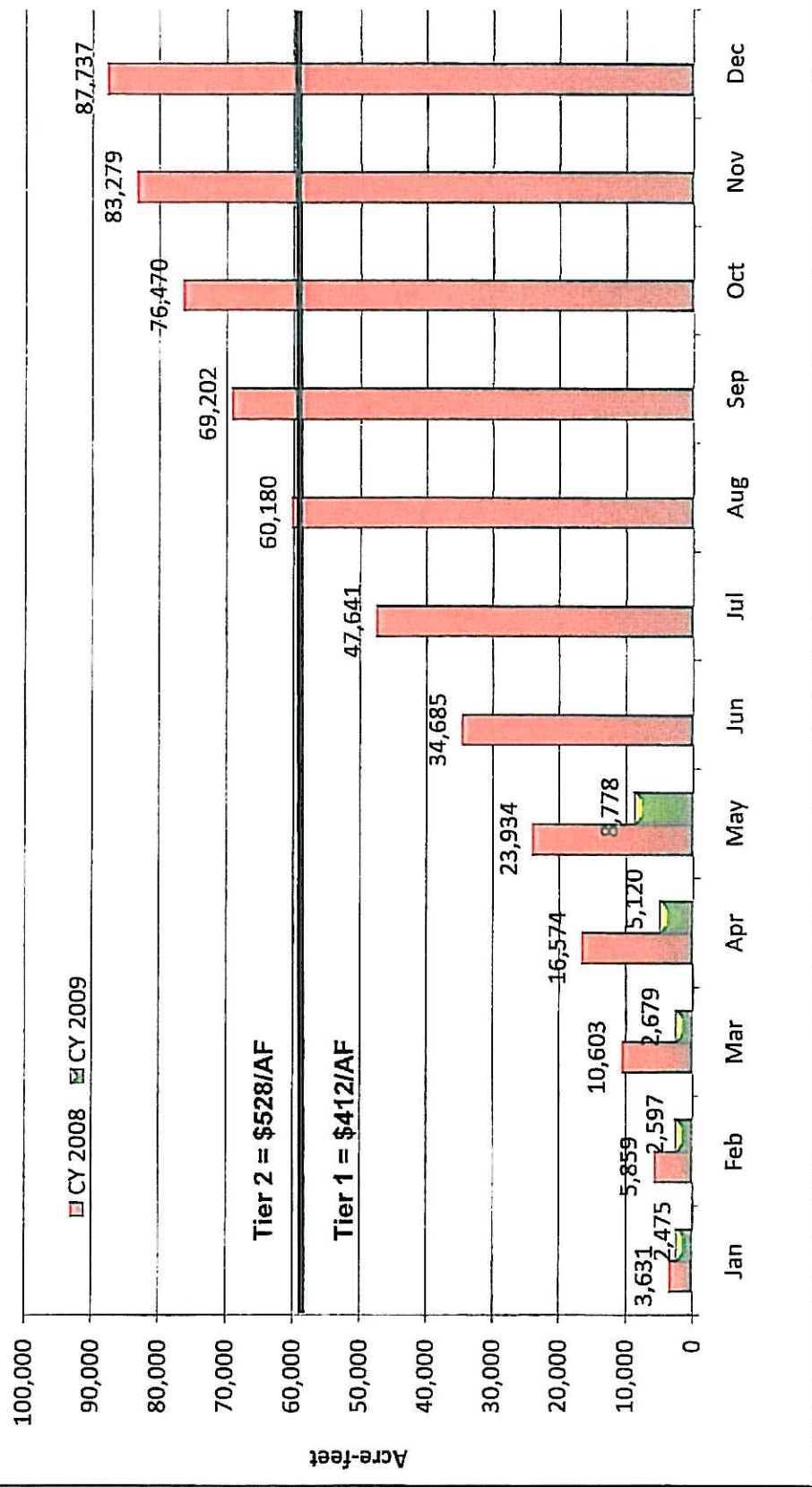
Attachment 1 IEUA Calendar Year 2009 Full Service Deliveries, Including DYY



Attachment 2 IEUA Cumulative Full Service Imported Water Deliveries & Dry Year Yield



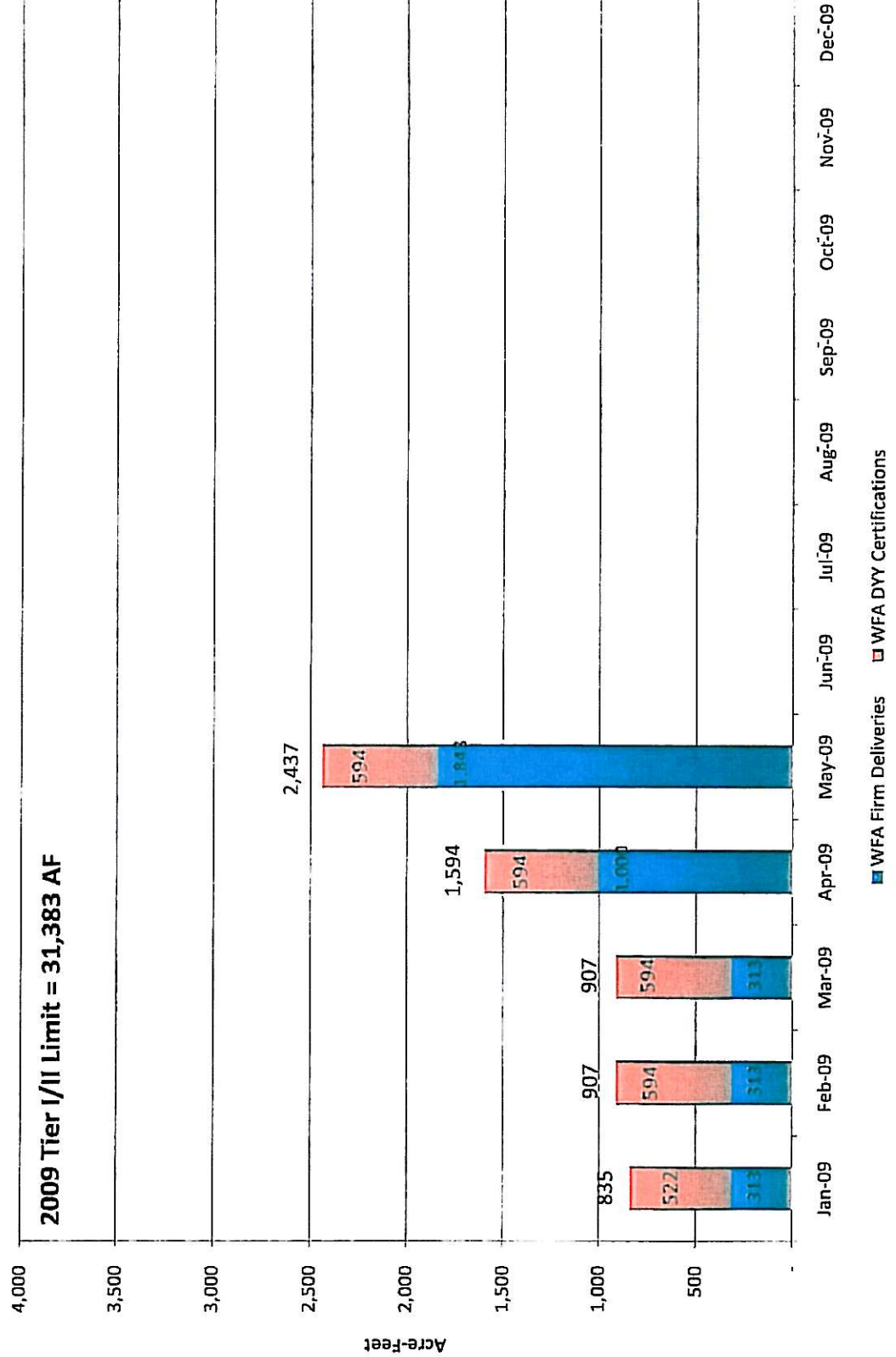
Attachment 3 IEUA Cumulative Full Service Imported Water Deliveries & Dry Year Yield



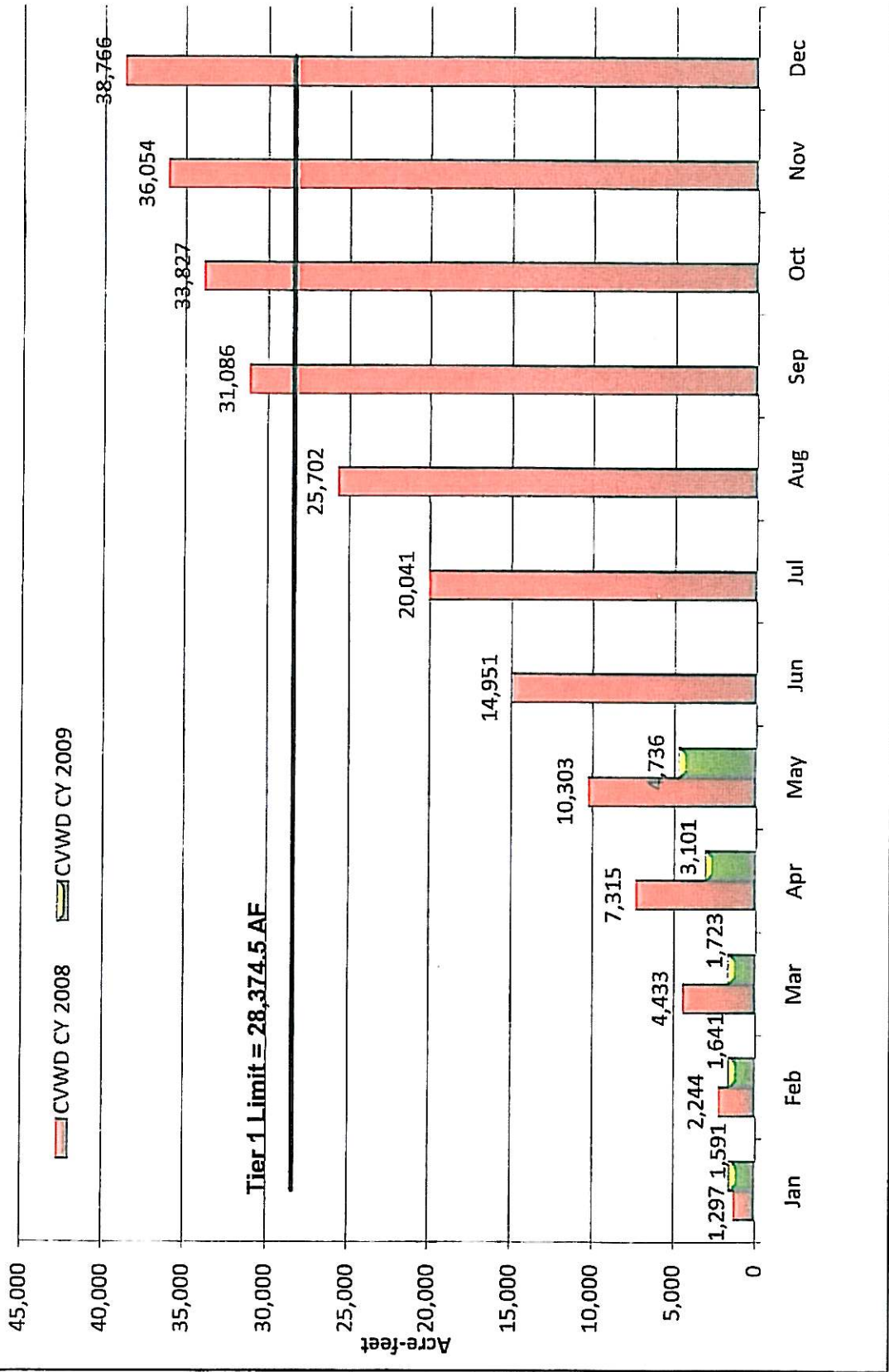
Attachment 4 WFA Cumulative Full Service Imported Water Deliveries & Dry Year Yield



Attachment 5 WFA 2009 Imported Water Totals

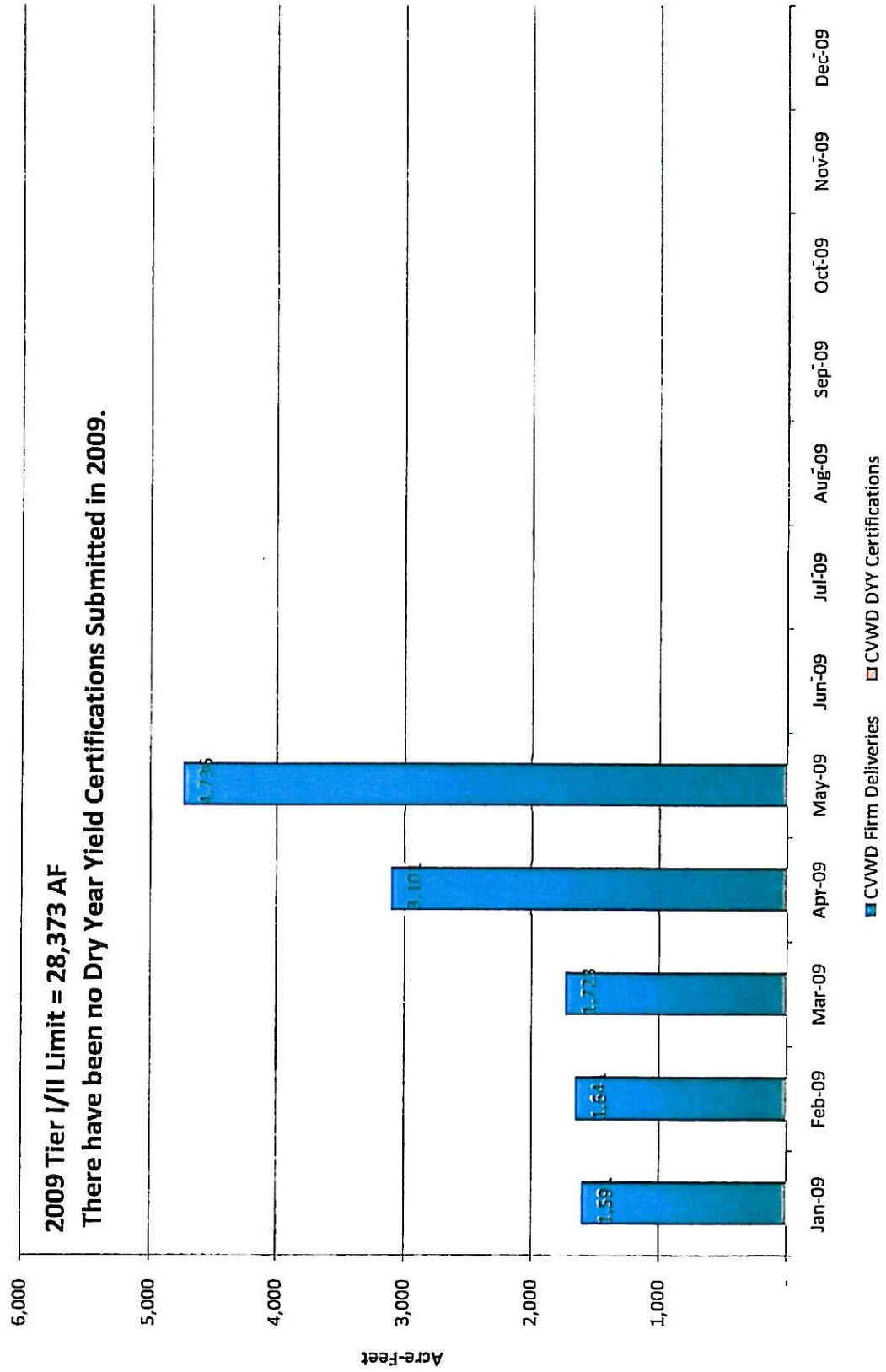


Attachment 6 CVWD Cumulative Full Service Imported Water Deliveries & Dry Year Yield

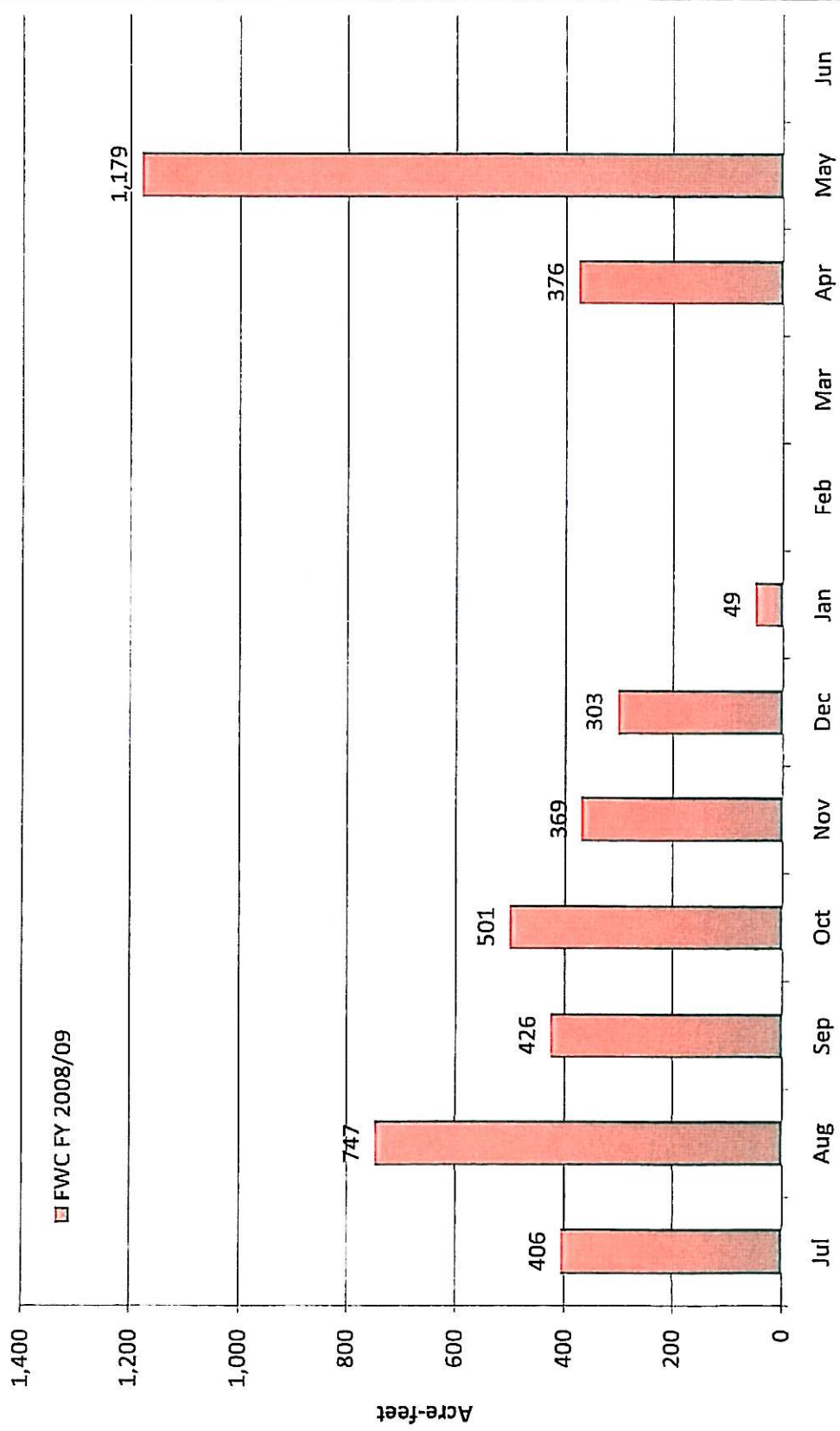


Attachment 7 CVWD 2009 Imported Water Totals

2009 Tier I/II Limit = 28,373 AF
There have been no Dry Year Yield Certifications Submitted in 2009.



Attachment 8 FWC Cumulative Full Service Imported Water Deliveries



**Attachment 9
Inland Empire Utilities Agency Imported Water Sales**

2008 Imported Water Sales	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Water Facilities Authority													
Direct Deliveries	2,333	1,282	2,555	3,088	1,332	1,682	2,730	3,450	2,913	2,836	1,444	1,060	26,705
Dry Year Yield					1,438	4,008	4,214	2,686	2,827	1,145	1,317	751	18,386
Sub-Total	2,333	1,282	2,555	3,088	2,770	5,690	6,944	6,136	5,740	3,981	2,761	1,811	45,091
Cucamonga Valley Water District													
Direct Deliveries	1,297	947	2,189	2,883	2,988	3,046	3,074	3,129	2,857	2,741	2,182	1,213	28,546
Dry Year Yield					1,603	2,016	2,532	2,527	0	44	1,499	1,131	11,352
Sub-Total	1,297	947	2,189	2,883	4,591	5,062	5,606	5,656	2,857	2,785	3,681	2,344	39,898
Fontana Water Company													
Direct Deliveries	0	0	0	0	0	15	406	747	426	501	369	303	2,767
Sub-Total	0	0	0	0	0	15	406	747	426	501	369	303	2,767
Inland Empire Utilities Agency													
Direct Deliveries	3,631	2,229	4,744	5,971	4,320	4,743	6,210	7,326	6,196	6,078	3,995	2,576	58,018
Dry Year Yield	0	0	0	0	3,041	6,024	6,746	5,213	2,827	1,189	2,816	1,882	29,737
TOTAL	3,631	2,229	4,744	5,971	7,360	10,767	12,956	12,539	9,023	7,267	6,811	4,458	87,756
2009 Imported Water Sales	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Water Facilities Authority													
Direct Deliveries	312	0	0	687	844								1,843
Dry Year Yield	522	71	0	0	0								594
Sub-Total	834	71	0	687	844	0	0	0	0	0	0	0	2,436
Cucamonga Valley Water District													
Direct Deliveries	1,591	50	82	1,378	1,635								4,736
Dry Year Yield	0	0	0	0	0								0
Sub-Total	1,591	50	82	1,378	1,635	0	0	0	0	0	0	0	4,736
Fontana Water Company													
Direct Deliveries	49	0	0	376	1,179								1,604
Sub-Total	49	0	0	376	1,179	0	0	0	0	0	0	0	1,604
Inland Empire Utilities Agency													
Direct Deliveries	1,952	50	82	2,441	3,658								8,183
Dry Year Yield	522	71	0	0	0								594
TOTAL	2,474	121	82	2,441	3,658	0	0	0	0	0	0	0	8,776

Attachment 10
Chino Basin Conjunctive Use Program (Dry Year Yield)
IEUA's & TVMWD's FY 2007-08 Monthly Retail Demand by Source of Supply & FY 2008-09 DRAFT DYY Performance

FY 2007-08 Monthly Retail Demand by Source of Supply													
IEUA & TVMWD	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Total
Chino Groundwater	8,148.31	9,225.60	9,555.93	9,077.09	7,785.52	7,266.47	5,922.67	4,223.07	3,716.06	3,956.32	5,111.68	6,620.29	80,621.01
Imported Water (MWD)	6,894.40	8,422.34	10,214.54	10,810.64	8,955.65	7,611.24	6,037.94	4,173.19	3,886.44	2,408.26	4,953.30	5,795.83	80,264.75
Other Groundwater	2,191.84	2,252.65	2,244.74	2,080.98	1,840.06	1,563.02	1,442.36	744.04	797.80	593.01	1,033.39	1,188.05	17,971.85
Local Surface Water	284.08	248.24	529.51	495.16	426.23	376.69	354.74	327.72	1,203.82	1,103.90	1,230.82	1,069.52	6,900.40
Desaliner Water (CDA)	1,270.92	1,224.60	1,244.86	1,336.78	1,355.62	1,351.42	1,295.02	1,246.53	1,255.53	1,163.05	1,257.11	1,250.46	15,197.89
Total	17,618.63	20,148.74	22,544.71	22,463.87	19,007.48	16,817.42	13,757.71	9,494.08	8,829.04	8,073.49	12,329.19	14,673.69	240,984.05

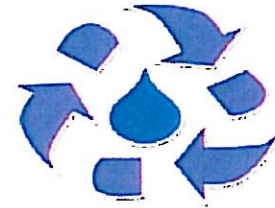
FY 2008-09 - DRAFT DYY Performance													
IEUA & TVMWD	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Total
Chino Groundwater	8,814.26	9,551.19	10,391.57	9,663.63	8,695.12	8,430.13	6,741.53	5,988.26	6,966.87	5,500.69	7,768.97	7,840.47	96,342.70
Imported Water (MWD)	4,724.27	5,556.26	6,592.80	7,412.17	6,418.15	6,148.97	4,234.24	2,463.36	1,965.67	68.15	104.89	2,157.13	47,866.04
Other Groundwater	1,835.69	2,389.48	2,751.72	2,313.18	2,288.89	2,011.71	1,807.76	972.24	1,422.65	1,039.06	1,658.24	1,863.29	22,353.91
Local Surface Water	826.54	807.16	394.56	293.38	261.37	295.55	244.94	292.83	390.27	632.82	956.26	879.02	6,374.69
Desaliner Water (CDA)	1,310.11	1,264.72	1,310.13	1,378.30	1,353.76	1,166.79	1,299.35	1,297.70	1,287.54	1,152.24	1,185.64	1,109.62	15,116.90
Total	16,300.76	18,314.09	20,130.66	19,882.36	17,663.62	16,887.36	13,028.46	9,746.69	10,746.45	7,240.72	10,487.35	12,739.92	228,091.38

Potable Water Demand Tracking													
Potable Water Performance	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Total
Change in Chino Groundwater	665.95	335.59	835.65	586.54	909.59	1,163.66	618.86	1,745.19	3,260.82	1,532.37	2,657.29	1,220.18	15,721.70
Change in Imported Water (MWD)	(2,270.14)	(2,866.00)	(3,621.74)	(3,399.48)	(2,537.50)	(1,462.28)	(1,803.70)	(1,689.83)	(1,920.77)	(2,340.11)	(4,848.41)	(3,639.70)	(32,398.72)
Change in Other Groundwater	(356.15)	136.92	506.99	232.19	448.83	448.69	365.40	228.20	624.85	448.04	624.85	675.24	4,382.06
Change in Local Surface Water	642.46	558.92	(134.95)	(201.78)	(164.86)	(80.14)	(109.80)	(60.94)	(38.48)	(471.08)	(275.57)	(189.50)	(525.71)
Change in Desaliner Water (CDA)	39.19	40.12	65.27	39.54	18.14	(184.63)	60.33	51.17	32.01	(10.82)	(81.47)	(140.84)	(71.99)
Change in Potable Demand	(1,278.67)	(1,834.16)	(2,414.05)	(2,178.15)	(1,343.94)	68.94	(729.26)	222.62	1,916.42	(832.71)	(1,841.84)	(1,933.73)	(12,781.48)

Non-Potable Water Demand Tracking													
Non-Potable Water Performance	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Total
FY 2007-08 Recycled Water	486.80	776.20	919.00	800.12	1,064.67	642.20	457.82	338.05	280.48	219.37	682.67	586.58	7,273.84
FY 2008-09 Recycled Water	914.95	1,025.84	1,233.58	1,201.40	1,308.07	1,331.43	942.97	574.57	272.75	507.43	313.85	703.86	10,331.90
Change in Non-Potable Demand	418.15	250.74	314.59	401.29	213.40	689.23	485.15	236.52	(7.73)	288.06	(348.82)	117.38	3,057.96

Total CUP Contribution From													
Actual CUP Contribution	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Total
Actual CUP Contribution	3,389.33	3,881.84	4,248.59	4,334.69	3,633.67	3,174.19	2,307.69	1,479.88	288.69	281.69	591.69	586.58	32,934.06
Actual CUP Contribution	4,848.17	6,024.17	7,148.51	6,513.54	5,837.86	5,188.96	4,118.46	2,881.19	622.36	72.96	313.85	703.86	32,333.85

DYY Obligation = 33,000 AF



JUNE 2009
RECYCLED WATER PROGRAM NEWSLETTER

Highlights:

- 8,603 AFY New Recycled Water Customers Connected.....Page 2
- Funding Development/Stimulus Funding.....Page 3
- Recycled Water Rebates.....Page 4
- Capital Projects Status.....Page 5

HEADLINE: By the end of the fiscal year, IEUA is expected to exceed its goal of connecting 31,000 AFY of recycled water for fiscal year 2008/2009 by 1,594 AFY! IEUA would like to thank all who assisted on reaching this goal!

MEMBER AGENCY'S UPDATES: City Of Ontario



Temple Inland - The irrigation system retrofit at Temple Inland was completed in May 2009. The Temple Inland connection to Recycled Water marks the 100th customer connection by the City of Ontario. The estimated connected demand for the irrigation system is 100 AFY. Congratulation to the City on this great achievement!



Temple Inland

Chad Cleveland Farms - Ontario completed five recycled water connections for Cleveland Farms. Each site will utilize recycled water for farming operations. The estimated usage for the five connections is 1,600 AFY.

Other sites that the City is currently working on include: Guasti Park, Lee Farm on Schaeffer Avenue, with an anticipated connected demand of over 2,200 AFY.

UPCOMING EVENTS

- Wildfire Awareness Fair.....9:00 AM–3:00 PM May 30, 2009@ Western Hills Park
- Volunteer Work Party.....8:30 AM–11:00 AM June 6, 2009 @ Chino Creek Wetlands and Educational Park
- Montclair Family Fun Festival.....11:00 AM–5:00 PM June 6, 2009 @ Alma Hofman Park
- Recycled Water Site Supervisor Training.....8:00 AM–12:00 PM June 11th, 2009 @ IEUA
- Landscape Workshop "Low Water Lawns and Micro Meadows".....10:00 AM–12:00 PM June 20, 2009 @ IEUA
- Pervious Concrete Conference.....TBD June 25, 2009 @ IEUA
- Red Team Meeting (IEUA and Member Agency Implementation).....4:15 PM July 2nd, 2009 at CVWD
- Recycled Water Site Supervisor Training8:00am–12:00pm, September 10th, 2009 at IEUA

Recycled Water Customers and Usage Data:

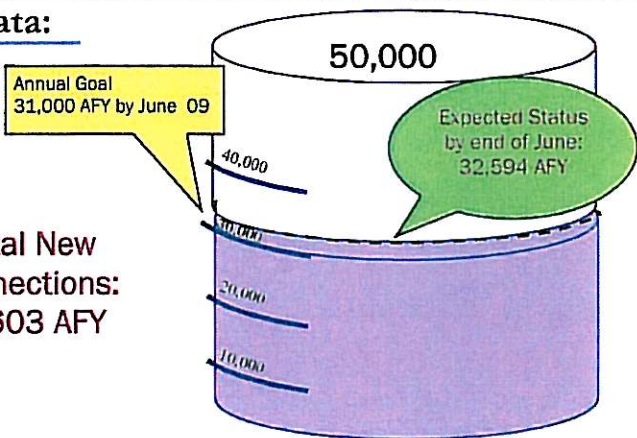
Recent Connections:

- Norco Injection Molding (Chino, 1.5AFY)
- Chino Hills High School (Chino Hills, 30AFY)
- Rincon Park (Chino Hills, 2AFY)
- CCC-S (5 Connections) (Ontario, 50AFY)
- Chad Farms 2 connections (Ontario, 1,600 AFY)
- Temple Inland (Ontario, 100AFY)
- RP-3 Recharge Basin (IEUA, 1,800 AFY)

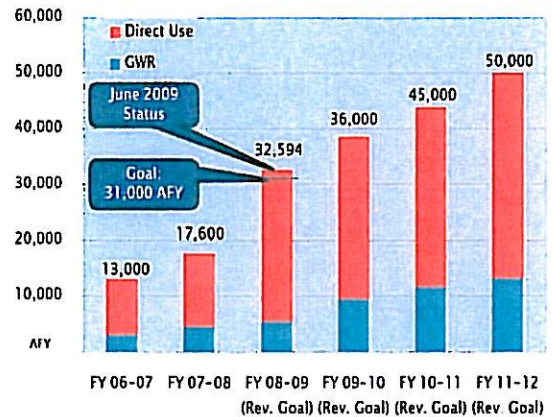
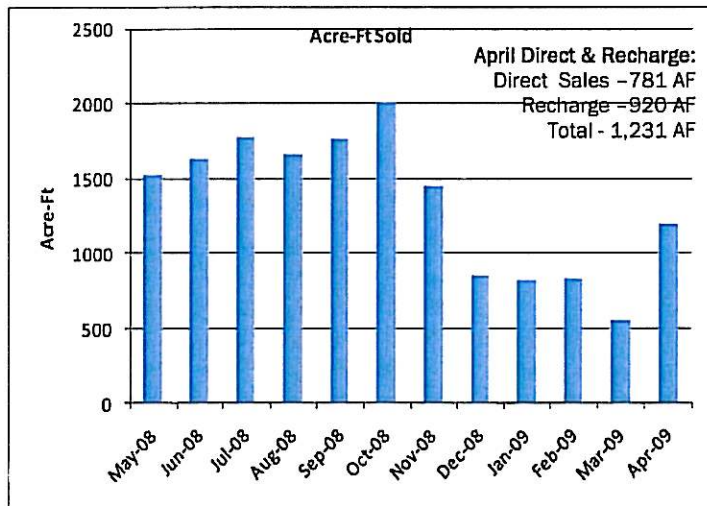
Upcoming Connections:

- By late June 2009:
- Vellano Golf Course (Chino Hills, 1,000 AFY)
- Lee Farm on Schaeffer Ave (Ontario, 2,000 AFY)
- CIM Farm N Connection (Chino, 2,000 AFY)
- Others:
- Bellevue Cemetery (Ontario, 220 AFY)
- Montclair Parks (Montclair, 90 AFY)
- Ontario-Montclair School District (Ontario, 177 AFY)
- Cintas I (Ontario, 120 AFY)
- Guasti Park (Ontario, 224AFY)

Total New Connections:
5,603 AFY



RW Connected Demand Goals



Monthly Recycled Water Sales

New Facilities Operational at Regional Plant No. 4:

April 7, 2009 was the start up of the new 1299/1158 zone pump stations at RP-4. The 1299 zone pump station consists of seven (7) horizontal split case pumps with a total pumping capacity of 33 MGD. This pump station serves the entire service area north and west of RP-4 (1299 zone). The 1158 zone pump station consists of five (5) vertical turbine pumps with a pumping capacity of 30 MGD and serves the two 1158 reservoirs (9 MG capacity) north of RP-4. These reservoirs serve as supply for both the 1158 zone and the 1299 pump station.



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.

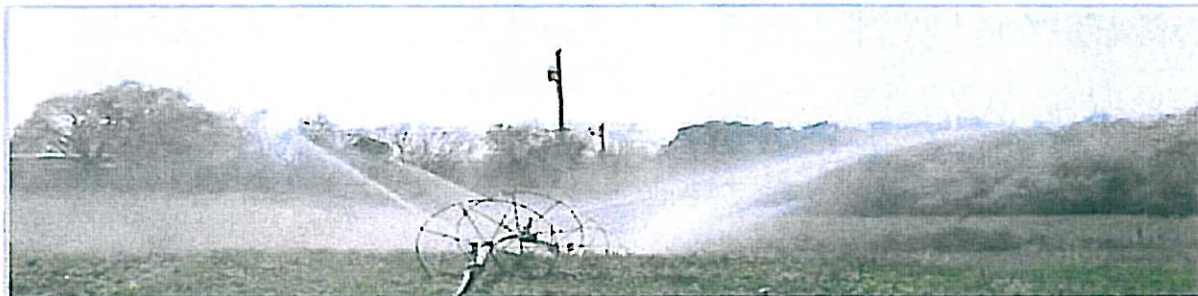
Discussion: The schedule of some Capital Projects has been delayed primarily due to the State/Federal grant (and SRF loan) approvals.

Annual Recycled Water Connection Goals

Year		Connected Demand (AFY)
1	2007/08	17,600
2	2008/09	32,594
3	2009/10	36,000
4	2010/11	45,000
5	2011/12	50,000

FUNDING DEVELOPMENTS: DWR Urban Drought Assistance

The Agency received the DWR Drought Assistance Grant for recycled water retrofits in the amount of \$1 Million. The disbursement strategy was approved by the Regional Technical and Policy Committees on December 4, 2008 and by the Inland Empire Utilities Agency Board on December 17, 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 Northeast Area Project 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 contained a \$5 million appropriation for the IEUA project and a request for these funds has been processed and the funds have been received. On April 6, 2009 IEUA submitted two applications to USBR for Title XVI stimulus funds totaling \$14 million. The breakdown of the two application were as follow:

Northeast Area Project = \$9.5 million
 Northwest Area Project = \$4 million
 Total = \$13.5 million

Applications that will be funded by Title XVI Stimulus money are expected to be announced in late June. IEUA also assisted CVWD on a \$10 million USBR Stimulus Application for their Title XVI authorization. The application is for Cucamonga Valley Water District Baseline Pipeline Project that will interconnect the 1630 W and 1630 E pressure zones. If this request is successful, it will also be announced in late June.

Program Description & Financial Status

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. Also on March 17, 2009 The California Water Resources Control Board approved a \$4.2 million grant and a \$34 million SRF Loan for IEUA's Northeast Area Project.

FUNDING DEVELOPMENTS: *Funding Agreements*

Metropolitan Water District (MWD), Local Resources Program (LRP): IEUA has executed 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 used. 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 from 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. This information is due to MWD by June 30, 2009. There are no extensions to the deadline.

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.



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:

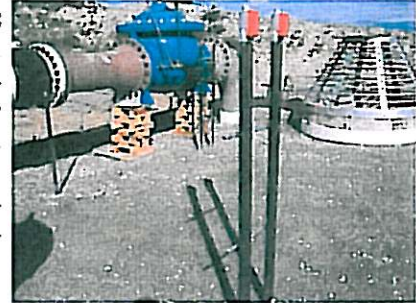
The second draft of the North Chino Master Plan is being completed by IEUA and the City of Chino.

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

- CB-14 and CB-20, Chino Basin Facilities Improvements, Phase II –Pkg-C (Turnout Service Pipeline Connections & SCADA Improvement Project No. TS07004.03):** The Contractor has completed the installation of MWD CB-14 and 20. Electrical instrumentation and testing is being conducted by MWD. Currently, with the addition of telemetry and relocation of pedestals at San Sevaine Basin, work is estimated to be completed by August with environmental restoration of San Sevaine Basin being completed by December. At this time, telemetry reception towers at RP-1 and RP-4 are being installed.



CB 14 and CB 20, City of Upland

- Northeast Area Recycled Water Projects:** Cucamonga Valley Water District and IEUA received construction bids for the North East Area projects in the Cities of Rancho Cucamonga and Fontana. These recycled water projects include the conversion of a 3.5 MG steel reservoir from domestic to recycled water; a 1200 HP Pump Station; approximately 25,000 LF of 36" diameter pipeline and 4,200 LF of 12" diameter pipeline; three monitoring wells and two lysimeters. Some of the locations benefiting from these projects include the Cities of Rancho Cucamonga and Fontana public facilities; The Epicenter; Victoria Garden Shops; Bass Pro Shop; Inland Greenhouse; Stadium Plaza North; Chaffey Joint Union High School District; Foothill Crossing as well as basin groundwater replenishment. Low bids are as follows:



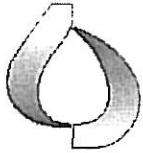
Northeast Area Project:	Engineer's Estimate	Apparent Low Bidder*	Contractor
1299 E Reservoir & 1630 E PS	\$7,325,000	\$3,427,800	Shuler Engineering
1299 E Pipeline	\$9,510,000	\$3,608,256	WEKA Inc.
1630 E Pipeline, Segment A	\$10,225,000	\$5,220,507	WEKA Inc.

- MW & Lysimeters at Victoria & San Sevaine Basins -** The design has been completed on these facilities and the permits have been received. The Facility Plan Approval for the projects has been received by the Agency. The project is anticipated to be advertised for construction June 2009.
- RP-4 1158 Reservoirs, Pump Stations, and Pipeline -** The project is complete, and is in operation.
- San Antonio Channel Segment B –**The project is complete.



Chad Farms, City of Ontario

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Inland Empire
UTILITIES AGENCY

Date: June 17, 2009
To: The Honorable Board of Directors
Through: Public, Legislative Affairs and Water Resources Committee (06/10/09)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: May Legislative Report from Geyer and Associates

RECOMMENDATION

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

BACKGROUND

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

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD

Enclosure

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BILL GEYER
JENNIFER WEST



GEYER
ASSOCIATES

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

MEMORANDUM

TO: Rich Atwater and Martha Davis
FROM: Jennifer West
DATE: May, 29, 2009
RE: Sacramento Legislative Report

Legislative Analyst's Office Targets Water/Waste Water Funding

The May revision of the state budget released by Gov. Arnold Schwarzenegger proposes that the state borrow \$2.1 billion in local property tax revenues from cities, counties and special districts to help fill the ever increasing budget gap. The funds would be borrowed under Proposition 1A of 2004, the voter-approved measure that allows the state to borrow up to 8% of total local property tax revenues during a Governor-declared fiscal emergency. The funds must be repaid within three years. Last week, the Legislative Analyst's Office recommended that the state take more than 25% of the \$2.1 billion from water and wastewater enterprise special districts alone – resulting in a hit of at least \$500 million just for water and wastewater districts. The LAO noted that enterprise water and wastewater districts “typically depend on property taxes for less than 7 percent of their operating revenues and have broad authority to increase fees or reduce programs.” Borrowing a greater share from them “would allow the state to borrow less from agencies with less fiscal flexibility,” the LAO wrote in its review of the May Revise. Yesterday, the Budget Conference Committee broadly discussed this issue. The next hearing of this subject will be June 8.

AB 1366, IEUA Sponsored Bill, Passes to Senate on Strong Vote

IEUA sponsored bill, AB 1366 (Feuer/Caballero/A. Strickland) passed off of the Assembly Floor yesterday on a 60 (yes) to 16 (no) vote, with 4 members not voting. Ten Republicans voted for the bill. The measure gives local agencies additional control over salinity discharges from residential self-regenerating water softeners and is completely optional. Salinity from this source can make recycled water unusable, pollute groundwater and impact downstream beneficial uses of water. The bill is supported by a large coalition of water agencies and local governments, agricultural interests, business interests and environmental interests. The measure will now go to the Senate where it will continue to face stiff opposition from the water softening industry. The industry is running full page advertisements against the bill and has initiated a website in an effort to activate opposition in various Senate districts.

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Inland Empire Utilities Agency
Watch List
May 27, 2009

AB 39 (Huffman) Final Delta Vision

Status: Assembly Appropriations

This bill requires the yet-to-be-created California Delta and Ecosystem Water Council (CDEWC) to prepare a plan to implement the Delta Vision Strategic Plan, issued by the Delta Vision Blue-Ribbon Task Force, and to submit that plan to the Legislature by January 1, 2011.

AB 49 (Feuer/Huffman) Water Conservation

Status: Assembly Floor

Requires a 20% reduction in urban per capita water use by the end of 2020 and requires agricultural water suppliers to implement best management practices (BMPs) by July 31, 2012. Requires DWR to develop by 2010 regional urban water use targets consistent with the goals of reducing urban per capita water use by at least 10% before 2015 and 20% by 2020, as well as per capita water use calculation procedures. IEUA has been heavily engaged in discussions with the author and other stakeholders in the development of the legislation.

AB 231 (Huffman) Climate Protection Trust Fund

Status: Assembly Appropriations

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 "Climate Protection Trust Fund."

AB 300 (Caballero) Subdivisions: Water Supply

Status: Senate

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 –Two year bill

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 626 (Eng) IRWMP: Disadvantaged Communities

Status: Assembly Appropriations 5-28

Directs the Department of Water Resources (DWR) to achieve the 10% statewide allocation of Prop 84 implementation grants, planning grants, local groundwater assistance grants, and CALFED scientific research grants to address the critical water supply needs of disadvantaged communities required by current state law by awarding the grants for those purposes to disadvantaged communities within a hydrologic region in a total dollar amount that is equivalent to 10% of the total dollar amount of grants awarded in that region.

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

Status: Senate Environmental Quality

This bill defines "severely disadvantaged community," as that term is used in relation to Chapter 6.5 of the Water Code, as a median household income that is less than 60 % of the statewide average.

AB 958 (Eng) Design-Build: Metropolitan Water Districts: Solar Energy Systems

Status: Assembly Floor

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 1098 (Hagman) Chino Agricultural Preserve

Status: Assembly Local Government –Two year bill

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: Assembly Floor (consent)

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.

AB 1187 (Huffman) Water Bond 2010

Status: Assembly Water Parks and Wildlife

Assembly Water Bond vehicle

AB 1242 (Ruskin) State Water Policy

Status: Senate

Declares the "established policy of the state" that a human being has the right to clean and accessible water on an equitable basis, that is adequate for the health and well-being of the individual and family, and that no one shall be deprived of that access or quality of water due to individual economic circumstances. Requires relevant state agencies, including the Department of Water Resources (DWR), the State Water Resources Control Board (SWRCB) and the State Department of Public Health (DPH), to employ all feasible means to implement this policy.

AB 1408 (Krekorian) Subdivisions: water conservation mitigation fund

Status: Assembly Floor

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: Assembly Appropriations 5-28

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

AB 1482 (Anderson) Water: public Use

Status: Assembly Appropriations –Two year bill

This bill would require DWR, in consultation with the Pacific Quality Water Association, to study whether the Legislature should establish a rating system to measure the efficiency levels of self-regenerating water softener systems. The bill will be revised to require that they study water softener efficiency and no salt alternatives.

SB 7 (Wiggins) Renewable Energy: Net Metering

Status: Senate Floor

This bill requires an electrical distribution utility or cooperative to allow eligible energy generation

customers to apply for kilowatt-hour credits on net surplus electricity generated during a 24 month period.

SB 12 (Simitian) Delta

Status: Senate Appropriations 5-28

This bill creates the Delta Ecosystem and Water Council which must adopt a Delta Ecosystem and Water Plan by December 1, 2010. The bill requires the Delta Protection Commission to revise its resource protection plan to be consistent with the Delta Ecosystem and Water Plan. Requires that the general plans of Contra Costa, Sacramento, San Joaquin, Solano, and Yolo counties and the cities within those five counties must be consistent with the Delta Ecosystem and Water Plan.

SB 261 (Dutton and Ducheny) Water use

Status: Senate Floor

Require each urban water supplier, or regional water management group acting on behalf of the urban water supplier, to develop and implement a water use efficiency and efficient water resources management plan. Urban water suppliers achieving extraordinary water use efficiency would be exempt from these requirements. Extraordinary water use efficiency would be defined as:

The use of less than 70 gallons per person per day for indoor residential uses and The use of less than 70 percent of reference evapotranspiration for outdoor residential uses. The plans would be required to accomplish one or more of the following:

Reduce residential per capita potable water use by 20 percent by 2020 as compared to water use in 2000.

Reduce total residential potable water use by 2020 by a total of 20 percent as compared to the 2020 projection in the agency's 2005 urban water management plan, which reduction shall include water conservation measures already included in the 2005 urban water management plan.

Achieve, by 2020, extraordinary water use.

Sponsored by SAWPA and Western Municipal Water Agency.

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

Status: Senate Natural Resource & Water

Senate vehicle for 2010 water bond.

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

Status: Senate Floor

This bill would authorize a county, city, or special district that is a permittee or copermitee 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
Governor's Water Bond Proposal

SB 456 (Wolk) Safe, Clean, Reliable Drinking Water Supply Act of 2010
Status: Senate Natural Resources & Water
Water Bond proposal for 2010

SB 457 (Wolk) Sacramento-San Joaquin Delta
Status: Senate Appropriations 5-28

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 Appropriations 5-28

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 Appropriations –Two year bill

Sponsored by ACWA. The bill is the Association's effort to address the 20% water conservation mandate called for in the Governor's Executive Order. It requires urban water suppliers to provide additional information in their urban water management plans on water conservation. It requires agricultural water suppliers to prepare agricultural water management plans by an unspecified date. The bill is still a work in progress.

SB 565 (Pavley) Water Recycling
Status: Senate Floor

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

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

Senate Water Bond proposal

SB 736 (Pavley) Water Consumption Fee

Status: Senate Natural Resources & Water --two year bill

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 790 (Pavley) Stormwater Management

Status: Senate Floor

Under the Watershed, Clean Beaches, and Water Quality Act Clean Beaches Program, the bill authorizes grants to implement or promote low impact development that will contribute to improving water quality or reducing stormwater runoff, and to implement a stormwater management plan. Under the Integrated Regional Water Management Planning Act, it authorizes a regional water management group to coordinate its planning activities to also incorporate stormwater management planning. Authorize a city, county, or special district (individually or jointly) to develop a stormwater management plan that meets certain requirements (e.g., be developed on a watershed basis, provide for community participation, assist in compliance with TDML implementation plans and applicable NPDES permits). Provides that a stormwater management plan must be designed to augment local water supply through infiltration, and reuse of stormwater; reestablish natural water drainage treatment and infiltration systems.

SB 799 (Wiggins) Local Agencies: Bonds

Status: Senate Local Government – two year bill

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 –two year bill

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.

Positions
Inland Empire Utilities Agency
May 29, 2009

AB 13 (Salas) Sacramento-San Joaquin Delta Conservancy

Status: Assembly Floor

Support

This bill would establish the Sacramento-San Joaquin Delta Conservancy to provide policy oversight, foster implementation of, and manage funds to implement the restoration and management of habitat and lands in the Sacramento-San Joaquin Delta and Suisun Marsh, and to develop and implement projects to address the economic viability of the Delta region, consistent with a comprehensive Delta sustainability program.

AB 28 (Jeffries) Natural Gas Engines: water pumps

Status: Assembly Natural Resources –Two year bill

Support

The bill 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 234 (Huffman) Water/Energy Efficiency Projects

Status: Senate

Support

The bill requires the CEC to coordinate with the SWRCB and local water suppliers on planning and implementation of energy efficiency actions that also can result in water use savings when using funding received pursuant to the federal stimulus package. The bill requires CEC and SWRCB to establish criteria and priorities for partnering with the water board programs and projects that have both water and energy efficiency ben

AB 410 (De La Torre) IRWMP Funds/Recycling

Status: Assembly Floor

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. This bill would refer to the statewide recycling goal as a target, and would additionally set a target to recycle a total of 1,300,000 acre-feet of water per year by the year 2020, and 2,000,000 acre-feet of water per year by the year 2030. The bill would require DWR to assess progress toward meeting that target every 5 years, based on information provided in urban water management plans.

AB 474 (Blumenfield) Contractual Assessments: Water efficiency Improvements

Status: Senate

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: Assembly Floor

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 quaggas.

AB 900 (DeLeon) Water Diversions

Status: Assembly Floor

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 560 (Skinner) Net Energy Metering

Status: Assembly Floor

Support

Increases the current cap on the amount of electricity that can be generated under the net-metering program for solar and wind generation. Currently the cap for the net metering is set at 2.5 % of each of the participating electric utilities' aggregate peak demand. This bill increases the cap to 10%.

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

Status: Senate

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.

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

Status: Senate

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. The bill came off the Assembly floor on a 60 yes to 14 no vote.

AB 1465 (Hill) Urban Water Management Plan

Status: Senate

Support

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 1520 (Evans) Statewide Watershed Program

Status: Assembly Appropriations –two year bill

Support

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 26 (Simitian) Home Generated Pharmaceutical Waste

Status: Senate Appropriations –two year bill

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 283 (DeSaulnier) Dual Plumbing Recycled Water

Status: Senate Floor

Support

Requires the Department of Water Resources, on or before July 1, 2008 and in consultation with Department of Public Health (DPH), to adopt and submit to the Building Standards Commission (BSC) regulations to establish a version of Appendix J of the Uniform Plumbing Code for California for design standards for both potable and recycled water systems.

SB 407 (Padilla) Plumbing Fixtures: High Water Use

Status: Senate Floor

Support

This bill requires the owner of a property to replace high-water-using plumbing fixtures prior to any sale or transfer of the property that occurs on or after January 1, 2014.
MWD sponsored.

SB 696 (Wright) Emission Reduction Credits

Status: Senate Energy –two year bill

Support

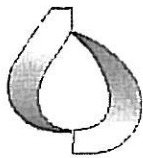
Due to a state court CEQA decision, the SCAQMD has been forced to stop issuing any permits relaying the District's internal offset accounts. Over 1000 permits are now on hold. This bill provides a limited CEQA exemption for implementation of specific SCAQMD rules creating or providing offset from the SCAQMD's internal bank. Individual permits would not be exempted from CEQA. The bill would require SCAQMD rules to apply stringent best available control technology, air quality impact modeling and air toxics limits.

SB 802 (Leno) Retention Proceeds

Status: Assembly Business and Professions Committee

Oppose

The bill requires that local governments reduce their payment retention amount from 10% to a 5% cap for construction projects. A large coalition of labor unions and contractors are supporting this measure.



Inland Empire
UTILITIES AGENCY

Date: June 17, 2009

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (06/10/09)

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

Submitted by: Martha Davis
Executive Manager of Policy Development

Subject: May 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 the Dolphin Group's activities on behalf of the Chino Basin/Optimum Basin Management Program Coalition.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

RWA:MD

Enclosure

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May 28, 2009

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



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

They came, they voted, they said no.

As expected, on May 19th a small turnout of voters overwhelmingly rejected most of the propositions that would have implemented a two-year budget deal reached by all Democrats and some Republicans earlier this year. As a result, the budget shortfall for the 2009-10 fiscal year, which was already slated at approximately \$15 billion before the vote, appears to have ballooned to approximately \$24 billion according to the non-partisan legislative analyst office (LAO).

Faced with climbing deficits and what most have interpreted as a clear message from the electorate that they do not favor higher taxes or stricter spending limits, Sacramento politicians are again clamoring for ways to swing the state budget back into balance.

The next few months are expected to prove extremely important, both in regards to existing budgetary issues as well as the potential for disrupting discussions on nearly all legislative actions for the rest of the current legislative session. A slew of spending cuts have already been offered by the Governor as potential solutions, as well as increasing revenues through property tax shifts from local governments through the Proposition 1A (2004) borrowing process.

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Chino Basin / OBMP Coalition

Status Report – May 2009

ENERGY/REGULATORY

CEC Stimulus Dollars Ready to Flow....Soon

Sitting on upwards of \$300 million dollars in federal stimulus dollars, the California Energy Commission is still working through the process of how those funds will be expended, and when. After holding a number of workshops throughout the state this month, including in Diamond Bar on May 4, the CEC still has yet to release a process to solicit projects to expend the funds.

Based on grants that are expected to be awarded by the federal government, three major policy areas, as they relate to water and energy related projects, will be funded:

1. Alternative and Renewable Fuel and Vehicle Technology Program
 - \$50 million
2. State Energy Program for renewable energy projects and energy efficiency programs
 - \$226 million
3. Energy Efficiency and Conservation Block Grant Program
 - \$56 million
 - 68% reserved for local governments

In late May, the CEC will be providing its formal request to the federal government with regards to how it intends to award and expend these funds. It is expected that shortly following this filing, the CEC will begin the process of soliciting specific offers from public agencies, utility ratepayers and third-party providers.

The application timeline is expected to be extremely short, with the expectation that most funds will be begin to be utilized this summer.

Dynamic Pricing for Electricity Ratepayers Gets Closer

Under orders from the California Public Utilities Commission (CPUC), Pacific Gas & Electric Company (PG&E) has filed an application that could implement real-time dynamic pricing on many customers in the next few years. The CPUC has already indicated that they intend to apply the results of this application to customers of Southern California Edison (SCE) in the next few years, so this case will largely determine how and if such rates will be implemented for SCE customers.

Specifically, the proposal from PG&E would place all agricultural and water pumping customers with demand greater than 200 kW on “default” dynamic pricing, where energy prices would be determined on a “day ahead” basis. Under the proposal, these customers will be notified of this impending switch, and will be allowed to “opt out” and remain on normal time-of-use pricing.

For customers smaller than 200 kW and on non-time-of-use rates, these customers would be required to convert to TOU rates. These customers will not be required to be placed on dynamic rates.

Before any customer is switched, the account must have a new “advanced meter” and also have access to 12 months of advanced meter data.

DGI is closely monitoring this proceeding, as it may largely impact how SCE customers will be treated in the next few years as “dynamic pricing” models continue to be pushed by the CPUC. A decision in this case is expected by the end of 2009, however implementation for SCE customers is not expected for 2-3 years after being implemented for PG&E customers.

STATEWIDE SPECIAL ELECTION

In one of the lowest voter turnouts in history, around 28%, voters overwhelming rejected a slew of propositions that would have implemented the budgetary deal reached by legislators in February of this year. Even before the first ballot was cast, the 2009-10 budget was already projected as being \$15 billion out of whack, largely due to declining tax revenues associated with a lethargic economy.

In the end, voters only approved one of the six measures, 1F, which restricts legislative pay increases in years when the state runs a deficit. The others were soundly rejected:

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

FAILED: Yes: 34.4% No: 65.6%

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

FAILED: Yes: 37.8% No: 62.2%

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

FAILED: Yes: 35.6% No: 64.4%

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

FAILED: Yes: 34.1% No: 65.9%

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

FAILED: Yes: 33.5% No: 66.5%

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

APPROVED: Yes: 74.0% No: 26.0%

In the end, it was an odd coalition of certain unions and conservative anti-tax groups, which both heavily disliked Proposition 1A for very different reasons, which ultimately killed the package.

BUDGET UPDATE

In the short time since the election, Governor Schwarzenegger has already announced some \$6 billion in solutions, with much more expected shortly.

- \$2 billion in borrowing from cities and counties (these funds will have to be repaid, with interest, within three years pursuant to Proposition 1A (2004))
- \$3.6 billion to \$4 billion cut to schools
- \$335 million gained through early release of prisoners and burdening county jails
- \$80 million through a 10 percent cut in the Cal Fire budget

The governor is also likely to pursue an extra fee tacked onto homeowner insurance policies to pay for emergency response, at a cost of about \$11 annually per homeowner. When the governor proposed the plan last year, it would have raised an additional \$105 million. The

governor is not currently planning to propose any other fee hikes or tax increases in his budget.

The Governor will also propose eliminating or consolidating about two dozen boards, bureaus and departments as part of the revised budget plan.

Under the plan to borrow \$2 billion from local governments, the state would be required to apply Proposition 1A that was approved by voters in 2004. Under this rule, the state could borrow up to 8% of each counties property taxes, and would be required to repay this amount within three years, with interest.

Many consolidation ideas will be recycled from past budget proposals, such as creating a single Department of Energy by consolidating functions from 12 existing state entities. The governor also has proposed eliminating the oft-maligned Integrated Waste Management Board after Democratic lawmakers last month blocked bills that would have done just that.

The Department of Finance has not yet assigned a cost savings to the various moves, but the amount of money will likely be trivial compared to the \$24 billion budget gap the state faces. As with the last time Schwarzenegger pursued the measures, the moves seem intended more as a gesture of reducing bureaucracy rather than bridging the overall budget gap.

Additionally, the governor has also said he will revisit state worker furloughs and layoffs.

A budget aide for Assembly Speaker Bass said that due to various constitutional and federal protections, the state can only target about \$38 billion in the budget -- largely social services and corrections. K-14 education is protected by Proposition 98 and by a mandate in the federal stimulus package to maintain a certain level of funding. Higher education is also protected by federal stimulus rules, as are some social services.

LEGISLATIVE UPDATE

Major Legislation

Legislation inched forward slowly this month, due largely to the uncertainty surrounding the special election. At this time of the year, almost all measures are in the midst of being considered by their respective Appropriations Committee, which determines whether it is prudent for the state to support the fiscal outlay associated with implementing each specific bill. Given the increasingly difficult budget situation, combined with the May 19th election results, it is expected that very few measures will be approved by the Appropriations committees this session. However, this issue continues to be a point of major discussions amongst party leaders and no decision has yet to be made regarding the fiscal “litmus test” bills must face.

Friday, June 5th is the deadline for all bills to pass their house of origin.

SB 32 (Negrete-McLeod D-Chino) is cosponsored by IEUA, and will expand and improve the feed-in tariffs originally created by AB 1969 (Yee – 2006), also sponsored by IEUA. The bill will order the CPUC to consider other environmental and economic benefits of the feed-in tariffs in establishing the price paid for delivering renewable energy to the utility, with the hopes of increasing the economic payoff of installing renewable energy. It also expands the eligible size from 1.5 MW to 3 MW, and provides existing net-metering (NEM) customers an avenue to move off NEM onto a feed-in tariff. **The measure passed the Appropriations Committee on May 28 and will be heard on the Senate Floor the first week in June.**

CA SB 32

AUTHOR: Negrete McLeod [D]
TITLE: Renewable Electric Generation Facilities.
DISPOSITION: Pending
COMMITTEE: Senate Appropriations Committee
HEARING: 05/28/2009
SUMMARY:

Requires an electrical corporation to file with the Public Utilities Commission a standard tariff for electricity purchased from an electric generation facility located within the service territory of, and developed to sell electricity to, the electric corporation. Requires the facility to have a specified effective capacity. Amends provisions regarding owners, payments by a market price referent, peak demand, expedited interconnection procedures, net metering, rate-payer funded incentives and contracts.

VOTES:

04/21/2009 Senate Energy, Utilities and
Communications Committee

P 10-0

Position: Support

IEUA also supports AB 560 (Skinner D-Berkeley), which will increase the size of the existing NEM programs. Under current law, each utility is only permitted to allow NEM customers up to 2.5% of the size of their system. PG&E is in danger of reaching this level in

There are three measures related to increasing the state renewable portfolio standard (RPS) from 20% to 33%. This goal has already been established by an Executive Order from Governor Schwarzenegger as well as adopted by the California Air Resources Board as a goal to reduce greenhouse gas emissions. However, it has yet to be formally adopted by the Legislature. The three measures differ in terms of the regulation of local public utilities, as well as how they address specific compliance mechanisms. It is expected that the three measures will ultimately be reconciled as they move through the legislation process.

CA AB 64	<p>AUTHOR: Krekorian [D] TITLE: Renewable Energy Resources: Generation and Transmission DISPOSITION: Pending COMMITTEE: Assembly Appropriations Committee HEARING: 05/28/2009 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 resource. Relates to tariffs filed by electrical corporations for energy purchased from small-scale renewable source facilities. Provides for renewable energy designation and transmission corridor zones. Establishes the Energy Planning and Infrastructure Coordinating Committee. Imposes duties on the Energy Commission. VOTES: 04/01/2009 Assembly Utilities and Commerce P 8-5 Committee 04/29/2009 Assembly Natural Resources Committee P 6-3 Position: Watch</p>
CA SB 14	<p>AUTHOR: Simitian [D] TITLE: Utilities: Renewable Energy Resources DISPOSITION: Pending LOCATION: Assembly Utilities and Commerce Committee 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. Relates to thermal energy facilities certification. Requires reports. VOTES: 03/03/2009 Senate Energy, Utilities and P 6-3 Communications Committee 03/23/2009 Senate Appropriations Committee P 7-5 03/31/2009 Senate Floor P 21-16 Position: Watch</p>

CA SB 805 **AUTHOR:** Wright [D]
TITLE: Energy: Renewable Energy Sources: Procurement
DISPOSITION: Pending
COMMITTEE: Senate Appropriations Committee
HEARING: 05/28/2009
SUMMARY:

Revise the renewables portfolio standard. Requires each retail seller, in order to fulfill long-term resource needs, to increase its total procurement of eligible renewable energy resources so that a certain percentage are procured from eligible renewable energy resources. Requires an electrical corporation to procure a minimum quantity of electricity from such resources. Provides that the cost limitation on electrical corporations shall be a percentage of the annual revenue requirement.

VOTES:

04/21/2009 Senate Energy, Utilities and P 9-1
Communications Committee
Position: Watch

Other Energy Legislation

CA AB 19 **AUTHOR:** Ruskin [D]
TITLE: Greenhouse Gas Emissions: Consumer Product Labeling
DISPOSITION: Pending
COMMITTEE: Assembly Appropriations Committee
HEARING: 05/28/2009
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.

VOTES:

04/13/2009 Assembly Natural Resources Committee P 6-3
Position: Watch

CA AB 45 **AUTHOR:** Blakeslee [R]
TITLE: Distributed Generation: Small Wind Energy Systems
DISPOSITION: Pending
FILE: 42
LOCATION: Assembly Third Reading File
SUMMARY:

Authorizes a local agency to provide for the installation of small wind energy systems and to establish a process for the issuance of conditional use permits for these systems. Authorizes the agency to impose conditions on the installation. Provides an application approval process for a local agency which has not established such permit process. Authorizes a local agency to require a system be removed if it is inoperable for a specified period of time.

VOTES:

05/13/2009 Assembly Local Government Committee P 6-0
Position: Watch

CA AB 46 **AUTHOR:** Blakeslee [R]

TITLE: Energy: Energy Conservation Assistance
DISPOSITION: Pending
COMMITTEE: Assembly Appropriations Committee
HEARING: 05/28/2009
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.

VOTES:

03/23/2009 Assembly Utilities and Commerce P 14-0
Committee

Position: Watch

CA AB 49

AUTHOR: Feuer [D]
TITLE: Agricultural Water Management Planning
DISPOSITION: Pending
COMMITTEE: Assembly Appropriations Committee
HEARING: 05/28/2009
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 specified reduction in urban per capita water use in the state by a specified date. Requires incremental progress towards this goal by specified dates. Requires agricultural water suppliers to implement water use efficiency best management practices. Imposes related reporting requirements on such users.

VOTES:

04/14/2009 Assembly Water, Parks and Wildlife P 7-4
Committee

Position: Watch

CA AB 162

AUTHOR: Ruskin [D]
TITLE: Disclosure of Sources of Electrical Generation
DISPOSITION: Pending
LOCATION: Senate Energy, Utilities and Communications 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.

VOTES:

03/23/2009 Assembly Utilities and Commerce P 14-0
Committee

04/22/2009 Assembly Appropriations Committee P 16-0

05/04/2009 Assembly Floor P 79-0

Position: Watch

CA AB 210 **AUTHOR:** Hayashi [D]
TITLE: Green Building Standards
DISPOSITION: Pending
LOCATION: Senate Transportation and Housing Committee
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.
VOTES:
03/31/2009 Assembly Business and Professions P 11-0
Committee
04/20/2009 Assembly Natural Resources Committee P 8-0
05/11/2009 Assembly Floor P 74-4

CA AB 212 **AUTHOR:** Saldana [D]
TITLE: Energy: Building Standards: Zero Net Energy Buildings
DISPOSITION: Pending
COMMITTEE: Assembly Appropriations Committee
HEARING: 05/28/2009
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.
VOTES:
04/13/2009 Assembly Natural Resources Committee P 6-3

CA AB 222 **AUTHOR:** Adams [R]
TITLE: Energy: Biofuels
DISPOSITION: Pending
FILE: 91
LOCATION: Assembly Third Reading File
SUMMARY:
Modifies the definition of in-state renewable electricity generation facility under the Public Interest Research, Development, and Demonstration Program to include a facility that uses conversion at a biorefinery. Amends the definition of solid waste facility under the Integrated Waste Management Act of 1989 to include a biorefinery. Authorizes a locality to include solid waste diverted to a biorefinery in meeting a requirement to divert solid waste through source reduction, recycling, and composting.
VOTES:
04/27/2009 Assembly Utilities and Commerce P 11-0
Committee
05/20/2009 Assembly Appropriations Committee P 14-1
Position: Watch

CA AB 228 **AUTHOR:** Huffman [D]
TITLE: Energy: Outdoor Lighting Efficiency
DISPOSITION: Pending
LOCATION: SENATE
SUMMARY:
Requires the State Energy Resources Conservation and Development

Commission to adopt minimum energy efficiency standards for outdoor lighting that would achieve a specified reduction in energy consumption. Eliminates the requirement that the Commission consult with the Department of Transportation to ensure that those standards are compatible with the Department's policies and standards for safety and illumination levels on state highways.

VOTES:

04/13/2009 Assembly Utilities and Commerce P 9-5
Committee
04/27/2009 Assembly Natural Resources Committee P 6-3
05/06/2009 Assembly Appropriations Committee P 11-5
05/18/2009 Assembly Floor P 45-31

CA AB 238

AUTHOR: Adams [R]
TITLE: Renewable Energy Resources
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 413

AUTHOR: Fuentes [D]
TITLE: Energy: Rates
DISPOSITION: Pending
COMMITTEE: Assembly Appropriations Committee
HEARING: 05/28/2009
SUMMARY:

Prohibits the Public Utility Commission from requiring or permitting an electrical corporation to employ time-variant pricing for residential customers. Authorizes the commission to allow such corporation to offer customers the option of receiving service pursuant to time-variant pricing under certain conditions. Requires the establishment of a CARE program for electricity and gas customer assistance with specified requirements for utilities. Relates to charges for baseline quantities or electricity.

VOTES:

04/27/2009 Assembly Utilities and Commerce P 11-1
Committee
Position: Watch

CA AB 758

AUTHOR: Skinner [D]
TITLE: Energy: Energy Audit
DISPOSITION: Pending
COMMITTEE: Assembly Appropriations Committee
HEARING: 05/28/2009
SUMMARY:

Requires the Energy Commission to establish a regulatory proceeding to develop a program to achieve greater energy savings in the state's existing residential and commercial buildings. Requires the Public Utilities Commission to open a proceeding to investigate the ability of electrical corporations to provide energy efficiency financing options to their customers. Provides for no-cost

energy audits. Requires a local publicly owned utility to be responsible for implementing an energy efficiency program.

VOTES:

04/20/2009 Assembly Utilities and Commerce P 11-4
Committee

Position: Watch

CA AB 828

AUTHOR: Lieu [D]
TITLE: Green Building Standards
DISPOSITION: Pending
FILE: 23
LOCATION: Assembly Third Reading File
SUMMARY:

Requires the Buildings Standards Commission and other state agencies proposing green building standards to seek input from other agencies and specified groups. Requires any agency providing input to recommend whether the standard should be voluntary or mandatory. Requires that approved green building standards be inserted into the Building Standards Code. Authorizes the Energy Resources Conservation and Development Commission to develop and adopt voluntary energy efficiency standards.

VOTES:

04/14/2009 Assembly Business and Professions P 7-3
Committee

04/27/2009 Assembly Natural Resources Committee P 6-3

05/06/2009 Assembly Appropriations Committee P 11-5

Position: Watch

CA AB 958

AUTHOR: Eng [D]
TITLE: Design-build: Metropolitan Water District
DISPOSITION: Pending
FILE: 71
LOCATION: Assembly Third Reading File
SUMMARY:

Authorizes the Metropolitan Water District of Southern California to enter into design-build contracts for projects involving the design, construction, fabrication, and installation of a solar energy system.

VOTES:

04/15/2009 Assembly Local Government Committee P 5-1

05/13/2009 Assembly Appropriations Committee P 11-3

Position: Watch

CA AB 1318

AUTHOR: Perez V [D]
TITLE: South Coast Air Quality Management District
DISPOSITION: Pending
COMMITTEE: Assembly Appropriations Committee
HEARING: 05/28/2009
SUMMARY:

Requires the Executive Officer of the South Coast Air Quality Management District to transfer a specified quantity of emission reduction credits for certain pollutants from the south coast district's internal emission credit accounts to eligible electrical generating facilities.

VOTES:

05/11/2009 Assembly Natural Resources Committee P 7-0

	05/18/2009	Assembly Utilities and Commerce Committee	P 13-0
	Position:	Watch	
CA AB 1536	AUTHOR:	Blakeslee [R]	
	TITLE:	Clean Technology Incentive Program	
	DISPOSITION:	Pending	
	FILE:	135	
	LOCATION:	Assembly Third Reading File	
	SUMMARY:	Requires the Public Utilities Commission to administer the clean technology incentive program for distributed generation until a specified date for the purpose of deploying distributed generation technologies that the commission determines require ratepayer incentives to achieve commercialization and produce benefits for ratepayers commensurate with their contribution to program costs. Authorizes incentives to be provided pursuant to the program for energy storage facilities meeting certain requirements.	
	VOTES:		
	04/20/2009	Assembly Utilities and Commerce Committee	P 15-0
	04/27/2009	Assembly Natural Resources Committee	P 6-1
	05/20/2009	Assembly Appropriations Committee	P 15-0
	Position:	Watch	
CA SB 7	AUTHOR:	Wiggins [D]	
	TITLE:	Renewable Energy Sources: Tariff: Net Metering	
	DISPOSITION:	Pending	
	FILE:	27	
	LOCATION:	Senate Third Reading File	
	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 electricity distribution utility or cooperative to allow an eligible customer-generator to apply net surplus electricity as a credit for kilowatthours consumed as a specified formula. Provides a requirement for related information to be added to a commission report regarding energy metering.	
	VOTES:		
	04/27/2009	Senate Energy, Utilities and Communications Committee	P 11-0
	Position:	Watch	
CA SB 17	AUTHOR:	Padilla [D]	
	TITLE:	Electricity: Smart Grid Systems	
	DISPOSITION:	Pending	
	LOCATION:	Senate Second Reading File	
	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 that the smart grid improve overall efficiency, reliability, and cost-effectiveness of electrical system operations, planning, and maintenance. Requires each electrical corporation to develop and submit a smart grid deployment plan to the Commission. Authorizes deployment of the plan.	

Requires related reports by the commission.

VOTES:

04/27/2009 Senate Energy, Utilities and P 10-0
Communications Committee

05/26/2009 Senate Appropriations Committee P 8-0
Position: Watch

CA SB 128

AUTHOR: Padilla [D]
TITLE: State Climate Change Institute
DISPOSITION: Pending
COMMITTEE: Senate Appropriations Committee
HEARING: 05/28/2009
SUMMARY:

Creates 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.

VOTES:

04/27/2009 Senate Environmental Quality Committee P 5-2
Position: Watch

CA SB 412

AUTHOR: Kehoe [D]
TITLE: Electricity: Self-Generation Incentive Program
DISPOSITION: Pending
COMMITTEE: Senate Appropriations Committee
HEARING: 05/28/2009
SUMMARY:

Extends the self-generation incentive program for nonsolar distributed generation resources. Limits the eligibility for incentives to distributed generation resources that will support the state's goals for reduction of greenhouse gas.

VOTES:

04/21/2009 Senate Energy, Utilities and P 10-1
Communications Committee

Position: Watch

CA SB 581

AUTHOR: Leno [D]
TITLE: Hetch Hetchy Water and Power
DISPOSITION: Pending
LOCATION: ASSEMBLY
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.

VOTES:

05/05/2009 Senate Energy, Utilities and P 7-3
Communications Committee

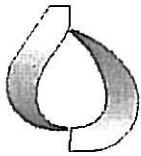
Position: Watch

CA SB 605 **AUTHOR:** Ashburn [R]
TITLE: California Environmental Quality Act: Biogas Pipelines
DISPOSITION: Pending
LOCATION: ASSEMBLY
SUMMARY:
 Relates to the Environmental Quality Act that provides some exemptions from its requirements for specified projects including a project that consists of the inspection, maintenance, repair, restoration, reconditioning, relocation, replacement, or removal of an existing pipeline. Provides that for purposes of that exemption, pipeline means a pipeline located in specified counties, that is used to transport biogas, and meets the existing requirements for the exemption and all local, state, and federal laws.
VOTES:
 04/27/2009 Senate Environmental Quality Committee P 7-0
Position: Watch

CA SB 721 **AUTHOR:** Steinberg [D]
TITLE: Energy: Greenhouse Gas Emissions
DISPOSITION: Pending
COMMITTEE: Senate Appropriations Committee
HEARING: 05/28/2009
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 team.
VOTES:
 04/20/2009 Senate Environmental Quality Committee P 5-2
Position: Watch

CA SB 729 **AUTHOR:** Walters [R]
TITLE: Global Warming Solutions Act
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 and to monitor and enforce compliance with the reporting and verification program, and requires the board to adopt a specified statewide greenhouse gas emissions limit. Makes a technical, nonsubstantive change to a legislative finding within the act.
Position: Watch

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Inland Empire
UTILITIES AGENCY

Date: June 17, 2009

To: The Honorable Board of Directors

Through: Public, Legislative Affairs, and Water Resources Committee (06/10/09)

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

Submitted by: Martha Davis
Executive Manager of Policy Development

Subject: May 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

May27, 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, May 2009

Highlights:

- *Administration Budget Submitted – DOI/BuRec Budget Low Balls Title XVI*
- *BuRec Stimulus Project Selection, Decisions and Funding Levels*
- *Sub-Cabinet Appointments, Interior, EPA, Army, USDA, CEQ, DOD*
- *DOE Nominee for A/S Energy Efficiency and Renewables, Cathy Zoi*
- *Other New Faces*
- *Climate Change, Energy Legislation*
- *New Research – Air Pollution Impacts Snow Pack, Water Supplies*
- *Drought Conditions/Water Supply*
- *IEUA Working Partners*

Note: Following the Memorial Day Congressional Break, Congress will begin working on annual funding (appropriation) bills. These will largely dominate the Congressional work load in June and July.

Administration, DOI-BuRec Submit Budget – Low Balls Title XVI – Less Than 1% of Bureau Proposed Budget. In early May, the long-awaited budget recommendations were unveiled and submitted to Congress. The recommended “ask” for the Bureau Title XVI program – a mere \$9 million for the entire 17 Western States. In the middle of a three-year drought, climate change challenges and on-going shortages in California AND the Colorado River, this represents less than 1% of the BuRec’s proposed budget of \$1+ billion. This budget was put together largely without input from the Obama-Salazar Administration, but rather was formulated by the hold-over staff and reflects the attitude of certain elements within the Bureau (who have historically opposed Title XVI). Officials at OMB, DOI, CEQ and other offices, when asked, recognized that this was a problem, and immediately asserted that this did not reflect the Obama Administration funding priorities. Water users were surprised. The Committees were NOT happy. The Bureau did themselves no favors on Capitol Hill with what one staffer described as a “cavalier” budget request.

BuRec Stimulus Project Selection, Decisions and Funding Levels – Title XVI. All of May has almost passed and the Bureau of Reclamation has yet to announce its Stimulus funding priorities. It was anticipated in May and the agency said it would be released during the month. IEUA has a proposal pending. As previously reported, the Corps of Engineers published their program selections in late April. The recommendations from the Bureau’s Denver Federal Center were completed by mid-April and submitted to BuRec headquarters in Washington – without any action. That means the final recommendations have been pending within the Bureau for at least six weeks.

Subcabinet Appointments – Interior, EPA, Corps, USDA, CEQ. Senate Majority Leader Reid finally broke the political holds (blocks) on several DOI appointments, including the Deputy Secretary, Commissioner of Reclamation, Solicitor and others. On the eve of the Memorial Day break, Hayes was finally confirmed as Deputy Secretary (after a bruising battle), and Mike Conner was confirmed as Commissioner. Several other Interior appointments were confirmed at the same time.

Key Administration Appointments – Resources.

Nominee	Title (Position)	Status
David Hayes	Deputy Secretary, DOI	Nominated, Confirmed.
Tom Strickland	A/S Fish, Wildlife and Parks, DOI	Nominated, Confirmed
Ann Castle	A/S Water and Science, DOI	Nominated, Pending

Mike Conner	Commissioner, BuRec, DOI	Nominated, Confirmed
Pete Silva	Assistant Administrator, Water, EPA	Nominated, Confirmation Hearing held, Pending EPW Committee Action
Nancy Sutley	Chair, Council on Environmental Quality, White House	Nominated, Confirmed. Serving.
Homer Lee Wilkes	Deputy Under Secretary, Natural Resources, USDA	Nomination pending
David White	Director, NRCS, USDA	Appointed. Serving.
Cathy Zoi	Assistant Administrator, Energy Efficiency and Renewables, DOE	Nomination Pending
Ashton Carter	Under Secretary of Defense for Acquisition, Technology and Logistics (ATC), DOD (perchlorate cleanup)	Nominated, Confirmed.
Jo-Ellen Darcy	Assistant Secretary of the Army, Civil Works (Corps of Engineers)	Nominated, Pending.
Wayne Army	Deputy US for Installations and Env., DOD	Appointed (Holdover). Serving. Long- Term Status Unclear

DOE Nomination – Energy Efficiency and Renewables. President Obama and Secretary Chu Select Cathy Zoi, to Serve as Assistant Secretary of DOE. In January 2007, Cathy Zoi joined the Alliance for Climate Protection as its founding CEO. Established and chaired by former Vice President Al Gore, the Alliance is a non-profit organization spearheading a multi-year, multimillion dollar effort aimed at persuading Americans of both the urgency and solvability of global warming. From 2003 until joining the Alliance, Zoi served as Group Executive Director at the Bayard Group. The firm, recently renamed Landis+Gyr Holdings, is a world leader in energy measurement technologies and systems, with operations in 30 countries

and revenues in excess of \$1.2 billion. Her work focused on the key role of smart metering to improving energy efficiency in markets in North America, Europe, India, China, Brazil and Australia. Prior to joining Bayard, Cathy was Assistant Director General of the New South Wales EPA in Sydney, Australia. She was also the founding CEO of the NSW Sustainable Energy Development Authority, a \$50 million fund to commercialize greenhouse-friendly technology, from 1996-1999. Under her leadership, SEDA launched the world's first nationwide Green Power program (1997) and the world's largest solar-powered suburb (1998). Cathy has served on boards and advisory committees of a variety of companies in the clean technology sector. Cathy was Chief of Staff in the White House Office on Environmental Policy in the Clinton-Gore administration, where she managed the team working on environmental and energy issues (1993-95). She was also a manager at the U.S. Environmental Protection Agency where she pioneered the Energy Star Program. Ms. Zoi earned a B.S. in Geology from Duke University and an M.S. in Engineering from Dartmouth College.

Other New Faces. Michael Bean, long-time Environmental Defense Fund (EDF) expert on ESA joined the staff of Tom Strickland, Assistant Secretary of the Interior for Fish, Wildlife and Parks and will work on ESA issues for the new Administration. Michael has been a voice of moderation and a proponent for improving and stream-lining the administration of the ESA program. Meanwhile, on Capitol Hill at the Committee on Natural Resources, Chairman Nick Rahall and Water and Power Subcommittee Chairwoman, Grace Napolitano, have hired David Wegner to serve as Subcommittee Staff Director replacing Amelia Jenkins, who was asked by Chairman Rahall to assume responsibility for coordinating the Committee's position on the pending climate change legislation. Wegner is from Colorado and spent more than 20 years with the Bureau. He reports early June. Another EDFer, Robert Bonnie, was appointed to USDA Secretary Vilsak's staff where he will serve as Environmental Counsel and climate change. IEUA has a working relationship with all three.

Climate Change/Energy Legislation. Waxman and Markey introduced their Cap and Trade Climate change bill and initiated extensive hearings in April. In May, they began markup and reported their bill immediately prior to the Memorial Day break. This is the start of a lengthy process. Few expect it to move this year.

New Research on Air Quality, Climate Change and Impacts to Water. Research from the National Snow and Ice Data Center in Boulder, CO report that soot and other airborne particulates are going into the atmosphere, and then coming down on the snow pack. These tiny particulates absorb heat, and compel a "faster" melt and a "reduced" snow pack retention. In other words, pollution from other places is impacting the water cycle -- potentially very significant..

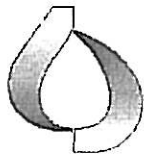
Drought Conditions and Water Supplies. The NOAA/USDA Drought Monitor reports that almost all of California remains in moderate to severe drought, from the Oregon to the Mexican border. That condition remains uncharged since last month. Snow pack increased during the March-April snowfalls, but the water content is low. The Colorado River remains in deficit. The

drought conditions in the Dakotas, Nebraska, Kansas and even Oklahoma have lessened. Same with Montana, Wyoming, Utah and Colorado. By contrast, the entire West Coast is experiencing some level of drought conditions. This month only South Dakota is not in drought. Worst condition in the West (and entire US) is found in South Texas.

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

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

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Inland Empire
UTILITIES AGENCY

Date: June 17, 2009
To: The Honorable Board of Directors
Through: Public, Legislative Affairs, and Water Resources Committee (06/10/09)
From: Richard W. Atwater
Chief Executive Officer/General Manager
Submitted by: Martha Davis
Executive Manager of Policy Development
Subject: May 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: Rich Atwater and Martha Davis
IEUA

From: Letitia White, Alex Shockey and Heather McNatt

Date: May 28, 2009

Re: May Monthly Legislative Update

The first three weeks of May, prior to the Memorial Day recess, were busy on Capitol Hill. In the big budget picture, the Congress worked to finalize the supplemental appropriations legislation to fund the wars in Iraq and Afghanistan and the President submitted his fleshed-out budget request to Congress. House and Senate Committees have been holding hearings and mark-ups on a variety and mix of legislation, from credit card reform, FAA reauthorization and mortgage reform to health care and climate change reform.

IEUA continued to enjoy success in Washington during May. We were thrilled to share the good news that both Senators Boxer and Feinstein included our appropriations request on their lists of priorities for FY 2010. We owe a big thanks to IEUA leadership for helping us to quickly respond when Senator Boxer's staff asked for some job creation statistics. Currently, we are preparing for your June visit to Washington. Those meetings will be an excellent chance to thank our supporters on Capitol Hill for their efforts and reinforce our case for continued federal funding.

Water Issues Update

Early during the month of May, we were able to update you about how much funding the first budget from President Obama gave to important water programs. After many years of Bush Administration budgets, we were hoping to see some significant increases. Sadly, the budget included only \$9 million for water recycling projects under Title XVI of the Bureau of Reclamation. We feel almost certain that Congress will increase that amount when given the chance, and the Bureau section of the budget also included this passage:

"The American West is now the fastest growing region of the country and is facing a serious water crisis. Competition for finite water supplies is growing to meet the needs of expanding municipalities, the environment, and agriculture, while, at the same time, climate change and extended droughts are impacting water availability. **In 2010, Reclamation will help address these concerns through a Water Conservation Initiative, which includes water recycling and reuse (Title XVI) and competitive challenge grants.** The goal of this effort is to assist local communities' availability of water by encouraging voluntary water banks and other conservation measures.

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IFS is working with a coalition of other water lobbyists to engage with the Bureau and resolve this discrepancy between the highlighted wording and the woefully low funding amount.

Congress is also currently considering legislation that would reauthorize State Revolving Fund programs. The House passed their version of the bill last month, and the Senate marked up a different version during mid-May. The bills would authorize \$20 billion over five years for the Clean Water State Revolving Fund and \$14.7 billion over the same period for the Drinking Water State Revolving Fund. Both programs are widely supported but have not been authorized in many years and the shares of federal funding to each have steadily declined.

Fiscal Year 2009 Supplemental Appropriations

On April 9, the Obama Administration sent Congress an \$83.4 billion supplemental funding request for the Afghanistan and Iraq wars. Both the House and Senate passed their versions of the legislation prior to the Memorial Day recess but were unable to complete the conference committee and hash out the differences between the bills before departing. Thus, as soon as Congress returns, the conference work will start in earnest in the hopes of getting the final bill to the President as soon as possible.

Conference negotiators will have to decide where to split the difference between the \$91.3 billion Senate bill and the House's \$96.7 billion version. The most contentious difference between the bills - - \$80 million requested by President Obama to close the detention center at Guantánamo Bay, Cuba - - was removed from the Senate bill on the Senate floor. The House version does not contain funding for closing the prison. The issue will likely be fought out later in Congress. The most difficult issue remaining for conferees is the question of adding funds for the International Monetary Fund (IMF). The Senate's bill includes the money requested by President Obama for IMF lending while the House version does not.

Fiscal Year 2010 Appropriations

House Appropriations Committee Chairman David Obey (D-WI) has stated that he plans to begin subcommittee markups when Congress returns from recess the week of June 1, starting with the Commerce-Justice-Science, Homeland Security and Legislative Branch bills. House leaders want to pass all 12 Fiscal Year 2010 appropriations bills before the start of the August recess, which would give them eight weeks, excluding the one-week July Fourth recess, to accomplish this task. Senate Appropriations Chairman Daniel K. Inouye (D-HI) also wants to move to the floor as many of his 12 spending bills as possible, but the legislative gears in the Senate work much more slowly. Senate leaders in recent years have been reluctant to devote much floor time to the appropriations process - - which has resulted in massive year-end omnibus measures - - but say they will bring more spending bills to the floor this year. Although the Senate will be in session for one week more than the House - - the Senate's August recess won't start until August 7 - - time will still be tight as Senate leaders also plan to bring other major legislation to the floor and likely will consider the confirmation of Judge Sotomayor, the Supreme Court nominee to replace retiring Justice David H. Souter.

President's Budget Request

President Obama released the details of his Fiscal Year 2010 budget request in mid-May following his earlier release of a much broader budget outline. The President has proposed \$1.096 trillion in non-war discretionary spending for FY 2010, but Congress will be limited to

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\$10 billion less in discretionary spending under the terms of the FY2010 budget resolution (S Con Res 13) that the House and Senate adopted at the end of April. Much attention will be focused on the \$17 billion in proposed savings the President recommended from terminating or cutting existing programs — including \$11.5 billion from the elimination or cuts to some 75 discretionary spending programs. Many Members have expressed opposition to the proposed cuts and have vowed to protect the programs.

Overall FY 2010 budget information for all agencies is available from the White House Office of Management and Budget (OMB) at www.whitehouse.gov/omb/budget. More specific information for individual agencies is available from each respective agency.

Transportation Reauthorization (TEA)

On April 3rd, the House Transportation and Infrastructure Committee sent out its call to Members for their transportation authorization project requests. The detailed, nine-page form was a bit unwieldy and, due to database errors, the Committee ended up extending its deadline one extra week to May 15. While House Transportation and Infrastructure Committee Chairman James Oberstar (D-MN) would like to move a bill quickly, the “pay-for” is slowing the process down. At this point, the Senate has still shown no signs of movement on their version of the legislation and has not sent out a call for projects. Whatever the case, if a reauthorization is not signed into law before the end of September 2009, an extension of the current bill will be necessary.

We expect June to be a really hectic month with many late nights and Friday sessions. In the next two months, House and Senate leaders want to pass major legislation, including a health care system overhaul and climate change legislation, as well as all the 12 appropriations bills. As always, we will continue to keep you posted on news critical to your agenda.

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Date: June 17, 2009

To: The Honorable Board of Directors

Through: Public, Legislative Affairs and Water Resources Committee (06/10/09)

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

June 2009

- **June 6**, Montclair Family Fun Festival, Alma Hofman Park, 11:00 a.m. to 5:00 p.m.
- **June 9**, Conservation presentation to Fontana Kiwanis Club, Sizzler Restaurant, beginning at noon
- **June 14 – 18**, American Water Works Association, The World's Water Event, San Diego.
- **June 23**, Conservation presentation to Rancho Cucamonga Rotary, Etiwanda Gardens, beginning at noon.

July 2009

- **July 22**, Conservation presentation to Chino Kiwanis Club, Chino Community Building, beginning at 11:30 a.m.

August 2009

- **August 20**, BIA, San Bernardino Water Conference, Ontario Convention Center.

October 2009

- **October 24**, Regional Water Fair, Chino Basin Water Conservation District, 9:00 a.m. to 2:30 p.m.

Outreach/Educational Inland Valley Daily Bulletin Newspaper Campaign

The 5 tips on ways to help conserve water ad will appear in the Daily Bulletin on the first Sunday of each month. The May Water Awareness two-page advertisement ran on Sunday, May 31, 2009.

Water Conservation Outreach

On **May 1 – 3**, IEUA was an event sponsor at the Inland Green Expo at the Ontario Convention Center. Sponsorship provided IEUA and its local water agencies a booth, and the opportunity to conduct mini seminars. IEUA provided a seminar on *Tuning up your Irrigation, California Friendly gardening, Water Conservation 10,1 and The Benefits of Recycled Water*. IEUA's booth was manned by IEUA staff, as well as staff from the City of Upland, City of Ontario and the Santa Ana Watershed Association.

On **May 7**, IEUA participated in MWD's 2nd annual Spring Green Fair.

On **May 9**, IEUA participated in Cucamonga Valley Water District's Water Awareness Day.

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

IEUA is working on putting together meetings with our service clubs to talk about the drought. Martha Davis is scheduled to make presentations to the Fontana Kiwanis Club on June 9, the Rancho Cucamonga Rotary on June 23 and the Chino Kiwanis Club on July 22.

MWD is putting together legislative briefings with Director Santiago and IEUA's local state representatives to discuss drought and upcoming legislation.

GIES dedications should occur during the end of May and the beginning of June. The schools have not yet scheduled the garden dedications, but as soon as they provide us with dates, we will contact the Board.

Beginning mid June, IEUA will be running MWD's 30 second conservation ad on 71 screens in our local movie theatres.

Regional Conservation Outreach Campaign

- Ongoing ads in the Inland Valley Daily Bulletin, Champion Newspaper, Fontana Herald News, and La Opinion.
- Ongoing water wise gardening classes.
- 30 second PSA's on community TV/movie theaters/radio/internet with conservation tips
- Billboards.

Agency Tours

During the month of May, staff provided a number of tours of the HQ, RP-5. Numerous tours of the Chino Creek Wetlands and Educational Park were provided by SAWA. On Friday, May 15, Cucamonga Valley Water District had a tour for their local Chamber members. The group toured RP-4 and the Chino 1 DeSalter.

Educational Updates

- On May 21, 2009, an informational water conservation presentation plus activities was given to Deb Hilak's fourth grade class at Mission Elementary School in Ontario.
- The Water Education Water Awareness Committee (WEWAC) held an awards ceremony at the Council Chambers at City of La Verne for the participants of the High School video Public Service Announcement (PSA) contest. Chino Hills High School took first place, Bonita High School second, Nogales High School third, and Claremont High School and Pomona High School received Honorable Mention.
- The Metropolitan Water District of Southern California held their annual Solar Cup Competition at Lake Skinner on May15-17, 2009. IEUA sponsored three schools: Rancho Cucamonga High School, Upland High School, and Ayala High School. There were a total of thirty-three schools that competed. Rancho H.S. came in 17th, Upland H.S. came in 21st and Ayala High School came in 26th place.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

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CHINO BASIN WATERMASTER

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Norco considers deal with prison and state over water and sewer service

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10:00 PM PDT on Tuesday, May 5, 2009

By ALICIA ROBINSON
The Press-Enterprise

A proposed water and sewer deal would bring the city of Norco two big wastewater customers -- the state prison and Navy base on the city's west side -- but likely would not come with a financial windfall, city Public Works Director Bill Thompson said.

Officials with the three agencies have been talking about water and sewer issues for about eight years, Thompson said. The Norco City Council will consider a preliminary agreement tonight, with sign-off by Navy and prison officials expected later.

The complex deal would solve several problems, including where prison and Navy sewage go, who pays for the Navy's water and sewer service, and how the historic lake on the base is kept full.

The situation that created the need for the water deal is complex. For years, the Navy base has not paid for water and sewer services, because a 1985 agreement called for the state to pay in exchange for a piece of land that contained drinking water wells, Navy spokesman Gregg Smith said.

But the well water was declared unfit for drinking around 2000, and since then officials have been debating whether the Navy should start paying, Thompson said.

Sewage from the California Rehabilitation Center and Naval Surface Warfare Center has long flowed in a regional line to Orange County. The new deal would allow the sewage to be treated at a local plant operated by the Western Municipal Water District, and the Navy would pay its share of that.

"The prison gets the entire water bill right now and the entire sewer bill," Thompson said. "In simple terms, they will only get (a bill for) what they use in the future."

The city would build infrastructure to take about 250,000 gallons of wastewater a day to the local treatment plant, and the city would take over the responsibility of filling Lake Norconian.

In exchange, the city would control the prison's and Navy's capacity in the industrial waste line, which could be sold or leased, and the city would receive a 14-acre parcel for a reservoir.

"There's no big windfall here. There's not a huge amount of money, but we will not lose money," Thompson said.

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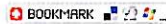
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5. Man arrested after chase in Upland
6. Baby falls out of moving vehicle on Victorville road
7. Arizona woman dies of injuries from head-on collision in Needles
8. Chino Hills house fire kills two dogs, severely damages home
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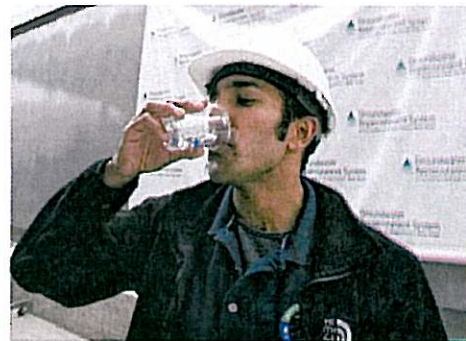
Treated sewage proves safe for consumption

By Rebecca Kimitch, Staff Writer
Created: 05/15/2009 06:24:51 PM PDT

Tasting the clean, clear water that comes out of the Orange County Water District treatment facilities gives no indication of what the liquid was 14 hours earlier: raw sewage.

That's because in those 14 hours, the effluent has gone through an extensive purification process to make it cleaner than much of the water that comes out of household faucets. Since last year, the water district has been using the process to clean nearly half of the county's sewage water for public consumption.

And water districts across the region are now taking steps to follow suit.



Shivaji Deshmukh, P.E., Groundwater Replenishment System Program Manager at the Orange County Water District, drinks some of the ultra pure water made from raw sewage in Fountain Valley, Ca., on Tuesday May 12, 2009.

Armed with Orange County's success, and facing increasingly scarce water supplies, water managers in the San Gabriel Valley and Inland Empire, as well as in Los Angeles and San Diego, are in the early stages of developing water recycling projects that would similarly purify wastewater to drinkable levels.

It's not a new idea. The last drought in the 1990s brought similar proposals throughout the Southland. But back then, public disgust and politics, and, eventually, rainfall drowned the projects before they could move forward. Instead, water managers have focused on using recycled water to water golf courses, parks and cemeteries and for industrial purposes.

But public opposition to drinking recycled water seems to have subsided, according to water managers.

"As a society we have learned to trust technology," said Tim Jochem, general manager of the Upper San Gabriel Valley Municipal Water District, which is leading a joint project to recycle sewage water to drinkable standards in the San Gabriel Valley.

"The technology has performed as promised, and we are willing to lend it that trust," he said.

During the process, the water is treated as it would be for normal discharge into the ocean except chlorine is not added. Instead, the water goes through a process of microfiltration and reverse osmosis, through which the water is pushed through a

plastic-like membrane that removes all viruses, hormones, pharmaceuticals and salts. What results is a nearly pure product. It then passes under a series of UV lights that disinfect the water. Few chemicals are used in the process.

"If you just talk to people, and explain how the water is recycled and how the quality is ensured, they understand," said Shivaji Deshmukh, program manager for Orange County's groundwater replenishment system.

"Perception is changing, but it's the result of us being very proactive with outreach," he said. "We have known since the 1970s we can turn any level of water to drinking water, what we didn't know is whether the public would be supportive."



Pumps and pipes at the Orange County Water District move treated effluent through the plant as it becomes ultra pure water, in Fountain Valley, Ca.

The OC facility has more than public support. It has fans. Tour groups flow through the facilities once a month, and most are excited to see and taste the product, according to Deshmukh.

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That product is not pumped directly into households. It goes through a final, natural stage of cleansing. It is placed in percolation ponds, through which it seeps into the groundwater aquifer that lies below much of the county, to be pumped up later by water users. It is also directly injected into the aquifer.

A similar method would be used in two projects proposed for the San Gabriel Valley and the area around the city of San Bernardino.

As in Orange County, residents in both inland areas rely heavily on groundwater supplies. These massive underground aquifers serve as giant storage tanks that are refilled with rain and snow runoff from the nearby mountains as well as with water imported from northern California.

But that imported water is becoming less available, and without it replacing pumped water, groundwater supplies will drop unchecked. The statewide drought, along with a decision to reduce imported water supplies to protect an endangered fish, has meant imported water for replenishment has not been available for the past two years.

In the future, imported water will likely be available to refill the aquifers only three out of 10 years.

Water levels in the aquifer under the San Gabriel Valley have reached historic lows for this time of year, according to Carol Williams, director of the Main San Gabriel Basin Watermaster, which is responsible for managing groundwater in the Main San Gabriel Basin.

Williams called recycled water the "best option" to refilling the depleting aquifer.

"This is a critical component of our water supply picture for the future," Williams said. "We have absolutely no idea about how available imported water will be for us in the future."

Sewage water has actually been recycled for drinking purposes for decades. Since 1962, the Sanitation Districts of Los Angeles County has been treating wastewater and using it to replenish the Central Basin aquifer, which stretches south of Whittier Narrows and supplies water to dozens of cities including La Habra Heights, Montebello, Monterey Park, Norwalk, Pico Rivera, Santa Fe Springs, and Whittier.

This water is not treated to the levels of the Orange County facility nor to the levels proposed under the new projects, but because it goes through a natural cleansing process as it slowly seeps into the ground, and then mixes with other water, health officials have determined it to be safe, according to Earle Hartling, water recycling coordinator for the agency.

Water recycling advocates often point out that most water is recycled. Throughout the country, water is consumed in upstream cities and wastewater is produced, treated and discharged into rivers, where cities downstream then consume it.

The new project planned for the San Gabriel Valley is still in early stages. Officials are in the process of analyzing its feasibility, and comparing it to alternatives such as aggressive conservation. Environmental studies and pursuit of federal and state grant money are next on the to-do list.

If everything goes smoothly, construction of a treatment plant - which would be located next to the San Jose Creek Water Reclamation Plant in Whittier, where sewage is currently treated to lesser levels - could begin in two years, Jochem said.

The project would be built in two phases, with the first producing approximately 20,000 acre feet of water, enough for 40,000 typical families for a year. Half of the water would go into the San Gabriel Basin aquifer and half for the Central Basin aquifer.

The first phase of the project would cost at least \$125 million. Supporters are hopeful that the end cost of the water would be similar to the cost of untreated imported water, Jochem said.

"I am confident this will get done," he said.

In San Bernardino, city and regional water officials are also in the preliminary design stage of a similar facility that would treat and purify water and use it to recharge the groundwater basin.

Right now, wastewater from San Bernardino, Highland, Loma Linda, and Redlands is treated to what are known as tertiary levels and sent down river to Orange County.

"We are talking about reclaiming that water and keeping it here, where we can use it," said Randy Van Gelder, general manager for the San Bernardino Valley Municipal Water District.

Van Gelder wouldn't provide an estimated cost or time line for the project, citing too many variables, such as environmental costs. The size of the project is still being determined as well. The city treats about 40 million gallons of wastewater a day and Van Gelder is hopeful three quarters of that - enough water for about 68,000 families - could be recycled for potable use.

Other water districts are exploring much smaller projects that would take wastewater leaving cities, before it gets to the county sanitation district's main facility, treat it and recharge the aquifer. But talks are only preliminary, Williams said.

"Water districts were wary that the public wouldn't be supportive, but now that they know it can be, we'll see a lot more projects in the next few years," Deshmukh said.

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