







### **NOTICE OF MEETINGS**

Thursday, November 19, 2009

11:00 a.m. - Watermaster Board Meeting

(a Thanksgiving lunch will be served)

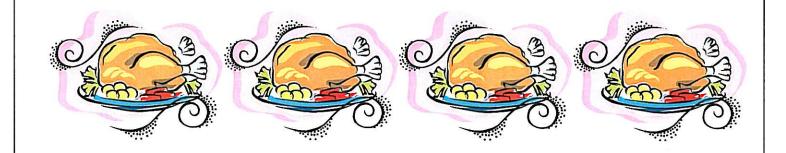
#### AT THE CHINO BASIN WATERMASTER OFFICES

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





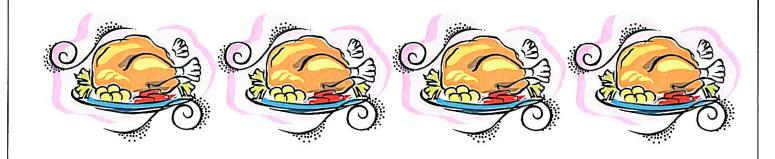




## Thursday, November 19, 2009

11:00 a.m. - Watermaster Board Meeting

## **AGENDA PACKAGE**



#### CHINO BASIN WATERMASTER BOARD MEETING

#### WITH

Mr. Ken Willis, Chair
Mr. Bob Kuhn, Vice-Chair
11:00 a.m. – October 22, 2009
At The Offices Of
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

#### **AGENDA**

#### **CALL TO ORDER**

#### PLEDGE OF ALLEGIANCE

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

#### I. CONSENT CALENDAR

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

#### A. MINUTES

1. Minutes of the Watermaster Board Meeting held October 22, 2009 (Page 1)

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

- 1. Cash Disbursements for the month of September 2009 (Page 5)
- 2. Watermaster Visa Check Detail for the month of September 2009 (Page 9)
- 3. Combining Schedule for the Period July 1, 2009 through September 30, 2009 (Page 11)
- Treasurer's Report of Financial Affairs for the Period September 1, 2009 through September 30, 2009 (Page 13)
- 5. Budget vs. Actual July through September 2009 (Page 15)

#### C. SEMI-ANNUAL REPORT

1. Consider Approval of Status Report 2009-1 (Page 17)

#### II. REPORTS/UPDATES

#### A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

- 1. Completion of SWRCB Santa Ana River Process
- 2. Implementation of Plan B for Purchase of Overlying Non-Agricultural Pool Water (Page 29)

#### B. WATERMASTER FINANCIAL REPORT

- 1. PERS Audit
- 2. Engineering Budget Update
- 3. Disposition of Water Purchased from the Non-Agricultural Pool

#### C. CEO/STAFF REPORT

- Legislative Update
   Recharge Report

- State of the Basin Report
   Manning 4<sup>th</sup> Annual Holiday Gathering

#### III. INFORMATION

1. Newspaper Articles (Page 31)

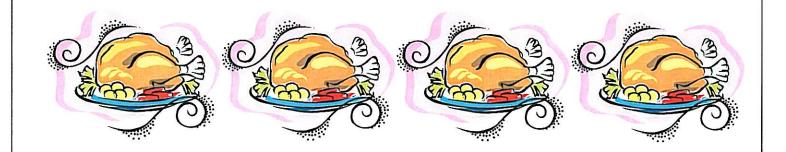
#### IV. BOARD MEMBER COMMENTS

#### V. OTHER BUSINESS

#### VI. FUTURE MEETINGS

November 19, 2009	8:00 a.m.	IUEA Dry Year Yield Meeting @ CBWM
November 19, 2009	9:00 a.m.	Advisory Committee Meeting @ CBWM
November 19, 2009	11:00 a.m.	Watermaster Board Meeting @ CBWM
December 3, 2009	1:00 p.m.	Appropriative & Non-Agricultural Pool Meeting @ CBWM
December 10, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA
December 17, 2009	8:00 a.m.	IUEA Dry Year Yield Meeting @ CBWM
December 17, 2009	9:00 a.m.	Advisory Committee Meeting @ CBWM
December 17, 2009	11:00 a.m.	Watermaster Board Meeting @ CBWM
December 17, 2009	1:00 p.m.	Recharge Master Plan Workshop @ CBWM

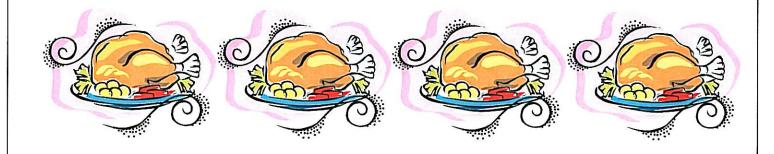
#### **Meeting Adjourn**



## I. <u>CONSENT CALENDAR</u>

#### A. MINUTES

1. Watermaster Board Meeting – October 22, 2009



## Draft Minutes CHINO BASIN WATERMASTER WATERMASTER BOARD MEETING

October 22, 2009

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

#### WATERMASTER BOARD MEMBERS PRESENT

Ken Willis, Chair Michael Camacho Charles Field Bob Kuhn

Michael Whitehead Bob Bowcock

Geoffrey Vanden Heuvel

Paul Hofer

#### Watermaster Staff Present

Kenneth R. Manning Sheri Rojo

Ben Pak Danielle Maurizio Sherri Lynne Molino

#### Watermaster Consultants Present

Scott Slater Michael Fife Mark Wildermuth

#### **Others Present**

Bill Kruger
Lonnie Curtis
Eunice Ulloa
Jack Safely
Scott Burton
Ken Jeske
Marty Zvirbulis
Mark Kinsey
Dave Crosley
Ron Craig
Tim Hampton

Charles Moorrees Robert Young Mike McGraw Jeff Pierson City of Upland

Inland Empire Utilities Agency Western Municipal Water District Three Valleys Municipal Water District

Fontana Water Company Vulcan Materials Company

Agricultural Pool Agricultural Pool

Chief Executive Officer CFO/Asst. General Manager Senior Project Engineer Senior Engineer

Recording Secretary

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

City of Chino Hills City of Upland

Chino Basin Water Conservation District

Western Municipal Water District

City of Ontario City of Ontario

Cucamonga Valley Water District

Monte Vista Water District

City of Chino City of Chino Hills City of Pomona

San Antonio Water Company Fontana Union Water Company

Fontana Water Company

Ag Pool – Crops

Chair Willis called the Watermaster Board meeting to order at 11:09 a.m.

#### **PLEDGE OF ALLEGIANCE**

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

No additions or reorders were made to the agenda.

#### I. CONSENT CALENDAR

#### A. MINUTES

Minutes of the Watermaster Board Meeting held September 24, 2009

#### B. FINANCIAL REPORTS

- 1. Cash Disbursements for the month of August 2009
- 2. Watermaster Visa Check Detail for the month of August 2009
- 3. Combining Schedule for the Period August 1, 2009 through August 31, 2009
- Treasurer's Report of Financial Affairs for the Period August 1, 2009 through August 31, 2009
- 5. Budget vs. Actual August 2009

Motion by Whitehead, second by Bowcock, and by unanimous vote

Moved to approve Consent Calendar A through B, as presented

#### II. BUSINESS ITEM

#### A. CHINO BASIN WATERMASTER 2009-2010 ASSESSMENT PACKAGE

Ms. Rojo gave the 2009-2010 Assessment Package presentation and noted there have been some exciting changes made to the 2009-2010 Assessment Package as a result of the Cumulative Unmet Replenishment Obligation (CURO). Ms. Rojo noted this package addresses the CURO assessment adjustment. A discussion regarding CURO starting on page 45 of the meeting package and on the 85/15 rule ensued. Ms. Rojo reviewed the Phase I and Phase II debt in detail. Ms. Rojo reviewed the separate spreadsheets in detail. Ms. Rojo noted the 2009-2010 Assessment Package does not address the Dry Year Yield and the calculation of the storage losses and how they will be reallocated. The Metropolitan Water District (MWD) losses are going to get distributed to the Appropriator's; however the methodology for that reallocation still needs to be determined. A discussion regarding Metropolitan Water District's replenishment water ensued. Mr. Vanden Heuvel inquired about a policy decision regarding what is the limit of replenishment obligation should be. Mr. Manning stated there will need to be a policy decision; however, there is not one today and it is being worked on by getting the parties together for discussions. Mr. Bowcock offered comment on the fact that the policy needs to be expedited. Mr. Manning stated staff will be prepared to bring this through the process in the very near future.

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

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

#### Added Comment:

Chair Willis commented on AB 1366 which was recently passed and made into law which will give us the opportunity to further clean up the salt and our groundwater.

Chair Willis commented on the Coro Foundation and asked Karli Tanner from that foundation to speak on the upcoming event. Ms. Tanner thanked all the people who are involved in the upcoming event on Thursday, November 12, 2009 which will be focusing on California's water crisis. Ms. Tanner reviewed the list of speakers and invited all the parties to join this exciting event.

#### III. REPORTS/UPDATES

#### A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

#### 1. Court Transition Process

Counsel Slater stated Watermaster does have a new judge, Judge Reichert and he is assigned to the Chino Division. There is nothing on calendar to be presented to the court

until July, 2010 and that item is the approval of the Recharge Master Plan which will be a significant approval item. Counsel Slater noted the time limit to file a 170.6 regarding the assignment of Judge Reichert has expired.

#### 2. DYY/Storage Update

Counsel Slater stated this is a recurring update item on the agenda. This item is regarding issues surrounding the LRP funding for the Desalters, and the expansion of the MWD storage account. A meeting took place a few weeks ago to lay out the process for dealing with this matter and the group from that meeting agreed the first thing that needed to happen was the accounting on the LRP needed to be worked out with MWD. Inland Empire Utilities Agency and Western Municipal Water District met with MWD staff recently; however it was reported that nothing was resolved at that meeting. Once that issue is resolved the other issues will be tackled.

#### C. CEO/STAFF REPORT

#### 1. Legislative Update

Mr. Manning stated that he has no legislative report today.

Chair Willis asked Mr. Atwater to give an update on AB 1366. Mr. Atwater noted IEUA will be working with the Regional Board on the findings of facts so that the implementation of ordinances can be done in our service area. A discussion regarding water softeners ensued.

#### 2. Recharge Report

Mr. Manning stated there was some minor recharge into the basin recently. The most recent recharge report is on the back table for review.

#### 3. Auction Update

Mr. Manning stated things are progressing on schedule for the auction on November 4, 2009. Applications are coming in and being processed.

#### 4. Strategic Planning Conference Recap

Mr. Manning commented on the recent Strategic Planning Conference, and reviewed the conference summary handout in detail.

#### Added Comment:

Mr. Manning offered comment on the Wagner & Bonsignore memorandum regarding Potential Enhancements to Flood Control Basins for the Purpose of Storing and Transferring Seasonal Runoff handout dated October 19, 2009.

#### IV. INFORMATION

#### Newspaper Articles

No comment was made regarding this item.

#### V. BOARD MEMBER COMMENTS

Mr. Vanden Heuvel spoke on the Southern California Water Committee and encouraged everyone to attend the dinner event at the Pacific Palms that is being held tonight.

Mr. Camacho and Chair Willis spoke on the CORO Foundation and on the luncheon titled Surfacing Solutions on November 12, 2009.

#### VI. OTHER BUSINESS

No comment was made regarding this item.

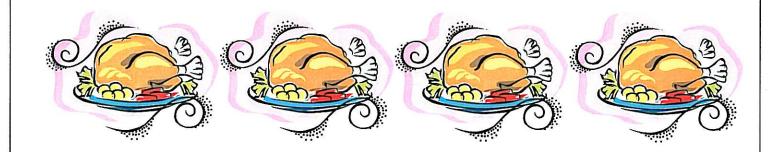
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#### VII. <u>FUTURE MEETINGS</u>

October 22, 2009	9:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
October 22, 2009	11:00 a.m.	Watermaster Board Meeting @ CBWM
October 22, 2009	1:00 p.m.	Recharge Master Plan Workshop @ CBWM
October 27, 2009	9:00 a.m.	GRCC Meeting @ CBWM
November 5, 2009	1:00 p.m.	Appropriative & Non-Agricultural Pool Meeting @ CBWM
November 12, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA
November 19, 2009	8:00 a.m.	IUEA Dry Year Yield Meeting @ CBWM
November 19, 2009	9:00 a.m.	Advisory Committee Meeting @ CBWM
November 19, 2009	11:00 a.m.	Watermaster Board Meeting @ CBWM
December 3, 2009	1:00 p.m.	Appropriative & Non-Agricultural Pool Meeting @ CBWM
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December 17, 2009	11:00 a.m.	Watermaster Board Meeting @ CBWM
December 17, 2009	1:00 p.m.	Recharge Master Plan Workshop @ CBWM

The Watermaster Board meeting was dismissed by Chair Willis at 12:00 p.m.

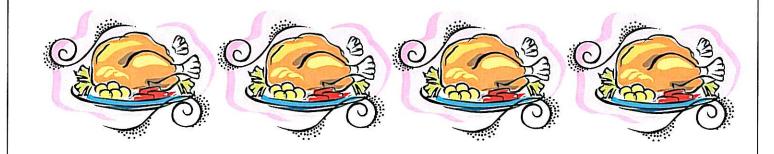
	Secretary:	
Minutes Approved:		



### I. CONSENT CALENDAR

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

- 1. Cash Disbursements for the month of September 2009
- 2. Watermaster Check Detail for the month of September 2009
- 3. Combining Schedule for the Period July 1, 2009 through September 30, 2009
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- 5. Budget vs. Actual July through September 2009





KENNETH R. MANNING Chief Executive Officer

#### STAFF REPORT

DATE:

November 19, 2009

TO:

**Watermaster Board Members** 

SUBJECT:

**Cash Disbursement Report** 

#### SUMMARY

Issue - Record of cash disbursements for the month of September 2009.

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

Fiscal Impact - Funds disbursed were included in the FY 2009-2010 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 September 2009 were \$575,832.80. The most significant expenditures during the month were FTI Consulting in the amount of \$33,000.00, Brownstein Hyatt Farber Schreck in the amount of \$55,567.82, and Wildermuth Environmental Inc. in the amount of \$279,740.21.

#### **ACTIONS:**

11-05-09 Appropriative Pool moved to approve September Financial Reports unanimously

11-05-09 Non-Agricultural Pool moved to approve September Financial Reports unanimously

11-12-09 Agricultural Pool moved to approve September Financial Reports unanimously

11-17-09 Advisory Committee

11-17-09 Watermaster Board

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#### CHINO BASIN WATERMASTER Cash Disbursement Detail Report September 2009

Туре	Date	Num	Name	Amount
Sep 09				
Bill Pmt -Check	9/2/2009	13539	CITISTREET	-14,208.54
Bill Pmt -Check	9/2/2009	13540	COMPUTER NETWORK	-315.06
Bill Pmt -Check	9/2/2009	13541	PUBLIC EMPLOYEES' RETIREMENT SYS	-5,971.66
Bill Pmt -Check	9/2/2009	13542	STATE COMPENSATION INSURANCE FU	-1,125.76
Bill Pmt -Check	9/3/2009	13543	APPLIED COMPUTER TECHNOLOGIES	-4,398.00
Bill Pmt -Check Bill Pmt -Check	9/3/2009	13544	CAMACHO, MICHAEL	-125.00
Bill Pmt -Check	9/3/2009 9/3/2009	13545 13546	GUARANTEED JANITORIAL SERVICE, INC.	-865.00
Bill Pmt -Check	9/3/2009	13547	HSBC BUSINESS SOLUTIONS JAMES JOHNSTON	-353.73
Bill Pmt -Check	9/3/2009	13548	NAKANO, JUSTIN	-840.00 -2,000.00
Bill Pmt -Check	9/3/2009	13549	PARK PLACE COMPUTER SOLUTIONS, I	-4,125.00
Bill Pmt -Check	9/3/2009	13550	PAYCHEX	-4,125.00
Bill Pmt -Check	9/3/2009	13551	PURCHASE POWER	-77.51
Bill Pmt -Check	9/3/2009	13552	SAGE, KEVIN	-125.00
Bill Pmt -Check	9/3/2009	13553	UNION 76	-46.73
Bill Pmt -Check	9/3/2009	13554	VANDEN HEUVEL, GEOFFREY	-125.00
Bill Pmt -Check	9/3/2009	13555	VERIZON	-433.20
Bill Pmt -Check	9/3/2009	13556	W.C. DISCOUNT MOBILE AUTO DETAILI	-100.00
Bill Pmt -Check	9/3/2009	13557	WILLIS, KENNETH	-125.00
Bill Pmt -Check	9/3/2009	13558	YOUNG, ROBERT	-125.00
Bill Pmt -Check	9/3/2009	13559	YUKON DISPOSAL SERVICE	-142.88
Bill Pmt -Check	9/3/2009	13560	COMPUTER NETWORK	-1,265.54
Bill Pmt -Check	9/3/2009	13561	RBM LOCK & KEY	-256.50
Bill Pmt -Check General Journal	9/3/2009 9/5/2009	13562	INLAND EMPIRE UTILITIES AGENCY	-320.54
General Journal	9/5/2009	090903 090903	PAYROLL PAYROLL	-6,867.84
Bill Pmt -Check	9/10/2009	13563	UPS STORE	-26,996.32
Bill Pmt -Check	9/17/2009	13564	ACWA SERVICES CORPORATION	-107.66 -229.51
Bill Pmt -Check	9/17/2009	13565	BANC OF AMERICA LEASING	-3,985.40
Bill Pmt -Check	9/17/2009	13566	BANK OF AMERICA	-1,958.50
Bill Pmt -Check	9/17/2009	13567	BROWNSTEIN HYATT FARBER SCHRECK	-55,567.82
Bill Pmt -Check	9/17/2009	13568	COMPUTER NETWORK	-1,882.96
Bill Pmt -Check	9/17/2009	13569	CUCAMONGA VALLEY WATER DISTRICT	-5,792.00
Bill Pmt -Check	9/17/2009	13570	FIRST AMERICAN REAL ESTATE SOLUTI	-125.00
Bill Pmt -Check	9/17/2009	13571	FTI CONSULTING, INC.	-33,000.00
Bill Pmt -Check	9/17/2009	13572	JAMES JOHNSTON	-1,620.00
Bill Pmt -Check	9/17/2009	13573	LOS ANGELES TIMES	-48.00
Bill Pmt -Check	9/17/2009	13574	MCI	-1,232.93
Bill Pmt -Check	9/17/2009	13575	PETTY CASH	-451.24
Bill Pmt -Check	9/17/2009	13576	PREMIERE GLOBAL SERVICES	-1,055.26
Bill Pmt -Check Bill Pmt -Check	9/17/2009	13577	PRINTING RESOURCES	-8,137.68
Bill Pmt -Check	9/17/2009 9/17/2009	13578 13579	REID & HELLYER	-13,238.95
Bill Pmt -Check	9/17/2009	13579	RUTH CAZDEN SAFEGUARD DENTAL & VISION	-725.00
Bill Pmt -Check	9/17/2009	13581	STAPLES BUSINESS ADVANTAGE	-57.68 -698.58
Bill Pmt -Check	9/17/2009	13582	STAULA, MARY L	-136.61
Bill Pmt -Check	9/17/2009	13583	THE STANDARD INSURANCE COMPANY	-156.56
Bill Pmt -Check	9/17/2009	13584	THREE VALLEYS MUNICIPAL WATER DI	-35.00
Bill Pmt -Check	9/17/2009	13585	VERIZON WIRELESS	-503.05
Bill Pmt -Check	9/17/2009	13586	W.C. DISCOUNT MOBILE AUTO DETAILI	-75.00
Bill Pmt -Check	9/17/2009	13587	WESTERN DENTAL SERVICES, INC.	-28.06
Bill Pmt -Check	9/17/2009	13588	COMPUTER NETWORK	-206.63
Bill Pmt -Check	9/17/2009	13589	PUBLIC EMPLOYEES' RETIREMENT SYS	-6,849.60
Bill Pmt -Check	9/17/2009	13590	UNITED PARCEL SERVICE	-35.85
General Journal	9/19/2009	090905	PAYROLL	-7,061.95
General Journal	9/19/2009	090905	PAYROLL	-26,634.19
Bill Pmt -Check	9/23/2009	13591	INLAND EMPIRE UTILITIES AGENCY	-320.54
Bill Pmt -Check	9/23/2009	13592	PUBLIC EMPLOYEES' RETIREMENT SYS	-5,971.66
Bill Pmt -Check	9/23/2009	13593	CALPERS	-4,006.80
Bill Pmt -Check	9/23/2009	13594	CUCAMONGA VALLEY IAAP	-50.00
Bill Pmt -Check	9/23/2009	13595	KONICA MINOLTA BUSINESS SOLUTIONS	-444.06
Bill Pmt -Check Bill Pmt -Check	9/23/2009	13596	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	9/23/2009	13597	PRINTING RESOURCES	-1,602.79
Bill Pmt -Check	9/23/2009 9/23/2009	13598	RICOH BUSINESS SYSTEMS-Lease	-897.19
Bill Pmt -Check	9/23/2009	13599 13600	BLACK & VEATCH CORPORATION WILDERMUTH ENVIRONMENTAL INC	-14,648.75
Bill Pmt -Check	9/23/2009	13600	STAPLES BUSINESS ADVANTAGE	-279,740.21
Bill Pmt -Check	9/25/2009	13602	COMPUTER NETWORK	-375.25 -315.06
			CONTRACTOR CONTRACTOR CONTRACTOR AND	5 15.00

## CHINO BASIN WATERMASTER Cash Disbursement Detail Report September 2009

Type	Date	Num	Name	Amount
Bill Pmt -Check	9/25/2009	13603	CITISTREET	-2.009.24
Bill Pmt -Check	9/25/2009	13604	CITISTREET	-2,273.07
Bill Pmt -Check	9/25/2009	13605	CITISTREET	-2.273.07
Bill Pmt -Check	9/25/2009	13606	PUBLIC EMPLOYEES' RETIREMENT SYS	-6.959.77
Bill Pmt -Check	9/25/2009	13607	PUBLIC EMPLOYEES' RETIREMENT SYS	-6,906.78
Bill Pmt -Check	9/28/2009	13608	ETIWANDA GARDENS	-3,704.45
Sep 09				-575,832.80

#### CHINO BASIN WATERMASTER Check Detail September 2009

Туре	Num	Date	Name	Account	Paid Amount
Bill Pmt -Check	13566	9/17/2009	BANK OF AMERICA	1012 · Bank of America G	
Bill	4024	8/31/2009		6909.1 · OBMP Meetings 6141.3 · Admin Meetings 6312 · Meeting Expenses 6212 · Meeting Expense 6909.1 · OBMP Meetings 7604 · PE8&9-Supplies 6191 · Conferences 6191 · Conferences 6174 · Transportation	-17.38 -603.56 -178.79 -178.78 -331.69 -144.10 -125.00 -349.20 -30.00
TOTAL					-1,958.50

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

OPTIMUM POOL ADMINISTRATION AND SPECIAL PROJECTS GROUNDWATER OPERATIONS WATERMASTER BASIN APPROPRIATIVE AGRICULTURAL NON-AGRIC, GROUNDWATER SB222 EDUCATION GRAND BUDGET ADMINISTRATION MANAGEMENT POOL POOL REPLENISHMENT FUNDS FUNDS TOTALS 2009-2010	\$7,340,839 44770 406 500	/sc/s1 7		111,000	111,000 - 11,738 1,068 529 - 2 124,337 7,680,789	121,103 580,238 13,666 61,901	7,604 36,442 1,582 45,628 2	454,186 1	1,029,406 4,109,362 567,042 4,143,233	N. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1.	10,000		(23,769) (2,050,634) 16,607 6,301 861	36	1	436,025 (436,025)	2,063,825 - 56,206	(2,052,087) 1,058 (55,677) 2 (2,106,694) -		8 492 0	(1,003,000)		(994,508) - (994,508) 0	(3,101,202) (2,052,087) 1,068 (55,677) (994,508) - 2 (3,101,202) -	5,942,967 470,719 256,577 4,166,457 158,251 995 10,995,966	3,890,880 471,787 200,900 3,171,949 158,251 997 7,894,764 7,894,764	84,716,450 32,142,764 4,393,990
	Administrative Revenues Administrative Assessments Interest Pevenue	Mutual Agency Project Revenue	Grant Income	Miscellaneous Income	Total Revenues	Administrative & Project Expenditures Watermaster Administration Watermaster Roard-Advisory Committee	Pool Administration	Optimum Basin Mgnt Administration	OBMP Project Costs	Education Funds Use	Mutual Agency Project Costs	Total Administrative/OBMP Expenses	Net Administrative/OBMP Expenses Allocate Net Admin Expenses To Pools	Allocate Net OBMP Expenses To Pools	Allocate Debt Service to App Pool	Agricultural Expense Transfer*	Total Expenses	Net Administrative Income	Other Income/(Expense) Replenishment Water Assessments	Interest Revenue	Water Purchases	Balance Adjustment Groundwater Benlanishment	Net Other Income	Net Transfers To/(From) Reserves	Working Capital, July 1, 2009	Working Capital, End Of Period	08/09 Assessable Production

\*Fund balance transfer as agreed to in the Peace Agreement.

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

\$ 500 114,393 8,194,199	<b>\$ 8,309,092</b> 8,882,980	\$ (573,888)	\$ (21,830) - (20) (71,924) (38,335) (441,779)	\$ (573,888)				
114,393					Totals	8,882,980 1,955 - (575,843)	8,309,092	(573,888)
₩	9/30/2009 8/31/2009				Local Agency Investment Funds	8,494,199 \$ - (300,000)	8,194,199 \$	\$ (000,000)
			Ities		2004	(09)	<del>\$</del>	<b>⊕</b>
sits nto			ent Assets rrent Liabi		Zero Balance Account Payroll	\$ - (67,560)	es	ь
DEPOSITORIES: Cash on Hand - Petty Cash Bank of America Governmental Checking-Demand Deposits Zero Balance Account - Payroll Local Agency Investment Fund - Sacramento	TOTAL CASH IN BANKS AND ON HAND TOTAL CASH IN BANKS AND ON HAND	CREASE)	Accounts Receivable Assessments Receivable Prepaid Expenses, Deposits & Other Current Assets Accounts Payable Accrued Payroll, Payroll Taxes & Other Current Liabilities Transfer to/(from) Reserves	CREASE)	Govt'l Checking Demand	388,281 1,955 232,440 (508,283)	114,393	(273,888)
DEPOSITORIES: Cash on Hand - Petty Cash Bank of America Governmental Checking-Dema Zero Balance Account - Payroll Local Agency Investment Fund - 8	H IN BANKS H IN BANKS	PERIOD INCREASE (DECREASE)	Accounts Receivable Assessments Receivable Prepaid Expenses, Deposits Accounts Payable Accrued Payroll, Payroll Tax Transfer to/(from) Reserves	PERIOD INCREASE (DECREASE)	Go	\$ 200	\$ 009	ω,
DEPOSITORIES: Cash on Hand - P Bank of America Governmental I Zero Balance A Local Agency Inve	TOTAL CASI TOTAL CASI	ERIOD INC	Accounts Receival Assessments Rec Prepaid Expenses Accounts Payable Accrued Payroll, P Transfer to/(from)	ERIOD INC	Petty Cash			
2 %°5	<b>2</b> 5	<u>B</u>	ssets: Ac As Pr Prilities Ac Ac	2	1	<i>₩</i>	<del>⊕</del>	<del>⇔</del>
			CHANGE IN CASH POSITION DUE TO:  Decrease/(Increase) in Assets: Accounts Receivable Assessments Receivable Prepaid Expenses, D (Decrease)/Increase in Liabilities Accounts Payable Accrued Payroll, Payr			SUMMARY OF FINANCIAL TRANSACTIONS: Balances as of 8/31/2009 Deposits Transfers Withdrawals/Checks	Balances as of 9/30/2009	PERIOD INCREASE OR (DECREASE)

# TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD SEPTEMBER 30, 2009 **CHINO BASIN WATERMASTER**

## INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	,	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
9/23/2009	9/23/2009 Withdrawal	L.A.I.F.	₩.	(300,000)				
TOTAL INVEST	TOTAL INVESTMENT TRANSACTIONS	SHOITS	es.	(300,000)	1			

<sup>\*</sup> The earnings rate for L.A.I.F. is a daily variable rate; 0.9% was the effective yield rate at the Quarter ended September 30, 2009.

## INVESTMENT STATUS September 30, 2009

Principal Number of Interest Maturity Amount Days Rate Date	8,194,199	8,194,199
ш `	<del>с</del>	e
Financial Institution	Local Agency Investment Fund	TOTAL INVESTMENTS

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

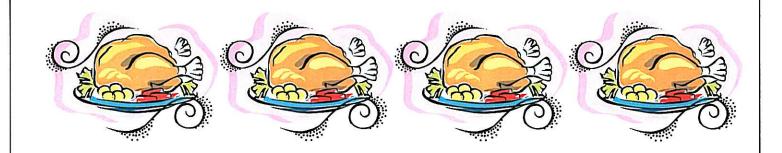
Chief Financial Officer & Assistant General Manager Chino Basin Watermaster

Q:\Financial Statements\09-10\09 08\Treasurers Report aUGUST.xls\Sheet1

	Jul - Sep 09	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense	×			
Income				
4010 · Local Agency Subsidies	0	148,410	-148,410	0%
4110 · Admin Asmnts-Approp Pool	0	7,185,411	-7,185,411	0%
4120 · Admin Asmnts-Non-Agri Pool	0	155,427	-155,427	0%
4700 · Non Operating Revenues	13,337	191,540	-178,203	7%
4900 · Miscellaneous income	111,000			
Total Income	124,337	7,680,788	-7,556,451	2%
Gross Profit	124,337	7,680,788	-7,556,451	2%
Expense				
6010 · Salary Costs	72,572	487,838	-415,266	15%
6020 · Office Building Expense	21,894	102,500	-80,606	21%
6030 · Office Supplies & Equip.	10,619	43,500	-32,881	24%
6040 · Postage & Printing Costs	19,288	84,300	-65,012	23%
6050 · Information Services	37,828	148,500	-110,672	25%
6060 · Contract Services	44,330	98,000	-53,670	45%
6080 · Insurance	15,934	16,730	-796	95%
6110 · Dues and Subscriptions	94	17,000	-16,906	1%
6140 · WM Admin Expenses	814	3,000	-2,186	27%
6150 · Field Supplies	24	2,800	-2,776	1%
6170 · Travel & Transportation	6,621	37,800	-31,179	18%
6190 · Conferences & Seminars	8,625	26,500	-17,875	33%
6200 · Advisory Comm - WM Board	3,951	18,078	-14,127	22%
6300 · Watermaster Board Expenses	9,715	43,823	-34,108	22%
8300 · Appr PI-WM & Pool Admin	7,604	23,069	-15,465	33%
8400 · Agri Pool-WM & Pool Admin	7,104	25,114	-18,010	28%
8467 · Ag Legal & Technical Services	25,363	98,000	-72,637	26%
8470 · Ag Meeting Attend -Special	3,975	12,000	-8,025	33%
8471 · Ag Pool Expense	0	65,000	-65,000	0%
8500 · Non-Ag PI-WM & Pool Admin	1,582	6,677	-5,095	24%
6500 · Education Funds Use Expens	0	375	-375	0%
9500 · Allocated G&A Expenditures	-117,540	-488,230	370,690	24%
	180,397	872,374	-691,977	21%
6900 · Optimum Basin Mgmt Plan	421,209	1,399,371	-978,162	30%
6950 · Mutual Agency Projects	0	10,000	-10,000	0%
9501 · G&A Expenses Allocated-OBMP	32,977	148,448	-115,471	22%
	454,186	1,557,819	-1,103,633	29%
7101 · Production Monitoring	33,512	107,047	-73,535	31%
7102 · In-line Meter Installation	12,608	56,179	-43,571	22%
7103 · Grdwtr Quality Monitoring	79,742	214,362	-134,620	37%

#### CHINO BASIN WATERMASTER Profit & Loss Budget vs. Actual July through September 2009

				THE CO. W. L.
	Jul - Sep 09	Budget	\$ Over Budget	% of Budget
7104 · Gdwtr Level Monitoring	83,516	366,956	-283,440	23%
7105 · Sur Wtr Qual Monitoring	434	43,912	-43,478	1%
7107 · Ground Level Monitoring	30,370	550,059	-519,689	6%
7108 · Hydraulic Control Monitoring	93,481	567,022	-473,541	16%
7109 · Recharge & Well Monitoring Prog	1,105	9,152	-8,047	12%
7200 · PE2- Comp Recharge Pgm	515,153	1,478,560	-963,407	35%
7300 · PE3&5-Water Supply/Desalte	7,078	96,003	-88,925	7%
7400 · PE4- Mgmt Plan	34,922	91,985	-57,063	38%
7500 · PE6&7-CoopEfforts/SaltMgmt	34,070	163,727	-129,657	21%
7600 · PE8&9-StorageMgmt/Conj Use	18,852	29,550	-10,698	64%
7690 · Recharge Improvement Debt Pymt	567,042	1,131,233	-564,191	50%
7700 · Inactive Well Protection Prgm	0	5,066	-5,066	0%
9502 · G&A Expenses Allocated-Projects	84,563	339,782	-255,219	25%
	1,596,448	5,250,595	-3,654,147	30%
Total Expense	2,231,031	7,680,788	-5,449,757	29%
Net Ordinary Income	-2,106,694		-2,106,694	100%
Other Income/Expense				
Other Income				
4225 · Interest Income	8,492			
Total Other Income	8,492			
Other Expense				
5100 · Other Water Purchases	1,003,000			
9999 · To/(From) Reserves	-3,101,202			
Total Other Expense	-2,098,202			
Net Other Income	2,106,694			
Net Income	0		0	0%
	44			-



## I. <u>CONSENT CALENDAR</u>

#### D. STATUS REPORT

1. Consider Approval of Status Report 2009-1





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:

November 19, 2009

TO:

**Watermaster Board Members** 

SUBJECT:

Status Report 2009-1

#### SUMMARY

Recommendation - Approve Status Report 2009-1 for filing with the Court

#### **BACKGROUND**

Status Report 2009-1 covers the period of January 1, 2009 through June 30, 2009. While the bulk to the report describes work conducted for each element of the Optimum Basin Management Program (OBMP) during the 6 month period, it also references the reports and court filings made to address the issues of the Peace II implementation.

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

#### **ACTIONS:**

11-05-09 Appropriative Pool moved to approve Status Report 2009-1 with minor language changes unanimously

11-05-09 Non-Agricultural Pool moved to approve Status Report 2009-1 with minor language changes unanimously

11-12-09 Agricultural Pool moved to approve Status Report 2009-1 unanimously

11-17-09 Advisory Committee

11-17-09 Watermaster Board

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Status Report 2009-1: January to June 2009

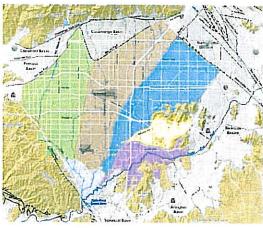


CHINO BASIN WATERMASTER

Optimum Basin Management Program

#### **Highlighted Activities**

- The Chino Basin Facilities Improvement Project (CBFIP) Phase II, a joint effort of Watermaster, the Chino Basin Water Conservation District (CBWCD), Inland Empire Utilities Agency (IEUA), and the San Bernardino County Flood Control District (SBCFCD) to increase the annual recharge of storm, imported, and recycled water and to reduce long-term maintenance costs, has shown considerable progress in its construction and is expected to be completed by October 2009. The project is co-funded by Watermaster and IEUA with matching fund from the California Department of Water Resources.
- A series of court hearings have taken place for the purpose of testifying on the program elements in the Optimum Basin Management Plan (OBMP).
- The Hydraulic Control and Monitoring Report was prepared and delivered to the Regional Board in April.
- Ongoing work continued to prepare the Recharge Master Plan. Watermaster held workshops and technical group meetings. The Chino Basin Water Conservation District is currently working on the stormwater section of the recharge master plan. This section is anticipated to be completed by October 2009. IEUA has provided water demand forecasting. Watermaster's consultant, Wildermuth Environmental Inc, has released estimates for the supplemental water recharge requirements for the future.



Chino Groundwater Basin

## Important Court hearings and orders

- FEB 3 FIRST HEARING WITH NEW HON, JUDGE WADE
- MARCH 2—TRANSMITTAL OF THIRTY-FIRST ANNUAL REPORT
- APRIL 27 EXPERT WIT-NESS TESTIMONY ON PROGRAM ELEMENTS NO. 1, 2, AND 3
- JUNE 29 EXPERT WIT-NESS TESTIMONY ON PROGRAM ELEMENTS NO. 4, 5, AND 6

## Program Element 1: Develop and Implement a Comprehensive Monitoring Program

#### Groundwater Level Monitoring

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

Desalter Product Water Tank

AS CALIFORNIA IS
FACING THE MOST
SIGNIFICANT
WATER CRISIS IN
HISTORY, IT IS
CRITICAL THAT
WATER SYSTEMS
AND THEIR
CUSTOMERS
PROPERLY
CONSERVE AND
MANAGE OUR
WATER RESOURCES.



New MWD Turnout (CB-20)

#### Optimum Basin Management Program

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

#### Groundwater Quality Monitoring

Watermaster initiated a comprehensive monitoring program as part of the implementation of the OBMP. The groundwater quality monitoring program consists of the following four components:

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

All water quality data are routinely collected, QA/QC'd, and loaded into Watermaster's relational database.

#### **Groundwater-Production Monitoring**

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

#### Surface Water Monitoring

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

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

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

#### **HCMP Annual Report**

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

Pursuant to the Basin Plan Amendment and the Watermaster/IEUA permit to recharge recycled water, Watermaster and IEUA have conducted groundwater and surface water monitoring programs. During this reporting period, Watermaster measured 641 manual water levels at private wells throughout the Chino Basin, conducted two quarterly downloads at the 130 wells containing pressure transducers, and collected 66 groundwater quality samples, and 212 surface water quality samples. Quarterly Surface Water Monitoring Program reports that summarize data collection efforts were submitted to the RWQCB in January and April of 2009. The Chino Basin Maximum Benefit Monitoring Program 2008 Annual Report was submitted in April 2009.

#### Chino Basin Groundwater Recharge Program

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

Recharge Activities. On-going recycled water recharge occurred in the Brooks, 8th Street, Hickory, Turner, RP-3, and Ely Basins this reporting period.

Monitoring Activities. Watermaster and IEUA collect weekly water quality samples from basins that are actively recharging recycled water and from lysimeters installed within those basins. During this reporting period, approximately 271 basin and lysimeter samples were collected and two recycled water samples were collected for alternative monitoring plans that include the application of a correction factor for Soil-Aquifer Treatment determed from each bains's start-up period. Monitoring wells located downgradient of the recharge basins were sampled quarterly at a minimum, however, some monitoring wells were sampled more frequently during the reporting period for a total of 108 samples.



New Radio Antenna for the SCADA system

CALIFORNIA GOVERNOR
ARNOLD
SCHWARZENEGGER HAS
DEMANDED THAT PRESIDENT
BARACK OBAMA'S CABINET
RETHINK FEDERAL POLICY
THAT WOULD DIVERT
WATER FROM PARCHED
FARMS AND CITIES TO
THREATENED FISH.

"I AM CONCERNED THAT
THE CATASTROPHIC
IMPACTS OF THE CURRENT
CRISIS ON OUR ECONOMY
AND ENVIRONMENT COULD
TAKE DECADES TO REVERSE
AND SIGNIFICANTLY
HAMPER ANY LONG-TERM
SOLUTIONS"



Victoria Basin

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



Rubber dam inflated near Lower Day Basin

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

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

- 4Q08 Quarterly Report, submitted to the RWQCB February 2009
- 1Q09 Quarterly Report, submitted to the RWQCB May 2009

#### Land Surface Monitoring

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

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

With regard to monitoring and testing, Watermaster began or continued the implementation of some of these activities called for in the MZ-1 Plan. During this reporting period these activities included:

 The continuation of detailed water-level monitoring at wells within the Managed Area and at wells in central MZ-1.



Use of InSAR to monitor subsidence

Page 4

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

- Replacement of two water-level-recording transducers at wells where these transducers have failed after about seven years of reliable service.
- Continuation of monitoring and maintenance at the Ayala Park Extensometer Facility. This includes monitoring at the
  newly installed lower-cost pair of cable extensometers within two piezometers at Ayala Park to test this technology
  for possible application in other parts of the Basin.
- Collection of InSAR data from radar satellites during all six months of the reporting period, which will be analyzed for land surface displacement in early 2010.
- Collection of vertical and horizontal strain data across the historical zone of ground fissuring during April 2009, which will be analyzed for land surface displacement in early 2010.

#### Program Element 2: Develop and Implement a Comprehensive Recharge Program

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

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

Because of the drought and Delta water quality, water supply, and environmental issues, MWDSC has been unable to provide replenishment water to southern California since May 1, 2007. This greatly restricts Watermaster's ability to recharge recycled water, since the California Department of Public Health requires that approximately four parts of diluent water (imported or storm water) be blended with each part of recycled water. Watermaster and IEUA are working closely with DPH and the Regional Water Quality Control Board to reduce the blend ratio. For this reporting period, about 5,300 AF of storm and recycled water were recharged.

Preparation of the Recharge Master Plan update is underway, in satisfaction of Condition Subsequent No. 5. On March 28, 2008, the initial meeting of the Recharge Master Plan group occurred. A detailed outline of the scope and content of the Recharge Master Plan update was filed with the Court for approval on June 30, 2008. A progress report was provided to the Court on January 1, 2009. Since that time the Court has relieved Watermaster of the semi-annual project reporting. During the reporting period two technical memoranda have been prepared and workshops were conducted for project stakeholders. The project website has been maintained as a receptacle for project references, memoranda, meeting notes and presentations. The final updated Recharge Master Plan is due to the Court by July 1, 2010.

**Recharge Activities** 3500 Α 3000 c 2500 Recycled 2000 Storm 1500 Imported 1000 500 Jan Feb Mar May Apr Jun

Page 5

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

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

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

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

#### MZ-1 Management Plan

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

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

From 2001-2005, Watermaster developed, coordinated, and conducted an Interim Monitoring Program (IMP) under the guidance of the MZ-1 Technical Committee, which is composed of representatives from all major MZ-1 producers and their technical consultants. The IMP was an aquifer-system and land subsidence investigation focused in the southwestern region of MZ-1 that would support the development of a long-term management plan to minimize and abate subsidence and fissuring (MZ-1 Plan). The IMP involved the construction of highly-sophisticated monitoring facilities, such as deep borehole extensometers and piezometers, the monitoring of land surface displacements through traditional ground-level surveys and remote-sensing techniques, the detailed monitoring of the aquifer system with water-level-recording transducers installed at an array of production and monitoring wells, and the purposeful stressing of the aquifer system through multiple controlled pumping tests.

The investigation methods, results, and conclusions are described in detail in the MZ-1 Summary Report, dated February 2006. The investigation provided enough information for Watermas-

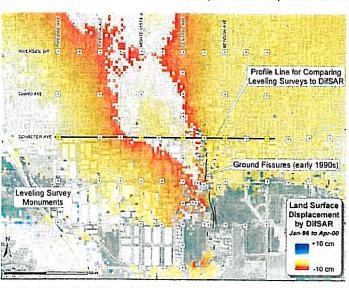
#### Program Element 4: Develop and Implement a Comprehensive Groundwater Management Plan for Management Zone 1 and Management Zone 3 (Continued)

ter to develop Guidance Criteria for the MZ-1 producers in the investigation area that, if followed, would minimize the potential for subsidence and fissuring during the completion of the MZ-1 Plan. The Guidance Criteria included a listing of Managed Wells and their owners subject to the criteria, a map of the so-called Managed Area, and an initial threshold water level (Guidance Level) of 245 feet below the top of the PA-7 well casing. The MZ-1 Summary Report and the Guidance Criteria were adopted by the Watermaster Board in May 2006. The Guidance Criteria formed the basis for the MZ-1 Plan, which was approved by Watermaster in October 2007. The Court approved the MZ-1 Plan in November 2007 and ordered its implementation.

During this reporting period, Watermaster continued implementation of the MZ-1 Plan with the exception of the implementation of prescribed groundwater level recovery periods (see Land Surface Monitoring under Program Element1: Develop and Implement a Comprehensive Monitoring Program). A new scope of work for FY 2009/10 was developed by the MZ-1 Technical Committee and was approved for implementation by Watermaster. All data collected during 2008, including InSAR, ground-level survey, extensometer, and groundwater-level data, were compiled, analyzed, and are being included in the 2008 MZ-1 Annual Report which will be published during the next reporting period.

#### MZ-3 Monitoring Program

Watermaster performed a groundwater investigation to characterize groundwater levels and quality in Management Zone 3 (MZ-3) of the Chino Basin. The OBMP Implementation Plan states that MZ-3 is hydrologically out of balance and that new storm water and supplemental water recharge will be required to keep MZ-3 in balance. The blend of storm water, imported water, and recycled water used in the future to hydrologically balance MZ-3 must be of a quality to protect beneficial uses and comply with the proposed Title 22 regulations for planned recharge projects that use recycled water. Watermaster drilled, installed, developed, and sampled two nested, multiple-depth piezometers in the projected path of the Kaiser Steel plume, which is an immediate threat to potable supply wells owned by the City of Ontario and Jurupa Community Services District. The monitoring program also incorporated four quarters of



Monitoring of subsidence through use of Synthetic aperture radar (SAR)

sample collection and analyses from 22 wells in MZ-3 to assess other groundwater quality issues, including total dissolved solids (TDS), nitrate, and perchlorate. Watermaster also continued to download transducer data from the six new monitoring wells. The perchlorate may have originated from the Mid-Valley Landfill (in Rialto Basin, across the Rialto-Colton fault) or it may be a non-point source that resulted from the historical application of Chilean fertilizer. Watermaster completed and submitted the final report to the California Department of Water Resources (DWR) in December 2008, in partial fulfillment of the AB303 Grant requirements. In January 2009, Watermaster coordinated with IEUA staff to ensure that DWR's comments were addressed in the letter addendum to the Technical Memorandum. On March 19, 2009 the project was formally accepted by DWR, who issued a very good Grantee Performance Evaluation, which covered all aspects of grant project performance such as project completeness, budget, timeliness, compliance, reporting, invoicing and communication.

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

#### Ontario International Airport

Watermaster coordinated with EcoGeo and GeoTrans, Inc. regarding the drilling schedule for the Ontario International Airport (OIA) monitoring wells and provided technical input on the well design for MW-4. Watermaster reviewed EcoGeo monthly reports and received electronic data deliverables that were uploaded into Watermaster's database. Watermaster began coordination with the OIA parties for rounds of split sampling of the recently installed OIA monitoring wells.

#### Chino Airport

Watermaster coordinated with the County of San Bernardino, Department of Airports (County) and exchanged pertinent well, water level, and water quality for wells that the County has installed and for wells that Watermaster samples. Watermaster prepared a map that shows all current Chino Airport monitoring wells, planned Chino Creek Desalter wells (as described in Carollo Engineers Preliminary Design Report, dated May 2009), proposed Chino Airport monitoring wells, groundwater flow vectors, and nearby private wells. This map is to be used in working with the County to possibly locate one of their proposed nests of monitoring wells to a location that, while still addressing the County's needs, would also be beneficial to Watermaster's HCMP. This would result in substantial cost savings to Watermaster parties.

#### Perchlorate in MZ-3

A regional study, the Cross-Fault Isotope Study, whose objective is to determine the source of the wide-spread, low-level perchlorate in groundwater in MZ-3, was proposed and Watermaster was asked to participate. The project is to be funded by the Environmental Security Technology Certification Program (ESTCP), which is a Department of Defense (DoD) program that promotes innovative, cost-effective environmental technologies through demonstration and validation at DoD sites. Watermaster met with the parties involved in the study, contacted the University of Illinois/Chicago – who would perform the isotope work, and helped draft the study work plan. Watermaster's role in this study is to provide feedback and review, but not to fully participate or contribute funding to the study.

#### Hexavalent Chromium

Watermaster intelligence suggested that the California Environmental Protection Agency's Office of Environmental Health Hazard Assessment (OEEHA) was considering the adoption of a Public Health Goal (PHG) below 1 ug/L for hexavalent chromium. Watermaster queried its database and created summary tables and maps describing the prevalence and extent of hexavalent chromium in ground-water in the Chino Basin. Watermaster reviewed the Regional Board minutes from 1958, which details a release of chromic acid waste (hexavalent chromium) from the GE Flat Iron facility into the City of Ontario sewer system in 1948. Watermaster attended a meeting at the Regional Board on April 8, 2009 to discuss the chromic acid disposal issue. Watermaster also compiled historical maximum nitrate, TCE, and hexavalent chromium data for the Chino Basin by decade (1950s, 1960s, 1970s, 1980s, and 1990s) and created completed maps of these constituents overlying the 1938 aerial photograph showing Cucamonga Channel. These maps clearly show that contaminants could have percolated in an area to the east of the current Cucamonga Channel, due to stream braiding.

#### Crown Coach Facility

Watermaster reviewed the report, "Effectiveness of Remedial Actions – Former Crown Coach Facility, Chino, California." This report was prepared for the General Electric Company (GE) by AMEC Geomatrix and asked the Regional Board for a finding of No Further Action. Watermaster met with the Regional Board on May 27, 2009 and prepared a comment letter that petitioned the Regional Board to have GE continue monitoring the TCE plume because the concentrations are still quite high and there are no data to suggest that the plume has not reached the main aquifer.



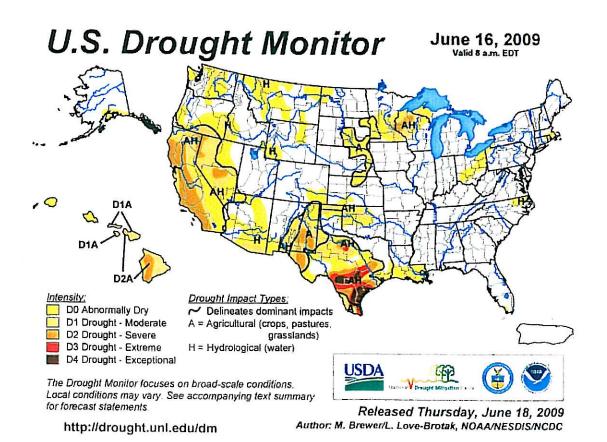
**DROUGHTS** DIFFER FROM **TYPICAL EMERGENCY EVENTS SUCH AS FLOODS OR** FOREST FIRES, IN THAT THEY OCCUR SLOWLY OVER A MULTIYEAR PERIOD. DROUGHT **IMPACTS INCREASE WITH** THE LENGTH OF A DROUGHT, AS CARRY-OVER SUPPLIES IN **RESERVOIRS ARE DEPLETED AND** WATER LEVELS IN GROUNDWATER BASINS DECLINE.

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

The existing Watermaster/IEUA/MWDSC Dry-Year Yield (DYY) program continued during the reporting period. All DYY program construction projects have been completed and are currently being used for a DYY take, or removal from storage.

Due to the current drought conditions throughout the state of California, Metropolitan has not provided water for the DYY account since April 2007. As of April 30, 2008, about 86,000 AF had been stored in the Basin in Metropolitan's DYY account. On May 1, 2008, Metropolitan called for the parties to begin withdrawing water from the DYY account in the amount of 33,000 AF per 12-month period. At the end of the calendar year, the account balance was 34,493 AF.

In February 2008, the DYY Expansion Project was initiated by IEUA and Watermaster to evaluate increasing the DYY storage account. The purpose of the DYY Expansion Project was to determine the facilities needed to store up to 150,000 AF and to recover up to 50,000 AFY. The expansion project analysis was completed in December 2008. The expansion project evaluated the technical, financial, and institutional frame work for individual projects to move forward. Negotiations to-date related to actual projects and the amount of expansion have not resulted in any planned expansion projects.



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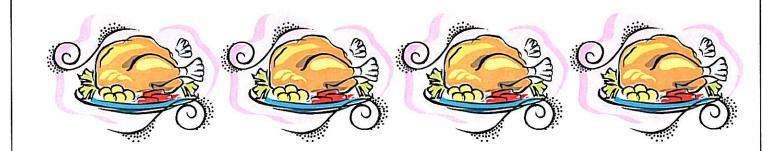
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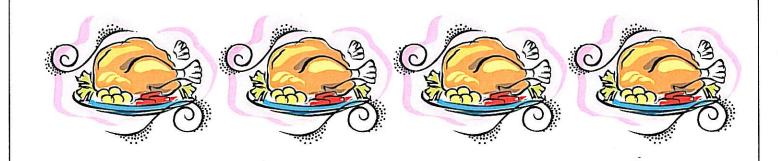
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## II. <u>REPORTS/UPDATES</u>

## A. WATERMASTER GENERAL LEGAL COUNCEL REPORT

3. Implementation of Plan B for Purchase of Overlying Non-Agricultural Pool Water



#### Plan Regarding Disposition of Water Purchased from the Non-Agricultural Pool Pursuant to the Peace II Purchase and Sale Agreement

#### November 5, 2009

- (1) By December 21, 2009, Watermaster, under the direction of the Appropriative Pool, will send the Notice of Intent to Purchase pursuant to the Purchase and Sale Agreement.
- (2) A Special Assessment will be levied by Watermaster on the Appropriative Pool in an amount necessary to fund the purchase of the water. This assessment shall be levied according to a 50/50 split between shares of Operating Safe Yield and the previous year's production. The previous year's production shall be calculated as the average of columns 2L and 2J from the Pool 3 Water Production Summary in the 2008-2009 Watermaster Assessment Package. The assessment allocation used for the first installment of the purchase price shall also be used for the subsequent three installments.
- (3) All purchased water shall be placed into a Watermaster storage account called the Purchased Water Account.
- (4) Watermaster shall hold the Purchased Water Account in trust for the members of the Appropriative Pool, and shall allocate the water held in the Purchased Water Account according to direction from the Appropriative Pool. However, pursuant to the Purchase and Sale Agreement and the Peace II Agreement, the water may only be used pursuant to a Storage and Recovery Program or for use as Desalter Replenishment.
- (5) Watermaster shall assess losses against the Purchased Water Account at the same rate as loses are assigned against all other Local Storage accounts.
- (6) The water held in the Purchased Water Account shall remain exportable pursuant to the Court's August 11, 2009 Order. As exportable water, the water in the Purchased Water Account shall be designated as Supplemental Water.
- (7) If the water in the Purchased Water Account is sold pursuant to a Storage and Recovery Program, at auction or otherwise, then each Appropriator shall be reimbursed from the sale proceeds in an amount equal to the amount assessed to purchase the water, without interest.
- (8) If the water in the Purchased Water Account has not been utilized in a Storage and Recovery Program or Desalter Replenishment within 3 years from the date it is placed into the storage account, then the Appropriative Pool may elect to distribute the water according to the same formula used to allocate the cost of purchasing the water from the Non-Agricultural Pool.

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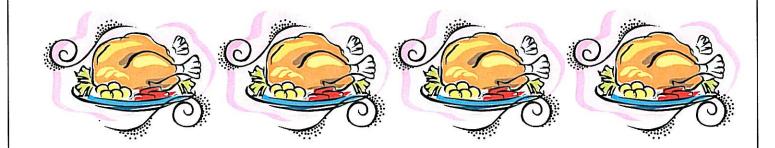
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## **CHINO BASIN WATERMASTER**

#### III. <u>INFORMATION</u>

1. Newspaper Articles



#### THE SACRAMENTO BEE sacbee.com

#### California lawmakers pass historic water package

McClatchy Newspapers

Published Thursday, Nov. 05, 2009

SACRAMENTO, Calif. -- It took long months of delicate negotiations - and the last-minute deletion of a project dear to the heart of the state's most powerful legislator - for California lawmakers to craft what could turn out to be one of the most pivotal water deals in state history.

Now comes the hard part:

The plan's proponents must convince a debt-weary, politician-leery electorate that it's a deal worth what could be a \$25 billion-plus price tag by the time it's paid.

"We're done with part one," Assembly Speaker Karen Bass, DLos Angeles, said Wednesday. "Part two is we need to take the message out (of Sacramento) ... first and foremost we have to begin by educating voters about water."

Bass' remarks came a few hours after legislators had staggered through an all-night session that ended with bipartisan support for a five-bill package of reforms to California's antiquated water system.

The bills were sent to Gov. Arnold Schwarzenegger, who effusively praised them.

"This is without any doubt the most comprehensive water infrastructure package ... in the history of California," the governor said.

The package's pieces range from new ways of protecting the fragile ecosystem of the Sacramento-San Joaquin River Delta to keeping track of how much water is being pumped from California's underground sources.

They also include asking voters to approve - probably next November - an \$11.1 billion bond measure that would pay for recycling, drought relief, water storage and wastewater treatment programs.

What the final package did not include was \$10 million to help build a tolerance center in Sacramento, Construction of the center has long been championed by state Senate President Pro Tem Darrell Steinberg, D-Sacramento, and Steinberg acknowledged Tuesday he had included the provision in the bond bill.

But the earmark sparked a flap in both legislative houses just after midnight, when The Sacramento Bee's story on the plan was published on its Web site.

When it became clear the controversy was delaying approval of the bond measure in the Assembly, Steinberg agreed to drop the idea.

"I have worked my heart out to get this water package passed," he said, "and the last thing I would ever want to do is jeopardize this incredibly important work."

One of the legislators who had pushed for removal of the earmark said it might not have ultimately stopped legislative approval of the bond proposal, but would have become a great campaign weapon for the bond measure's foes.

"In the bigger picture, it's going to take away a distraction that wasn't going to help our institution," said Assemblyman Jared Huffman, D-San Rafael, "and wasn't going to help the chances of this bond with voters."

Legislative leaders acknowledged that further improving the bond measure's chances with voters will take a Herculean effort on their part.

"We need to spend a tremendous amount of time doing the education to break down the historic mistrust and misperceptions that has been the fundamental reason it's taken half a century to make the advancements that we made," said Bass.

Steinberg noted voters surprised pundits and pollsters last November by approving a \$10 billion bond proposal to build a high-speed rail system in the state.

"Voters had a forward vision and they said despite the difficult economic times that they wanted to point toward the future," he said, "and I think with the right campaign, the right education, the right message, that they will do the same again."

But opposition to the high-speed rail measure was scattered and under-financed.

When it comes to the water bond, a potentially formidable odd-fellows coalition could form, consisting of public employee unions, anti-tax groups, some environmental groups and some local water and sewage agencies.

All of those elements have found something to dislike in the water reform package.

The politically potent and financially well-heeled unions fear committing more of the state's parched financial resources to water will mean less money for its payroll, and contend individual water projects should be paid for by those who benefit directly from them.

In a letter sent to lawmakers Monday, the lobbyist for the 700,000-member Service Employees International Union California said it was unacceptable to cut education and social service programs to pay the debt that will be incurred by the water bonds.

"As yet, SEIU has seen no water system improvement financing plan that it would not oppose," wrote union lobbyist Allen Davenport.

Anti-tax groups fear the bonds will increase the state's debt too much; some local agencies contend the reforms provide benefits to those outside their boundaries while sticking their customers with the bills, and some environmental groups oppose elements of the plan that could lead to construction of dams and a canal through the Delta.

"The water package that passed in the dead of night epitomizes the dysfunction that has gripped our legislative process," said Barbara Barrigan-Parrilla, campaign director for Restore the Delta, in a statement. "The package lost any semblance of rational debate and turned into a pork festival."

Whether voters see it that way may depend on which aspect of the potential costs they choose to emphasize.

Jason Dickerson of the Legislative Analysts Office, estimated the annual principal and interest on the water bonds could range from \$724.7 million to \$809.3 million.

But Schwarzenegger spokesman Aaron McLear said because the proposal requires no more than half of the bonds be sold before 2015, much of the state's current public works bond debts will be paid off before the water bonds begin to take effect.

"It's not going to take away money from any of our other priorities," he said.

Jim Sanders, Jack Chang and Torey Van Oot contributed to this report.

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#### THE SACRAMENTO BEE sacbee.com

## Lawmakers pass water package after removing Sacramento project

jsanders@sacbee.com

Published Wednesday, Nov. 04, 2009

Lawmakers approved a momentous overhaul of California's ailing water system early this morning, but approval came only after Senate President Pro Tem Darrell Steinberg agreed to strip a \$10 million earmark for a Sacramento project he personally has championed.

The five-bill package, including an \$11 billion bond measure, ended months of tense negotiations involving scores of interest groups over how to bolster supply, improve delivery and solve environmental problems plaguing the water system.

"This vote will be remembered years from now," Assembly Republican leader Sam Blakeslee said after an all-night session that ended shortly before 6 a.m. today.

"This Legislature has been able to accomplish something that no Legislature has been able to accomplish in decades," Steinberg said. "We all know that people ask, 'Can this Legislature actually take on the biggest, most intractable problems, and find solutions?' The answer is yes."

A nearly 90-minute impasse in the Assembly, with the proposed \$11 billion bond measure lacking a handful of votes for approval, ended minutes after Steinberg agreed to drop from the bill a \$10 million earmark for a nonprofit tolerance center in Sacramento.

"I have worked my heart out to get this water package passed, and the last thing that I would ever want to do is to jeopardize this incredibly important work," he said of removing the earmark.

Steinberg, D-Sacramento, had requested the \$10 million earmark for a tolerance center that he has championed for years and has assisted in raising millions for its construction.

The tolerance center is proposed for construction on the site of the old Sacramento City Unified School District headquarters at 16th and N streets.

The project is envisioned as a "statewide hub" to teach tolerance to students and encourage "collaborative problem-solving," according to its Web site.

Language in the bond bill stipulated only that the \$10 million "shall be available for capital improvements to nonprofit facilities that provide watershed, environmental justice and urban greening education programs to students in the Sacramento City Unified School District and the surrounding area."

Steinberg, who has been the driving force behind the Legislature's efforts to revamp the state's creaking water system, defended inclusion in the bond bill of a project seemingly unrelated to the state's water problems.

"Frankly, if I have the opportunity to use the power I have to further civil rights and to further California history in any way, I'm going to do that," he said late Tuesday afternoon.

Dennis Mangers, a senior adviser to Steinberg and chairman of the Capital Unity Council, which is overseeing the project, said the proposed center's connection to water was that the center would include an aquarium, a botanical garden and other exhibits dealing with the vital role that water issues have played in the history of California.

The "water education component" would educate visitors about the role water systems play in encouraging successful communities and in triggering conflict.

Mangers said the council, which was created in 1999 in the wake of a series of hate crimes in Northern California, was about halfway to its fundraising goal of \$30 million to build the center.

Mangers said the water education element was included as part of the center's plans long before the bond measure was drafted.

Steinberg's \$10 million earmark for a project he personally has led sparked controversy shortly after midnight when a story by The Bee was published on its Web site and word began circulating among lawmakers of both houses.

Gov. Arnold Schwarzenegger hailed the the approval as "an historic achievement" and singled out Steinberg as "a tireless leader, a relentless advocate for the environment and a true statesman."

In the wee hours of the morning, it became clear that controversy over Steinberg's multimillion-dollar earmark was delaying Assembly passage of the water package's proposed \$11 billion bond.

Needing 54 votes for passage, the proposed bond measure, Senate Bill 2, received only 43 votes initially, a total that was raised to 50 votes after about 40 minutes of arm-twisting.

Behind the scenes, some legislators were requesting that Steinberg's earmark be removed.

"I went over and talked to (Steinberg) and he said, 'I want to come over and take it out,'" Assembly Speaker Karen Bass said.

Bass predicted that enough votes could have been secured to pass the proposed bond measure, even without striking the earmark, but certain members had objected to the \$10 million request and "we were concerned about it, so we struck it out."

Minutes after the earmark was removed, the bond measure passed the Assembly by the bare-minimum of 54 votes needed to secure a two-thirds majority.

Assemblyman Jared Huffman, a San Rafael Democrat who was pushing for removal of the earmark, praised Steinberg's willingness to strike it.

"In the bigger picture, it's going to take away a distraction that wasn't going to help our institution and wasn't going to help the chance of this bond with voters."

In floor debate, Assemblyman Roger Niello, R-Fair Oaks, praised plans for the tolerance center but characterized the \$10 million earmark as "pork."

"It's a wonderful project, I support it myself," Niello said. "It has absolutely nothing to do with water."

The five-bill water package now goes to Gov. Arnold Schwarzenegger, who is expected to sign it.

The bills include efforts to improve conservation, oversee restoration of the Sacramento-San Joaquin Delta, better manage groundwater supplies and stiffen penalties for illegal diversion of water.

The package does not take a stand on whether to construct a controversial canal through or around the Delta, sometimes characterized as a peripheral canal, but it proposes creation of a seven-member to council to oversee management of the Delta and potentially decide such delivery issues.

Assemblywoman Alyson Huber, D-El Dorado Hills, proposed an amendment to require a vote by the Legislature before any peripheral canal could be built. The amendment was shelved.

Perhaps fitting for water negotiations that took long months to complete and came down to the wire, the final piece in the package was delayed for almost 40 minutes this morning while sergeants-at-arms searched for Sen. Tom Harman, R-Huntington Beach.

Shortly before 6 a.m., Harman somewhat sheepishly appeared on the Senate floor, and cast the deciding vote for the revamped bond proposal.

Then legislators finally went home - barely beating sunrise.

Call The Bee's Jim sanders, (916) 326-5538.

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#### California Further Integrates Stormwater Into Water Supply Planning

November 3, 2009

by Cassie N. Aw-yang cawyang@somachlaw.com

On October 11, 2009, Governor Schwarzenegger signed into law SB 790 (Pavley), which includes the Stormwater Resource Planning Act. The Act addresses stormwater resource planning as a means to reduce surface water pollution and increase the state's water supplies. SB 790 authorizes the State Water Resources Control Board (State Water Board) to award grants for projects that implement a voluntary stormwater resource plan (SRP) (as defined by the Act) or implement or promote low-impact development to improve water quality or reduce stormwater runoff. As a result of SB 790, stormwater may play a more critical role in the development of solutions to address California's water supply crisis.

The Stormwater Resource Planning Act has two overarching goals. First, the Act seeks to reduce the degree to which stormwater pollutes surface waters and groundwater. Moreover, the Act seeks to increase local water supplies for beneficial uses (e.g., drinking supply) and the environment (e.g., wetlands creation). According to the legislative findings, the Act responds to the potential effects of global warming, which may change the hydrologic cycle of California by causing less snowfall and more rainfall.

#### Operating Provisions of SB 790

To achieve its purpose, the Stormwater Resource Planning Act authorizes any city, county, or special district (individually or jointly) to develop an SRP voluntarily. An SRP must satisfy certain criteria. For example, an SRP must be developed on a watershed basis, allow for community participation, and provide multiple benefits. Such benefits include water supply, water quality, environmental, and other community benefits. An SRP must be consistent with any applicable integrated regional water management plan and waste discharge permit (including those issued under the federal Clean Water Act).

In addition, an SRP must identify certain elements. For example, an SRP must identify: activities that cause stormwater pollution; opportunities for groundwater recharge and stormwater reuse; and projects, ordinances and other mechanisms to implement the SRP effectively. Moreover, an SRP must identify design criteria and best management practices (BMPs) to prevent stormwater pollution and increase effective stormwater management. The design criteria and BMPs must: (1) create and direct stormwater to permeable surfaces, retention basins and other storage for beneficial reuse; (2) increase water storage for beneficial use through various on-site storage techniques; (3) increase groundwater supplies through infiltration where appropriate and feasible; and (4) use low-impact development techniques for new and upgraded infrastructure and development. Such techniques reduce stormwater runoff, filter pollutants, facilitate stormwater storage onsite, infiltrate stormwater in the ground, or improve the quality of receiving groundwater and surface water.

Under the Stormwater Resource Planning Act, existing planning documents may qualify as functionally equivalent to an SRP. The types of planning documents that may so qualify include, but are not limited to, watershed management plans, integrated water resource management plans, and urban water management plans. If a single planning document does not meet the requirements of an SRP, a collection of local and regional plans may constitute a functional equivalent.

The Public Resources Code authorizes the State Water Board to consult with the State Coastal Conservancy to award grants of up to \$5 million to public agencies and nonprofit organizations for certain projects designed to restore and protect water quality. SB 790 expands the list of potential projects eligible for such funding to include those "designed to implement or promote low-impact development for new or existing developments that will contribute to the improvement of water quality or reduce stormwater runoff." The bill also expands the list to include projects designed to implement an SRP. Finally, SB 790 amends the Public Resources Code to authorize regional water management groups to coordinate their planning activities to address or incorporate all or any part of an SRP.

#### Conclusion and Potential Implications

SB 790 encourages the management of stormwater to augment local water supplies, maintain or enhance surface water quality, and provide other environmental benefits. The bill provides incentives for public agencies and nonprofit organizations to undertake low-impact development projects and develop SRPs. As such, SB 790 is part of a larger trend that recognizes the water supply value of capturing and reusing stormwater. For example, the State Water Board's Recycled Water Policy, adopted in February 2009, establishes a goal to increase reuse of stormwater by 500,000 acre feet by 2020 and one million acre feet by 2030.

SB 790 is likely to elevate stormwater in the ongoing debate on how best to conserve and enhance California's water resources in the face of global climate change and a growing population. The new law regards stormwater as a valuable resource rather than solely as a source of surface water pollution.

For more information on SB 790, contact Cassie Aw-yang at cawyang@somachlaw.com.

[back to list]

## Leftover water becomes a commodity

Watermaster to auction 36,000 acre-feet in blocks

Mediha Fejzagic DiMartino, Staff Writer

Created: 10/03/2009 07:06:45 AM PDT RANCHO CUCAMONGA - As gusts of Santa Anas sweep across thirsty Southern California terrain, the Chino Basin Watermaster is getting ready to auction off a surplus of water.

Up for sale are 36,000 acre-feet of water, left over after businesses such as Sunkist Growers moved out of the area. Watermaster officials said they hope to net \$30 million and use the money to improve Chino Basin's water-collecting infrastructure.

"Water is the new gold," said Ken Manning, Watermaster's chief executive officer.

He sees water as a commodity, but not everyone agrees.

"Each drought there is an evolution in how water is banked, traded and moved from areas of abundance to areas of need," said Wes Danskin, research hydrologist for the U.S. Geological Survey.

The auction will be Nov. 4 at the Watermaster office in Rancho Cucamonga. The water will be

sold in four blocks, each containing 9,000 acrefeet of water. An acre-foot is 325,851 gallons and is enough to supply two typical households for a year.

The reserve price is set at \$600 per acre-foot.

"We don't think we'll have trouble getting that, Manning said. "The market is very good compared to five years ago."

Water rights in Chino Basin are divided among three types of users and are non-transferrable among the entities. They can sell them to someone else in the same category.

"They can pump as much as they need," Manning said. "They have the overlying right (the right of the owner of the land to take water from the ground underneath for use on his overlying land). If they relocate, the water right shifts to the agency that serves the customer. Just because someone buys the farm, they don't get the water rights unless they will have another farm in the same place."

Most water rights - about 70 percent - belong to agencies who serve the retail customer, such as local cities, Cucamonga Valley Water District or Fontana Water Company, Manning said.

Agricultural concerns such as farms and dairies also have a share, as do the businesses that have been pumping water since before 1978.

"What's happened over last 30 years is that those businesses either have transferred,



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changed or moved out," Manning said. "There aren't as many businesses utilizing their water rights."

Sunkist's water rights went to the city of Ontario, which is not using all the water allotted for the now-closed citrus distributor.

"Water is stranded, sitting in the basin and is not available for others to use," Manning said. "In 1978, the court never anticipated that dynamic taking place."

Watermasters usually do not hold any water rights in the basins they manage and therefore have no water to sell.

That changed in December 2007, when San Bernardino Superior Court approved a purchase agreement and gave the Watermaster an option to acquire up to 40,000 acre-feet of water stored in the basin. The court also mandated that proceeds of any sale be used for the public good.

The member agencies comprising the Watermaster decided that sale receipts should be used to cover the costs of a court-required expansion of the basin's recharge facilities — basins that trap rain runoff and sink the water into the basin.

"Demands are going up," Manning said. "We could take (into the recharge basin) more water in a shorter period of time."

Because of the lack of rainfall and problems at the Sacramento-San Joaquin River Delta, the area

is not receiving enough water to supply its needs every year.

"We need to be gulping instead of sipping," Manning said.

Currently, the Watermaster oversees 26 recharge facilities and wants to build four or five more. Modernization of some of the existing facilities, such as San Sevaine in Fontana, is in the plans as well as installing eight to 10 more injection wells throughout the basin. The improvements should be completed by 2015.

The cost of the project will be \$100 million to \$150 million. Manning plans to match money earned in the auction with state and federal grants as well as some stimulus money.

"We are generating money to offset future rate increases," he said. "We could probably go to court and get an approval to use this water to offset the overproduction, but that would be like buying the fish. All that does is it satisfies our needs for today. I proposed we buy the fishing pole and use the money to build facilities that will guarantee future generations will have water."

The auction is considered to be first of its kind in the state. Water sales traditionally are negotiated.

"It's an interesting approach," said Tim Brick, chairman of the board of Metropolitan Water District. "A lot of people are watching how will it develop."

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Some potential bidders are excited about the auction.

"It's transparent," said John Rossi, general manager at the Western Municipal Water District, a wholesale agency that supplies water to the Temecula region. "Everyone will have the same opportunity to bid for the water. An auction is a smart way to get the fairest price. The more value they get, the more infrastructure is built."

Rossi's agency is looking forward to owning and storing water in the nearby basin, should it make a winning bid.

"It's an interesting opportunity," he said. "We can leave it there until we need it. It's very valuable."

The agency has not had any recent requests for new connections, but it's planning for the future.

"When development starts up again, we are concerned about having enough water for all new demand," Rossi said.

Planning to bid are also "local big real estate developers" whom Manning declined to identify. Before construction of a development can commence, a water agency has to issue a "will serve" letter.

"The 36,000 (acre-feet) can provide water for 70,000 families for a year or 5,000 families for 35 years," Manning said. "The law says you need to show you have water for five years. This would support a considerable development in Southern California."

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Hoping to use water as a hedge against inflation, large investment groups and Fortune 500 companies that regularly invest in commodities are also knocking on the Watermaster's door.

"It's easy to predict that the price of water will go up," Manning said. "MWD's wholesale rates are set to go up 15 to 20 percent for the year. For an investor this makes a pretty easy decision. Water is a commodity like gas, electricity or lumber that people are buying or selling."

Meredith McKenzie, a lecturer for Cal Poly Pomona's Urban and Regional Planning Department, considers the Watermaster's auction a very good business strategy since so many districts are in need of water. But she questions labeling water as a commodity.

"Water is a natural resource, basic to life itself," McKenzie said. "We have a water shortage problem statewide. How do we guarantee that every person has access to potable water when you are looking at it from a commodity point of view?"

Brick agreed.

"Open auction, where people are bidding against each other, it's an unusual way to go," he said. "Water is a natural resource. I'm concerned with it being treated as a commodity. There are broader values associated with it. It's more than just a commodity."

Manning agrees that selling water at a time

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when most agencies are short on water seems counterintuitive.

"Selling water in a drought, on the surface, it seems like we are not doing the right thing," he said. "In reality we are. This way I can maximize the value of water. It's a smart move on all (the member) agencies' part. It's very exciting. These are opportunities of management of water other people dream about."

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#### What is the Watermaster?

Mediha Fejzagic DiMartino, Staff Writer

Created: 10/03/2009 07:06:46 AM PDT

RANCHO CÜCAMONGA - Much like a bank, Chino Basin Watermaster's primary job is to make sure its members' water buckets are not overdrawn and that no one is dipping into someone else's supply.

After much quagmire about water rights, "Chino Basin Watermaster Judgment" was procured in 1978 and the board was created.

The entity does not own any water rights but it has authority over water stored in the underground water basin, its distribution and storage, The Watermaster is appointed by the San Bernardino Superior Court to administer the court's judicial decisions.

Watermaster is not a single person but an organization representing a medley of agencies, some with water pumping rights such as local cities, water districts, water companies as well as farms, dairies and commercial businesses.

The Watermaster monitors water levels in the basin, and collects assessments each year to purchase replenishment water to replace overwithdrawal by any water-rights holder.

In cooperation with its member agencies, Watermaster is responsible for the health of the Chino Basin - the 235-square miles of the upper Santa Ana River watershed - and works on "further developing recharge capabilities, storage and recovery projects, managing salt loads, developing new yield such as reclaimed and storm water recharge."

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## Leftover water becomes a commodity

Watermaster to auction 36,000 acre-feet in blocks

Mediha Fejzagic DiMartino, Staff Writer

Created: 10/03/2009 07:06:45 AM PDT

RANCHO CUCAMONGA - As gusts of Santa Anas sweep across thirsty Southern California terrain, the Chino Basin Watermaster is getting ready to auction off a surplus of water.

Up for sale are 36,000 acre-feet of water, left over after businesses such as Sunkist Growers moved out of the area. Watermaster officials said they hope to net \$30 million and use the money to improve Chino Basin's water-collecting infrastructure.

"Water is the new gold," said Ken Manning, Watermaster's chief executive officer.

He sees water as a commodity, but not everyone agrees.

"Each drought there is an evolution in how water is banked, traded and moved from areas of abundance to areas of need," said Wes Danskin, research hydrologist for the U.S. Geological Survey.

The auction will be Nov. 4 at the Watermaster office in Rancho Cucamonga. The water will be

sold in four blocks, each containing 9,000 acrefeet of water. An acre-foot is 325,851 gallons and is enough to supply two typical households for a year.

The reserve price is set at \$600 per acre-foot.

"We don't think we'll have trouble getting that, Manning said. "The market is very good compared to five years ago."

Water rights in Chino Basin are divided among three types of users and are non-transferrable among the entities. They can sell them to someone else in the same category.

"They can pump as much as they need," Manning said. "They have the overlying right (the right of the owner of the land to take water from the ground underneath for use on his overlying land). If they relocate, the water right shifts to the agency that serves the customer. Just because someone buys the farm, they don't get the water rights unless they will have another farm in the same place."

Most water rights - about 70 percent - belong to agencies who serve the retail customer, such as local cities, Cucamonga Valley Water District or Fontana Water Company, Manning said.

Agricultural concerns such as farms and dairies also have a share, as do the businesses that have been pumping water since before 1978.

"What's happened over last 30 years is that those businesses either have transferred.

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changed or moved out," Manning said. "There aren't as many businesses utilizing their water rights."

Sunkist's water rights went to the city of Ontario, which is not using all the water allotted for the now-closed citrus distributor.

"Water is stranded, sitting in the basin and is not available for others to use," Manning said. "In 1978, the court never anticipated that dynamic taking place."

Watermasters usually do not hold any water rights in the basins they manage and therefore have no water to sell.

That changed in December 2007, when San Bernardino Superior Court approved a purchase agreement and gave the Watermaster an option to acquire up to 40,000 acre-feet of water stored in the basin. The court also mandated that proceeds of any sale be used for the public good.

The member agencies comprising the Watermaster decided that sale receipts should be used to cover the costs of a court-required expansion of the basin's recharge facilities -basins that trap rain runoff and sink the water into the basin.

"Demands are going up," Manning said. "We could take (into the recharge basin) more water in a shorter period of time."

Because of the lack of rainfall and problems at the Sacramento-San Joaquin River Delta, the area is not receiving enough water to supply its needs every year.

"We need to be gulping instead of sipping." Manning said.

Currently, the Watermaster oversees 26 recharge facilities and wants to build four or five more. Modernization of some of the existing facilities, such as San Sevaine in Fontana, is in the plans as well as installing eight to 10 more injection wells throughout the basin. The improvements should be completed by 2015.

The cost of the project will be \$100 million to \$150 million. Manning plans to match money earned in the auction with state and federal grants as well as some stimulus money.

"We are generating money to offset future rate increases," he said. "We could probably go to court and get an approval to use this water to offset the overproduction, but that would be like buying the fish. All that does is it satisfies our needs for today. I proposed we buy the fishing pole and use the money to build facilities that will guarantee future generations will have water."

The auction is considered to be first of its kind in the state. Water sales traditionally are negotiated.

"It's an interesting approach," said Tim Brick, chairman of the board of Metropolitan Water District. "A lot of people are watching how will it develop."





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Some potential bidders are excited about the auction.

"It's transparent," said John Rossi, general manager at the Western Municipal Water District, a wholesale agency that supplies water to the Temecula region. "Everyone will have the same opportunity to bid for the water. An auction is a smart way to get the fairest price. The more value they get, the more infrastructure is built."

Rossi's agency is looking forward to owning and storing water in the nearby basin, should it make a winning bid.

"It's an interesting opportunity," he said. "We can leave it there until we need it. It's very valuable."

The agency has not had any recent requests for new connections, but it's planning for the future.

"When development starts up again, we are concerned about having enough water for all new demand," Rossi said.

Planning to bid are also "local big real estate developers" whom Manning declined to identify. Before construction of a development can commence, a water agency has to issue a "will serve" letter.

"The 36,000 (acre-feet) can provide water for 70,000 families for a year or 5,000 families for 35 years," Manning said. "The law says you need to show you have water for five years. This would support a considerable development in Southern California."

Hoping to use water as a hedge against inflation, large investment groups and Fortune 500 companies that regularly invest in commodities are also knocking on the Watermaster's door.

"It's easy to predict that the price of water will go up," Manning said. "MWD's wholesale rates are set to go up 15 to 20 percent for the year. For an investor this makes a pretty easy decision. Water is a commodity like gas, electricity or lumber that people are buying or selling."

Meredith McKenzie, a lecturer for Cal Poly Pomona's Urban and Regional Planning Department, considers the Watermaster's auction a very good business strategy since so many districts are in need of water. But she questions labeling water as a commodity.

"Water is a natural resource, basic to life itself," McKenzie said. "We have a water shortage problem statewide. How do we guarantee that every person has access to potable water when you are looking at it from a commodity point of view?"

Brick agreed.

"Open auction, where people are bidding against each other, it's an unusual way to go," he said. "Water is a natural resource. I'm concerned with it being treated as a commodity. There are broader values associated with it. It's more than just a commodity."

Manning agrees that selling water at a time



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when most agencies are short on water seems counterintuitive.

"Selling water in a drought, on the surface, it seems like we are not doing the right thing," he said. "In reality we are. This way I can maximize the value of water. It's a smart move on all (the member) agencies' part. It's very exciting. These are opportunities of management of water other people dream about."

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## Chino Basin is home to 6 million acre-feet of water

Mediha Fejzagic DiMartino, Staff Writer

Created: 10/03/2009 03:28:13 PM PDT

Several factors are contributing to the health of Chino Basin - some natural, some planned while others unintended.

While households throughout the state are embracing the water-conservation methods, economic downturn, basin's geographical location and good management are helping it from depleting its supplies.

Covering 235 square miles of land from Chino to the San Gabriel Mountains and Upland to Fontana, the groundwater basin is considered one of the largest in Southern California. It has capacity to store 6 million acre-feet of water.

"We have full control of every drop of water in the basin," said Ken Manning, chief executive officer of the basin's Watermaster. "Chino basin is in an A+ condition and it could be a model for the groundwater management."

Part of good water management is urban planning, said Wes Danskin, a research hydrologist for the US Geological Survey. San Bernardino County still has plenty of open space where storm run off can be collected and guided into recharge facilities. That is not the case with San Diego County, Danskin said.

Compared to its counterparts throughout Southern California, Chino Basin is also "geographically blessed" said Meredith McKenzie, a Cal Poly Pomona lecturer.

Bounded by the San Gabriel Mountains to the north, during the wet years the basin receives plenty of storm run off to replenish its groundwater system - it's natural advantage.

"They are in a good location," Danskin said.
"They get rain when San Diego does not."

Waves of foreclosures and businesses leaving the IE have also alleviated some of the strain on the basin's water supply.

"Large factor that has created water surplus for Chino Water Basin has been the unintended result of the housing foreclosure crisis leaving a much lower water usage than projected," said McKenzie. "Businesses have closed, people have moved resulting in lower water use."

Chino Basin Watermaster's move to auction off 36,000 acre-feet of water represents less than one percent of its supply, but it may be a sizable amount for others.

"36,000 acre-feet is 15 percent of water that is used in San Bernardino Basin," Danskin said.

So even though basin's residents seem to have little less water worries than their neighbors, they are still doing their part - watering only on certain days of the week, taking shorter showers, planting foliage that needs less water.

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"It's socially prudent to conserve water," Danskin said. "There is always going to be people who have more water than others because of their geographical position." Amount of water to be auctioned: 36,000 acre-feet.

Date of the auction: Nov. 4.

Expected revenue: \$30 million.

Cost of improvement projects: \$100 million to

\$150 million.

Chino Basin's storage capacity: 6 million acre-

feet of water.



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#### **Frontier Project draws** attention to going green and saving resources, but at a cost

Wendy Leung, Staff Writer

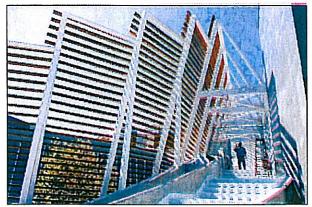
Created: 09/28/2009 10:25:22 PM PDT

#### Photo Gallery: Frontier Project

RANCHO CUCAMONGA - When it comes to going green, the Cucamonga Valley Water District pulled out all the stops.

The district is near completion on a demonstration building with a conservation message that goes beyond low-flush toilets and drought-resistant plants. It might sound like an oxymoron, but the water district wants to go beyond water.

The Frontier Project is an ambitious \$14.3 million venture that will showcase the latest in sustainability designs. The idea is to not only stress the importance of saving water but to demonstrate how an energy-efficient dishwasher using gray water works or how a solar chimney can cool a building without turning on the air conditioner.



A trellis made of wood planks recycled from Filippi Winery wine barrels shades the staircase at the Frontier Project building in Rancho Cucamonga. The building is designed to be energy-efficient and environmentally friendly. (Jennifer Cappuccio-Maher/Staff Photographer)

"This building and the life of this building is ahead of its time," said Kathy Tiegs, water district board member.

The Frontier Project, adjacent to the water district headquarters on Ashford Street, opens to the public Nov. 7. A "Green Tie Gala," an event giving VIP guests a sneak peek of the project, is Oct. 17.

Once opened, the public can tour the 14,000square-foot building and learn about ways to incorporate green technologies in their homes and businesses. Workshops and trade fairs will also be held here.

In 2005, the water district created the nonprofit Frontier Project Foundation, which is independent of the water agency. The foundation board

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includes all five water district board members and community leaders Carolyn Anderson. Andrea Guillen Dutton and Tim Johnson.

Randall Reed, who was elected to the water district in 2003 and serves as the Frontier Project Foundation chairman, said there was plenty of excitement during the initial planning stages of the project.

"When we were brainstorming, we thought, if we're going to be custodians of natural resources. .. if we're going to use recycled water, why not use recycled building materials?" Reed said. "We thought of solar power, a green roof, a cistern where no water leaves your property. We just didn't limit ourselves."

The "sky's the limit" philosophy, however, has drawn some criticism.

Six years ago when the project was crafted, public and private groups weren't as cashstrapped as they are.

The foundation has a goal of raising \$7 million through grants and other fundraising opportunities but has only reached \$1 million. The foundation board had to issue debts to finance most of the \$14.3 million project.

Board member Hank Stoy, who voiced his objections to the project during his campaign last year and won, said although the project's goals are commendable, it doesn't bring good value to taxpayers.

"I'm not sure conveying messages of solar panels and recycled building materials is our responsibility," Stoy said. "I question why water ratepayers are spending money on those things."

Although the Frontier Project could put the local water agency on the map as one of the most innovative green projects in the region, it opens at a particularly stressful time for the district.

The ongoing drought and skyrocketing costs of imported water has forced the district to raise its rates this month. The district also resorted to layoffs for the first time in history; 13 employees were affected.

It's not opportune timing, admits board member Oscar Gonzalez, but fundraising opportunities will come.

"I'm confident that (sponsorships) will be available," Gonzalez said. "Obviously, I can't say to what extent, but when the construction is finished ... that's not the cutoff date for sponsorships. As the economy gains more traction, the opportunities will come."

The building, in addition to providing office space for some water district employees, also includes rental space that's expected to bring in revenue.

When it comes to jumping aboard the green movement, most board members believe the timing is ideal.

"I would like it to be better timing but at the

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same time, this type of project will help the economy by creating green jobs," Reed said. "The building itself may not be a timely matter, but the ideas it creates, I think it couldn't be more timely."

Information: (909) 483-7465, www. frontierproject.org

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