



CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Thursday, November 5, 2009

1:00 p.m. – Appropriative & Non-Ag Pool Meeting

AT THE CHINO BASIN WATERMASTER OFFICES

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





CHINO BASIN WATERMASTER

Thursday, November 5, 2009

1:00 p.m. – Appropriative & Non-Ag Pool Meeting

AGENDA PACKAGE



**CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
WITH**

*Mr. Ken Jeske, Chair, Appropriative Pool
Mr. Mark Kinsey, Vice-Chair, Appropriative Pool
Mr. Bob Bowcock, Chair, Non-Agricultural Pool
Mr. Kevin Sage, Vice-Chair Non-Agricultural Pool*

1:00 p.m. – November 5, 2009

**At The Offices Of
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730**

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

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

A. MINUTES

1. Minutes of the Joint Appropriative and Non-Agricultural Pool Meeting held October 1, 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)
4. 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. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** - Chino Basin Watermaster will purchase 21.215 acre-feet of water from Aqua Capital Management to offset the Assessment Year 2008-09 replenishment obligation. Watermaster will purchase the water at \$321.76 per acre-foot, which is the Assessment Year 2008-09 replenishment rate collected, plus accumulated interest. The transfer will be made from Aqua Capital Management's net under-production in Fiscal Year 2009-10.
Date of Application: September 18, 2009. (page 17)
2. **Consider Approval for Notice of Sale or Transfer** - Monte Vista Water District is purchasing 5.188 acre-feet of water from the San Antonio Water Company. This purchase is made first from San Antonio's net underproduction, if any, in Fiscal Year 2009-10, with any remainder to be recaptured from storage. Date of Application: October 8, 2009.
(page 29)

D. SEMI-ANNUAL REPORT

1. Consider Approval of Status Report 2009-1 (*page 43*)

II. BUSINESS ITEM

A. PROPOSED PLAN REGARDING DISPOSITION OF WATER PURCHASED FROM NON-AGRICULTURAL POOL

1. Consider proposed plan regarding disposition of water purchased from the Non-Agricultural Pool pursuant to the Peace II Purchase and Sale Agreement (*page 55*)

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Completion of SWRCB Santa Ana River Process

B. WATERMASTER FINANCIAL REPORT

1. PERS Audit
2. Engineering Budget Update

C. CEO/STAFF REPORT

1. Legislative Update
2. Recharge Report

IV. INFORMATION

1. Newspaper Articles (*page 59*)

V. POOL MEMBER COMMENTS

VI. OTHER BUSINESS

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to the Appropriative and Non-Agricultural Pool Rules & Regulations, a Confidential Session may be held during the Watermaster Pool meeting for the purpose of discussion and possible action.

1. Potential Action on Water Auction Administration

VII. FUTURE MEETINGS

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
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

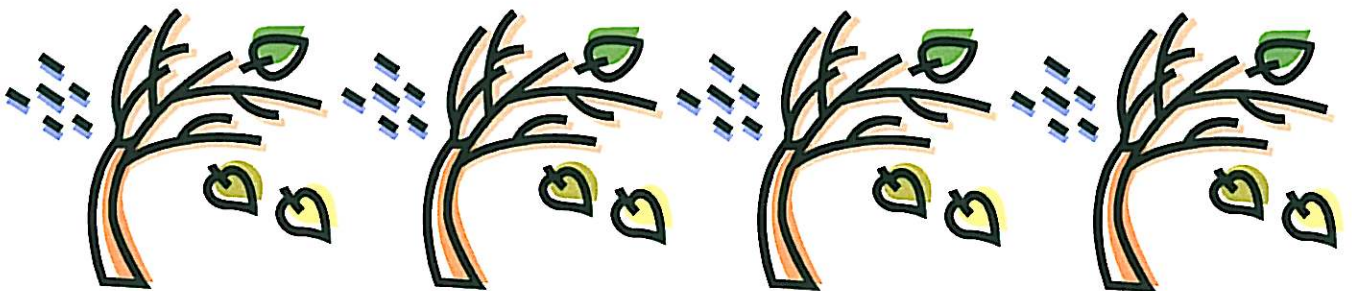


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Joint Appropriative and Non-Agricultural Pool Meeting – October 1, 2009



Draft Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
October 1, 2009

The Joint Appropriative and Non-Agricultural Pool Meeting were held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on October 1, 2009 at 1:00 p.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Ken Jeske, Chair	City of Ontario
Mark Kinsey	Monte Vista Water District
Robert DeLoach	Cucamonga Valley Water District
Mike McGraw	Fontana Water Company
Robert Young	Fontana Union Water Company
Charles Moorrees	San Antonio Water Company
Raul Garibay	City of Pomona
Ron Craig	City of Chino Hills
Dave Crosley	City of Chino
Robert Tock	Jurupa Community Services District
J. Arnold Rodriguez	Santa Ana River Water Company
Lonnie Curtis	City of Upland

NON-AGRICULTURAL POOL MEMBERS PRESENT

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

Michael Camacho	Inland Empire Utilities Agency
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Watermaster Staff Present

Kenneth R. Manning	Chief Executive Officer
Sheri Rojo	CFO/Asst. General Manager
Ben Pak	Senior Project Engineer
Danielle Maurizio	Senior Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

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

Others Present

David De Jesus	Three Valleys Municipal Water District
Marty Zvirbulis	Cucamonga Valley Water District
Dave Batt	San Gabriel Valley Water Company
John Rossi	Western Municipal Water District
Josh Swift	Fontana Water Company
John Mura	City of Chino Hills
Eunice Ulloa	Chino Basin Water Conservation District

Chair Jeske called the Joint Appropriative and Non-Agricultural Pool Meeting to order at 1:04 p.m.

AGENDA - ADDITIONS/REORDER

No additions or reorders were made to the agenda.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Joint Appropriative and Non-Agricultural Pool Meeting held September 3, 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
4. Treasurer's Report of Financial Affairs for the Period August 1, 2009 through August 31, 2009
5. Budget vs. Actual August 2009

*Motion by Zvirbulis, second by Tock, and by unanimous vote – Non-Ag concurred
Moved to approve Consent Calendar item A through B, as presented*

II. BUSINESS ITEM**A. CHINO BASIN REPLENISHMENT**

Mr. Manning stated there is a letter from Fontana Water Company regarding the disposition of the 2,600 acre-feet of water reported in the Purchase and Sale Agreement in the meeting packet. The letter is requesting to change the usage of the 2,600 acre-feet from the original motion made by the Appropriative Pool by using it to reduce the Cumulative Unmet Replenishment Obligation (CURO). Mr. Manning stated staff is recommending keeping the original motion in place which was to dedicate the water to desalter replenishment which is in compliance with the Peace II Agreement. Mr. Manning reviewed the Purchase and Sale Agreement. A discussion regarding this matter and the reduction of the CURO ensued. Mr. Young commented on his request on behalf of Fontana Water Company. A discussion regarding safe yield, a storage and recovery program, and on the upcoming water auction ensued. It was noted this item will be tabled for 30 days for further discussion and possible Watermaster staff recommendations.

*Motion by Kinsey, second by Motion by Zvirbulis, and by unanimous vote – Non-Ag concurred
Moved to table the item for 30 days, as presented*

B. CHINO BASIN WATERMASTER 2009-2010 ASSESSMENT PACKAGE

Ms. Rojo stated 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 and there is nothing related to Dry Year Yield. Ms. Rojo gave the Assessment Package presentation and Ms. Rojo reviewed the Phase I and Phase II debt in detail. A discussion regarding the debt service and increasing costs ensued. Ms. Rojo reviewed the separate spreadsheets in detail. A discussion regarding this item including the 2% loss calculation ensued.

*Motion by Garibay, second by Motion by Tock, and by unanimous vote – Non-Ag concurred
Moved to approve the Chino Basin Watermaster 2009-2010 Assessment Package, as presented*

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

Counsel Fife stated a notice of reassignment was distributed on August 25, 2009 stating Judge Stanford Reichert has been appointed as the new judge for Chino Basin Watermaster starting on September 17, 2009. Counsel Fife stated he does not know much about the new judge. He will be presiding in the Chino Courthouse.

2. DYY/Storage Update

Counsel Fife stated this was put on the agenda because of the meetings that took place regarding moving ahead with discussions over what to do about the Dry Year Yield Expansion Program. Counsel Fife stated the result of the last meeting held was a desire by the group to resolve the accounting issues before anything else is addressed regarding this matter. Discussions are still ongoing with Metropolitan Water District (MWD) and a pre-meeting has been scheduled with Inland Empire Utilities Agency and Watermaster staff this afternoon prior to the meeting with MWD. Counsel Fife stated once the accounting issues are resolved staff will reconvene the group to discuss the broader issues.

C. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning offered comment on the Delta Package which was discussed in detail at the Strategic Planning Conference this week. Mr. Manning stated the governor is not going to call a special session of the legislature unless the legislature has come to an agreement. A discussion regarding this matter ensued.

2. Recharge Report

Mr. Manning stated the same report which was handed out last month is still the most current recharge spreadsheet due to the meeting date change. An updated one will be available at the next Advisory Committee meeting.

3. Auction Update

Mr. Manning stated the Water Auction Team is working very hard on making this a successful water auction. Mr. Manning noted there are potentially 125 bidders on a list; the list has been broken down into three categories according to the likelihood of being an actual bidder. With that breakdown it appears there are approximately 35 very good candidates. Mr. Lea is working on the auction daily. Mr. Manning stated the wide variety of publications the water auction has been in and noted the word is definitely out.

4. Strategic Planning Conference Recap

Mr. Manning stated the recent Strategic Planning Conference was excellent and noted he has received great reviews on the material content and presentation. Mr. Manning stated the notes that were taken in the large meeting room and the small meeting room and now being typed up and will be put into a logical order in a matrix. Staff is planning on handing out a draft matrix at the October 22, 2009 Watermaster Board meeting.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

October 1, 2009	1:00 p.m.	Appropriative & Non-Agricultural Pool Meeting @ CBWM
October 8, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA
October 15, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
October 15, 2009	9:00 a.m.	Advisory Committee 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
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December 17, 2009	9:00 a.m.	Advisory Committee Meeting @ CBWM
December 17, 2009	11:00 a.m.	Watermaster Board Meeting @ CBWM

The Appropriative Pool and Non-Agricultural Pool meeting was dismissed by Chair Jeske at 2:08 p.m.

Secretary: _____

Minutes Approved: _____

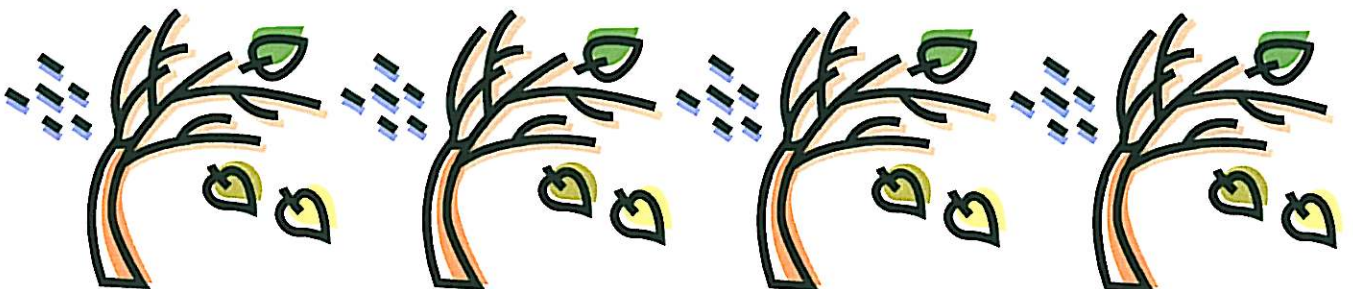


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

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5. Budget vs. Actual July through September 2009







CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: November 5, 2009
TO: Committee 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.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
September 2009

Type	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	9/3/2009	13544	CAMACHO, MICHAEL	-125.00
Bill Pmt -Check	9/3/2009	13545	GUARANTEED JANITORIAL SERVICE, INC.	-865.00
Bill Pmt -Check	9/3/2009	13546	HSBC BUSINESS SOLUTIONS	-353.73
Bill Pmt -Check	9/3/2009	13547	JAMES JOHNSTON	-840.00
Bill Pmt -Check	9/3/2009	13548	NAKANO, JUSTIN	-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	-259.03
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	9/3/2009	13562	INLAND EMPIRE UTILITIES AGENCY	-320.54
General Journal	9/5/2009	090903	PAYROLL	-6,867.84
General Journal	9/5/2009	090903	PAYROLL	-26,996.32
Bill Pmt -Check	9/10/2009	13563	UPS STORE	-107.66
Bill Pmt -Check	9/17/2009	13564	ACWA SERVICES CORPORATION	-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	9/17/2009	13577	PRINTING RESOURCES	-8,137.68
Bill Pmt -Check	9/17/2009	13578	REID & HELLYER	-13,238.95
Bill Pmt -Check	9/17/2009	13579	RUTH CAZDEN	-725.00
Bill Pmt -Check	9/17/2009	13580	SAFEGUARD DENTAL & VISION	-57.68
Bill Pmt -Check	9/17/2009	13581	STAPLES BUSINESS ADVANTAGE	-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	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	13598	RICOH BUSINESS SYSTEMS-Lease	-897.19
Bill Pmt -Check	9/23/2009	13599	BLACK & VEATCH CORPORATION	-14,648.75
Bill Pmt -Check	9/23/2009	13600	WILDERMUTH ENVIRONMENTAL INC	-279,740.21
Bill Pmt -Check	9/23/2009	13601	STAPLES BUSINESS ADVANTAGE	-375.25
Bill Pmt -Check	9/25/2009	13602	COMPUTER NETWORK	-315.06

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				<u>-575,832.80</u>

6:45 PM
10/29/09

CHINO BASIN WATERMASTER
Check Detail
September 2009

Type	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	-17.38
				6141.3 · Admin Meetings	-603.56
				6312 · Meeting Expenses	-178.79
				6212 · Meeting Expense	-178.78
				6909.1 · OBMP Meetings	-331.69
				7604 · PE8&9-Supplies	-144.10
				6191 · Conferences	-125.00
				6191 · Conferences	-349.20
				6174 · Transportation	-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

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL APPROPRIATIVE	POOL ADMINISTRATIVE AND SPECIAL PROJECTS AGRICULTURAL NON-AGRIC.	POOL REPLENISHMENT	GROUNDWATER OPERATIONS SB222	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2009-2010
Administrative Revenues									
Administrative Assessments									\$7,340,839
Interest Revenue			11,738	1,068	529		2	13,337	191,540
Mutual Agency Project Revenue									148,410
Grant Income									0
Miscellaneous Income	111,000							111,000	0
Total Revenues	111,000		11,738	1,068	529		2	124,337	7,660,789
Administrative & Project Expenditures									
Watermaster Administration	121,103							121,103	580,238
Watermaster Board-Advisory Committee	13,666							13,666	61,901
Pool Administration		454,186	7,604	36,442	1,582			45,628	229,860
Optimum Basin Mgmt Administration		1,029,406						454,186	1,557,820
OBMP Project Costs		567,042						1,029,406	4,109,362
Debt Service								567,042	1,131,233
Education Funds Use									375
Mutual Agency Project Costs									10,000
Total Administrative/OBMP Expenses	134,769	2,050,634	7,604	36,442	1,582			2,231,031	7,660,789
Net Administrative/OBMP Expenses	(23,769)	(2,050,634)							
Allocate Net Admin Expenses To Pools	23,769		16,607	6,301	861				
Allocate Net OBMP Expenses To Pools		1,483,592	1,036,547	393,282	53,763				
Allocate Debt Service to App Pool		567,042							
Agricultural Expense Transfer*			436,025	(436,025)					
Total Expenses	2,063,825		1,068	(55,677)			2	2,231,031	7,660,789
Net Administrative Income	(2,052,087)							(2,106,694)	
Other Income/(Expense)									
Replenishment Water Assessments									0
Interest Revenue								8,492	0
Water Purchases								(1,003,000)	0
Balance Adjustment									0
Groundwater Replenishment								(994,508)	0
Net Other Income								(994,508)	0
Net Transfers To/(From) Reserves									
		(3,101,202)	(2,052,087)	1,068	(55,677)		2	(3,101,202)	
Working Capital, July 1, 2009		5,942,967	470,719	256,577	158,251	995		10,995,966	
Working Capital, End Of Period		3,890,880	471,787	200,900	158,251	997		7,894,764	
08/09 Assessable Production		84,716,450	32,142,764	4,393,990				121,253,204	
08/09 Production Percentages		69.867%	26.509%	3.624%				100.000%	

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

0 Financial Statements\05-1009 05\Combining Sept BEFORE Interest.ha\Sheet1

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

DEPOSITORIES:		
Cash on Hand - Petty Cash		\$ 500
Bank of America		
Governmental Checking-Demand Deposits	\$ 114,393	
Zero Balance Account - Payroll	<u>8,194,199</u>	
Local Agency Investment Fund - Sacramento		
TOTAL CASH IN BANKS AND ON HAND	9/30/2009	
TOTAL CASH IN BANKS AND ON HAND	8/31/2009	
		\$ 8,309,092
		8,882,980
PERIOD INCREASE (DECREASE)		\$ <u>(573,888)</u>

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets: Accounts Receivable	\$ (21,830)
Assessments Receivable	-
Prepaid Expenses, Deposits & Other Current Assets	(20)
(Decrease)/Increase in Liabilities	(71,924)
Accounts Payable	(38,335)
Accrued Payroll, Payroll Taxes & Other Current Liabilities	(441,779)
Transfer to/(from) Reserves	<u>(573,888)</u>
PERIOD INCREASE (DECREASE)	\$ <u>(573,888)</u>

SUMMARY OF FINANCIAL TRANSACTIONS:

	Petty Cash	Gov't'l Checking Demand	Zero Balance Account Payroll	Local Agency Investment Funds	Totals
Balances as of 8/31/2009	\$ 500	\$ 388,281	\$ -	\$ 8,494,199	\$ 8,882,980
Deposits	-	1,955	-	-	1,955
Transfers	-	232,440	67,560	(300,000)	-
Withdrawals/Checks	-	(508,283)	(67,560)	-	(575,843)
Balances as of 9/30/2009	\$ 500	\$ 114,393	\$ -	\$ 8,194,199	\$ 8,309,092
PERIOD INCREASE OR (DECREASE)	\$ -	\$ (273,888)	\$ -	\$ (300,000)	\$ <u>(573,888)</u>

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

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
9/23/2009	Withdrawal	L.A.I.F.	\$ (300,000)				

TOTAL INVESTMENT TRANSACTIONS \$ (300,000)

* 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**

Financial Institution	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	\$ 8,194,199			
TOTAL INVESTMENTS	<u>\$ 8,194,199</u>			

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

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

Respectfully submitted,



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

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

	<u>Jul - Sep 09</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	0	148,410	-148,410	0%
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	<u>124,337</u>	<u>7,680,788</u>	<u>-7,556,451</u>	<u>2%</u>
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%
	<u>180,397</u>	<u>872,374</u>	<u>-691,977</u>	<u>21%</u>
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%
	<u>454,186</u>	<u>1,557,819</u>	<u>-1,103,633</u>	<u>29%</u>
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

	<u>Jul - Sep 09</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
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%
	<u>1,596,448</u>	<u>5,250,595</u>	<u>-3,654,147</u>	<u>30%</u>
 Total Expense	 <u>2,231,031</u>	 <u>7,680,788</u>	 <u>-5,449,757</u>	 <u>29%</u>
 Net Ordinary Income	 -2,106,694		 -2,106,694	 100%
 Other Income/Expense				
Other Income				
4225 · Interest Income	8,492			
Total Other Income	<u>8,492</u>			
 Other Expense				
5100 · Other Water Purchases	1,003,000			
9999 · To/(From) Reserves	<u>-3,101,202</u>			
Total Other Expense	<u>-2,098,202</u>			
 Net Other Income	 <u>2,106,694</u>			
 Net Income	 <u><u>0</u></u>		 <u><u>0</u></u>	 <u><u>0%</u></u>

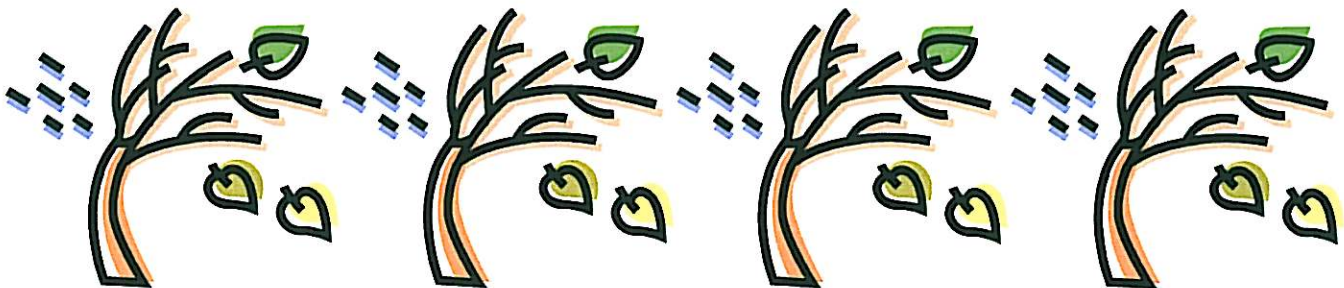


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

C. WATER TRANSACTIONS

1. **Consider Approval for Notice of Sale or Transfer** - Chino Basin Watermaster will purchase 21.215 acre-feet of water from Aqua Capital Management to offset the Assessment Year 2008-09 replenishment obligation. Watermaster will purchase the water at \$321.76 per acre-foot, which is the Assessment Year 2008-09 replenishment rate collected, plus accumulated interest. The transfer will be made from Aqua Capital Management's net underproduction in Fiscal Year 2009-10.
Date of Application: September 18, 2009.
2. **Consider Approval for Notice of Sale or Transfer** - Monte Vista Water District is purchasing 5.188 acre-feet of water from the San Antonio Water Company. This purchase is made first from San Antonio's net underproduction, if any, in Fiscal Year 2009-10, with any remainder to be recaptured from storage. Date of Application: October 8, 2009.



CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

October 28, 2009

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

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **September 18, 2009** Date of this notice: **October 28, 2009**

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

- Notice of Sale or Transfer – Chino Basin Watermaster will purchase 21.215 acre-feet of water from Aqua Capital Management to offset the Assessment Year 2008-09 replenishment obligation. Watermaster will purchase the water at \$321.76 per acre-foot, which is the Assessment Year 2008-09 replenishment rate collected, plus accumulated interest. The transfer will be made from Aqua Capital Management’s net under-production in Fiscal Year 2009-10.

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

Appropriative Pool:	November 5, 2009
Non-Agricultural Pool:	November 5, 2009
Agricultural Pool:	November 12, 2009

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

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

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

Watermaster address:

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

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

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: October 28, 2009

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

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CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

DATE: October 28, 2009
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

Summary –

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

Issue –

- Notice of Sale or Transfer – Chino Basin Watermaster will purchase 21.215 acre-feet of water from Aqua Capital Management to offset the Assessment Year 2008-09 replenishment obligation. Watermaster will purchase the water at \$321.76 per acre-foot, which is the Assessment Year 2008-09 replenishment rate collected, plus accumulated interest. The transfer will be made from Aqua Capital Management's net under-production in Fiscal Year 2009-10.

Recommendation –

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

Fiscal Impact –

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

Background

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

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

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

- Notice of Sale or Transfer – Chino Basin Watermaster will purchase 21.215 acre-feet of water from Aqua Capital Management to offset the Assessment Year 2008-09 replenishment obligation. Watermaster will purchase the water at \$321.76 per acre-foot, which is the Assessment Year 2008-09 replenishment rate collected, plus accumulated interest. The transfer will be made from Aqua Capital Management's net under-production in Fiscal Year 2009-10.

Notice of the water transaction identified above was mailed on October 28, 2009 along with the materials submitted by the requestors.

DISCUSSION

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

Chino Basin Watermaster has a carryover Non-Agricultural Pool replenishment obligation (due to overproduction within the Basin) of 21.215 AF for Assessment Year 2008-09. Due to the fact that MWD does not have replenishment water available, Watermaster wishes to use the option to purchase water from Parties to fulfill the replenishment obligation. Watermaster is taking advantage of Aqua Capital Management's offer to sell 21.215 AF of water to Watermaster. The transfer will be made from Aqua Capital Management's net under-production in Fiscal Year 2009-10. The 85/15 Rule does not apply to this transfer because 85/15 payments and credits were already established in the Assessment Package. This transfer is functioning in a similar manner as replenishment Watermaster purchases from MWD/IEUA.



CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

September 18, 2009

AQUA CAPITAL MANAGEMENT'S ACCEPTANCE OF WATERMASTER'S WATER TRANSFER TERMS

Chino Basin Watermaster will purchase 21,215 AF of water from Aqua Capital Management. Watermaster will purchase the water at \$321.76 per acre-foot, which is the Assessment Year 2008-09 replenishment rate collected, plus accumulated interest. The transfer will be made from Aqua Capital Management's net under-production in Fiscal Year 2009-10.

If these terms are acceptable to the Aqua Capital Management, please sign below and return to Watermaster at your earliest convenience.

Signature: _____

Printed Name: _____

David Penrice

Title: _____

CEO

Date Signed: _____

9/28/09

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**CONSOLIDATED WATER TRANSFER FORMS:
 FORM 3: APPLICATION FOR SALE OR TRANSFER OF RIGHT TO PRODUCE WATER FROM STORAGE
 FORM 4: APPLICATION OR AMENDMENT TO APPLICATION TO RECAPTURE WATER IN STORAGE
 FORM 5: APPLICATION TO TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD**

FISCAL YEAR 2009-2010

DATE REQUESTED: September 18, 2009

AMOUNT REQUESTED: 21.215 Acre-Feet

<p>TRANSFER FROM (SELLER / TRANSFEROR):</p> <p><u>Aqua Capital Management</u> Name of Party</p> <p><u>444 Regency Parkway Drive, Suite 300</u> Street Address</p> <p><u>Omaha</u> <u>NE</u> <u>68114</u> City State Zip Code</p> <p><u>402-934-0066 Ext 205</u> Telephone</p> <p><u>402-934-0085</u> Facsimile</p>	<p>TRANSFER TO (BUYER / TRANSFEREE):</p> <p><u>Chino Basin Watermaster</u> Name of Party</p> <p><u>9641 San Bernardino Road</u> Street Address</p> <p><u>Rancho Cucamonga</u> <u>CA</u> <u>91730</u> City State Zip Code</p> <p><u>909-484-3888</u> Telephone</p> <p><u>909-484-3890</u> Facsimile</p>
---	---

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

PURPOSE OF TRANSFER:

- Pump when other sources of supply are curtailed
- Pump to meet current or future demand over and above production right
- Pump as necessary to stabilize future assessment amounts
- Other, explain To fulfill the Non-Agricultural Pool replenishment obligation for Assessment Year 2008-09

WATER IS TO BE TRANSFERRED FROM:

- Annual Production Right (Appropriative Pool) or Operating Safe Yield (Non-Agricultural Pool)
- Storage
- Annual Production Right / Operating Safe Yield first, then any additional from Storage
- Other, explain _____

WATER IS TO BE TRANSFERRED TO:

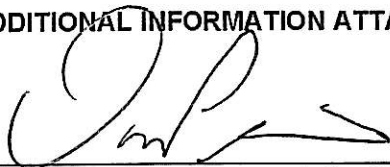
- Annual Production Right / Operating Safe Yield (common)
- Storage (rare)
- Other, explain Non-Agricultural Pool replenishment obligation for Assessment Year 2008-09

SAID TRANSFER SHALL BE CONDITIONED UPON:

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

ADDITIONAL INFORMATION ATTACHED

Yes No



Seller / Transferor Representative Signature

Dave Penrice

Seller / Transferor Representative Name (Printed)



Buyer / Transferee Representative Signature

Kenneth R. Manning

Buyer / Transferee Representative Name (Printed)

TO BE COMPLETED BY WATERMASTER STAFF:

DATE OF WATERMASTER NOTICE: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____

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CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

October 28, 2009

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

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **October 8, 2009**

Date of this notice: **October 28, 2009**

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

- Notice of Sale or Transfer – Monte Vista Water District is purchasing 5.188 acre-feet of water from the San Antonio Water Company. This purchase is made first from San Antonio’s net underproduction, if any, in Fiscal Year 2009-10, with any remainder to be recaptured from storage.

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

Appropriative Pool: November 5, 2009

Non-Agricultural Pool: November 5, 2009

Agricultural Pool: November 12, 2009

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

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

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

Watermaster address:

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

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

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: October 28, 2009

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

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CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

DATE: October 28, 2009
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

Summary –

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

Issue –

- **Notice of Sale or Transfer** – Monte Vista Water District is purchasing 5.188 acre-feet of water from the San Antonio Water Company. This purchase is made first from San Antonio's net underproduction, if any, in Fiscal Year 2009-10, with any remainder to be recaptured from storage.

Recommendation –

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

Fiscal Impact –

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

Background

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

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

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

- Monte Vista Water District is purchasing 5.188 acre-feet of water from the San Antonio Water Company. This purchase is made first from San Antonio's net underproduction, if any, in Fiscal Year 2009-10, with any remainder to be recaptured from storage.

Notice of the water transaction identified above was mailed on October 28, 2009 along with the materials submitted by the requestors.

DISCUSSION

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

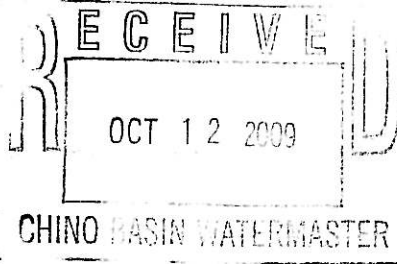
The 85/15 rule does not apply for this water transaction because Monte Vista Water District is utilizing this transaction to produce their San Antonio Water Company shares.

Monte Vista

Dedicated to Quality, Service and Innovation

October 8, 2009

Mr. Ken Manning, Chief Executive Officer
CHINO BASIN WATERMASTER
9641 San Bernardino Road
Rancho Cucamonga, California 91730



Mark N. Kinsey
GENERAL MANAGER

Purchase of Water in Storage: Fiscal Year 2009-10

Dear Mr. Manning 

This letter is to notify Watermaster of the purchase of 5.188 acre-feet of water from the San Antonio Water Company. This purchase is made first from San Antonio's net underproduction, if any, in Fiscal Year 2009-10, with any remainder to be recaptured from storage.

This purchase will be utilized by the District to offset projected Fiscal Year 2009-10 or future fiscal year obligations within the Chino Basin. Attached is an executed application for lease or transfer of a right to produce water from storage and a recapture plan for consideration by Watermaster. Please agendize this item at the earliest possible opportunity.

If you have any questions or require additional information concerning this matter, please call me at 624-0035, extension 170. Thank you.

Sincerely,

Monte Vista Water District



Mark N. Kinsey
General Manager

Attachments

Water District

10575 Central Avenue, Post Office Box 71 • Montclair, CA 91763 • (909) 624-0035 • FAX (909) 624-4725 • www.mvwd.org

Sandra S. Rose
PRESIDENT

Maynard B. Lenhart
VICE PRESIDENT

Tony Lopez
DIRECTOR

Philip L. Erwin
DIRECTOR

G. Michael Milhiser
DIRECTOR

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CONSOLIDATED WATER TRANSFER FORMS:
FORM 3: APPLICATION FOR SALE OR TRANSFER OF RIGHT TO PRODUCE WATER FROM STORAGE
FORM 4: APPLICATION OR AMENDMENT TO APPLICATION TO RECAPTURE WATER IN STORAGE
FORM 5: APPLICATION TO TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

FISCAL YEAR 2009 - 2010

DATE REQUESTED: October 14, 2009

AMOUNT REQUESTED: 5.188 Acre-Feet

TRANSFER FROM (SELLER / TRANSFEROR):	TRANSFER TO (BUYER / TRANSFEREE):
<u>San Antonio Water Company</u>	<u>Monte Vista Water District</u>
Name of Party	Name of Party
<u>139 North Euclid</u>	<u>10575 Central Avenue</u>
Street Address	Street Address
<u>Upland</u> <u>CA</u> <u>91786</u>	<u>Montclair</u> <u>CA</u> <u>91763</u>
City State Zip Code	City State Zip Code
<u>909-982-4107</u>	<u>909-624-0035</u>
Telephone	Telephone
<u>909-920-3047</u>	<u>909-624-0037</u>
Facsimile	Facsimile

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

PURPOSE OF TRANSFER:

- Pump when other sources of supply are curtailed
- Pump to meet current or future demand over and above production right
- Pump as necessary to stabilize future assessment amounts
- Other, explain _____

WATER IS TO BE TRANSFERRED FROM:

- Annual Production Right (Appropriative Pool) or Operating Safe Yield (Non-Agricultural Pool) Storage
- Annual Production Right / Operating Safe Yield first, then any additional from Storage
- Other, explain _____

WATER IS TO BE TRANSFERRED TO:

- Annual Production Right / Operating Safe Yield (common)
- Storage (rare)
- Other, explain _____

IS THE 85/15 RULE EXPECTED TO APPLY? (If yes, all answers below must be "yes.")

Yes No

Is the Buyer an 85/15 Party?

Yes No

Is the purpose of the transfer to meet a current demand over and above production right?

Yes No

Is the water being placed into the Buyer's Annual Account?

Yes No

IF WATER IS TO BE TRANSFERRED FROM STORAGE:

Projected Rate of Recapture

Projected Duration of Recapture

METHOD OF RECAPTURE (e.g. pumping, exchange, etc.):

Pumping

PLACE OF USE OF WATER TO BE RECAPTURED:

Regular production wells

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

WATER QUALITY AND WATER LEVELS

Are the Parties aware of any water quality issues that exist in the area? Yes No

If yes, please explain:

Nitrate concentrations range between 19-70 ppm

What are the existing water levels in the areas that are likely to be affected?

504-533

MATERIAL PHYSICAL INJURY

Are any of the recapture wells located within Management Zone 1? Yes No

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

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

SAID TRANSFER SHALL BE CONDITIONED UPON:

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

ADDITIONAL INFORMATION ATTACHED


Yes No



Seller / Transferor Representative Signature

Charles Moorrees

Seller / Transferor Representative Name (Printed)



Buyer / Transferee Representative Signature

Mark N. Kinsey

Buyer / Transferee Representative Name (Printed)

TO BE COMPLETED BY WATERMASTER STAFF:

DATE OF WATERMASTER NOTICE: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____

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MONTE VISTA WATER DISTRICT

Recapture Plan

Location of where the recaptured water will be extracted by the District is within Management Zone 1 of the Chino Basin and will be accomplished by any or all of the 13 wells owned and operated by the District. The approximate daily production capacity of these wells is noted below.

The 5.188 AF transfer will be utilized for delivery to the District's retail customers, for delivery to the City of Chino Hills, or to offset the District's Fiscal Year 2009-10 replenishment obligation.

<u>Well</u>	<u>Production Acre-Feet/Day</u>
4	4.2
5	6.1
6	5.2
10	5.2
19	9.0
20	5.8
26	9.0
27	9.0
28	9.0
30	9.0
31	9.0
32	9.0
33	4.5

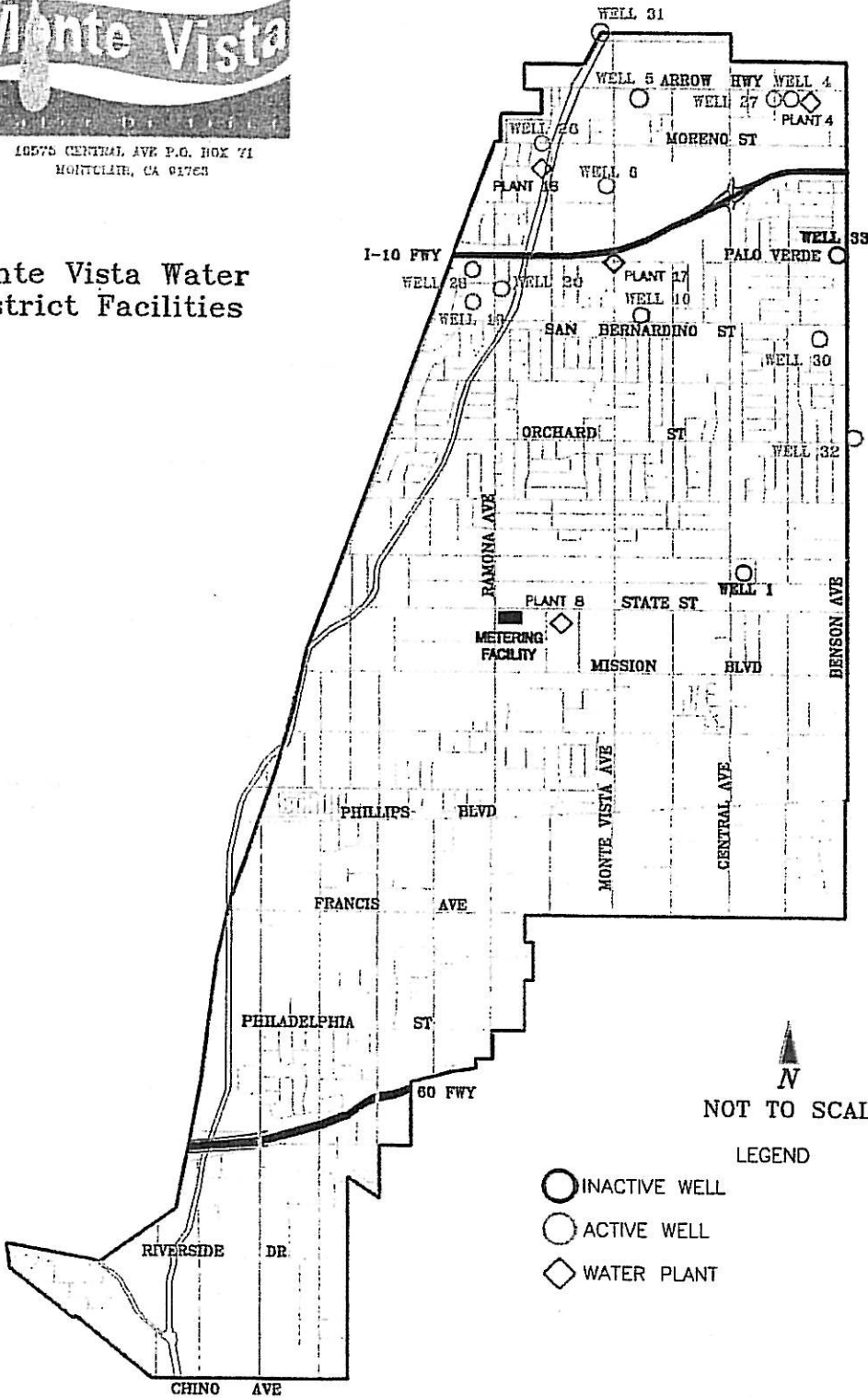
Daily Total 94.0

A map showing the location of these wells is attached. The rate of extraction can vary significantly, depending upon system demand and seasonal changes.



18575 CENTRAL AVE P.O. BOX 71
MONTCLAIR, CA 91763

Monte Vista Water District Facilities



N
NOT TO SCALE

LEGEND

- INACTIVE WELL
- ◐ ACTIVE WELL
- ◇ WATER PLANT

Jdizon M:\Presentation\Facilities.dwg

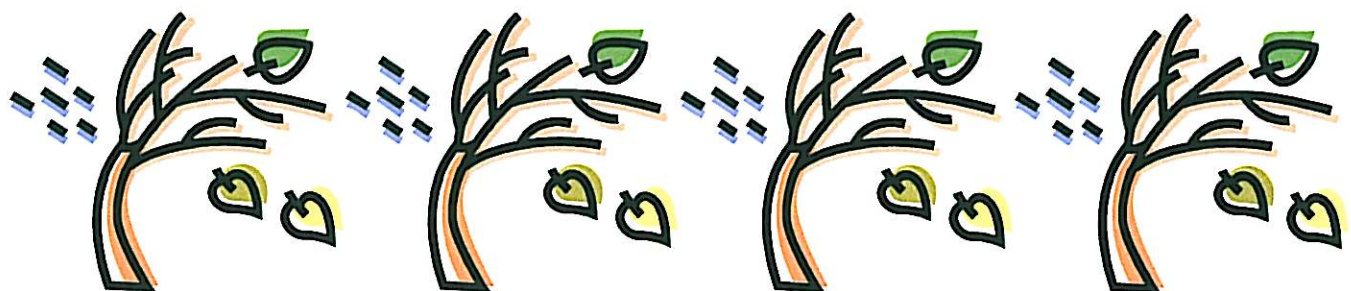


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

D. SEMI-ANNUAL REPORT

1. Consider Approval of Status Report 2009-1





CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: November 5, 2009
TO: Committee 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.

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Optimum Basin Management Program

Status Report 2009-1: January to June 2009

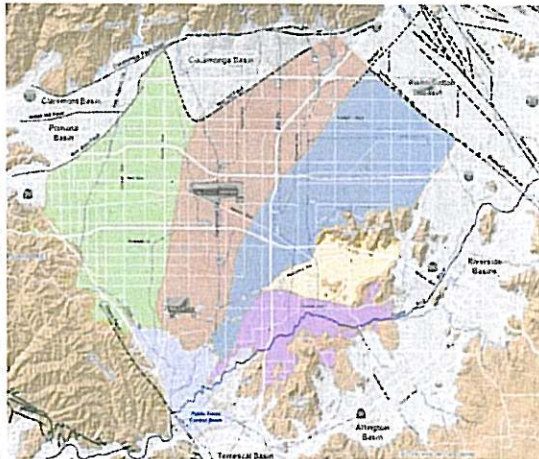


CHINO BASIN WATERMASTER

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 WITNESS TESTIMONY ON PROGRAM ELEMENTS NO. 1, 2, AND 3
- JUNE 29 – EXPERT WITNESS 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.

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:

1. An Annual Key Well Water Quality Monitoring Program designed to target privately owned agricultural wells in the southern portion of Chino Basin that are otherwise not included in an established sampling program.
2. Quarterly sampling at nine HCMP multi-port monitoring wells strategically placed between the Chino Basin Desalter well fields and the Santa Ana River. Results of the quarterly sampling are used to analyze the effect of the desalter pumping over time by comparing water quality of the native groundwater and the Santa Ana River.
3. Monthly sampling at four near-river wells to characterize the Santa Ana River's influence to nearby groundwater. These shallow monitoring wells along the Santa Ana River consist of two former United States Geologic Survey (USGS) National Water Quality Assessment Program (NAWQA) wells (Archibald 1 and Archibald 2), and two wells (well 9 and well 11) owned by the Santa Ana River Water Company (SARWC).
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.



New MWD Turnout (CB-20)

Optimum Basin Management Program

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.

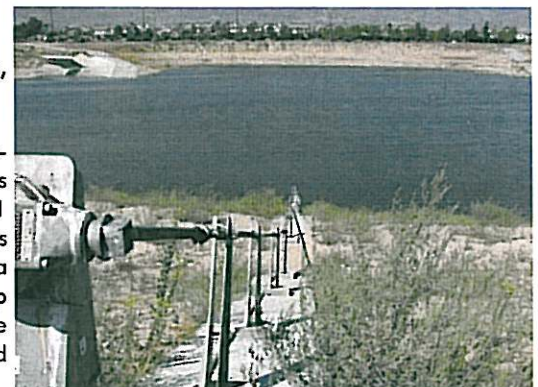
Monitoring Activities. Watermaster and IEUA collect weekly water quality samples from basins that are actively recharging recycled water and from lysimeters installed within those basins. During this reporting period, approximately 271 basin and lysimeter samples were collected and two recycled water samples were collected for alternative monitoring plans that include the application of a correction factor for Soil-Aquifer Treatment determined from each basin'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

Optimum Basin Management Program

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.



Use of InSAR to monitor subsidence

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.

Optimum Basin Management Program

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.

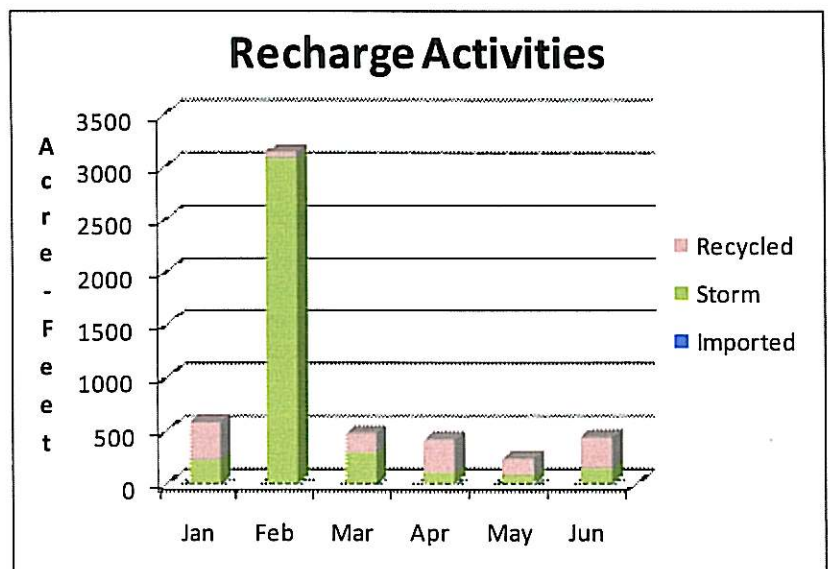
Program Element 2: Develop and Implement a Comprehensive Recharge Program

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 turn-outs, 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.



Optimum Basin Management Program

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

Construction of the Chino I Desalter Expansion and the Chino II Desalter facilities was completed in February 2006. As currently configured, the Chino I Desalter provides 2.6 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 existing Well Nos. 13, 14, and 15 to shift production to the expanded Chino II Desalter facility, if needed.

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 Watermaster to develop Guidance Criteria for the MZ-1 producers in the investigation area that, if fol-

Optimum Basin Management Program

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

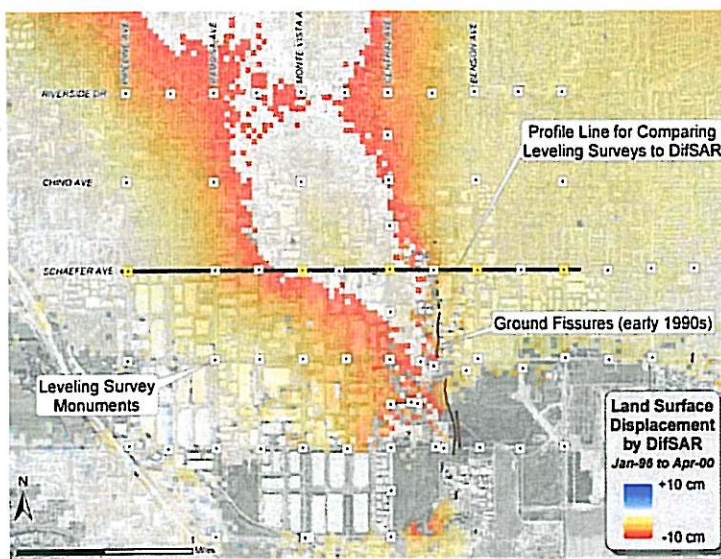
lowed, would minimize the potential for subsidence and fissuring during the completion of the MZ-1 Plan. The Guidance Criteria included a listing of Managed Wells and their owners subject to the criteria, a map of the so-called Managed Area, and an initial threshold water level (Guidance Level) of 245 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 (see Land Surface Monitoring under Program Element 1: 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 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.



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

Optimum Basin Management Program

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

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 (OEHHA) 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 groundwater 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.

Optimum Basin Management Program

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

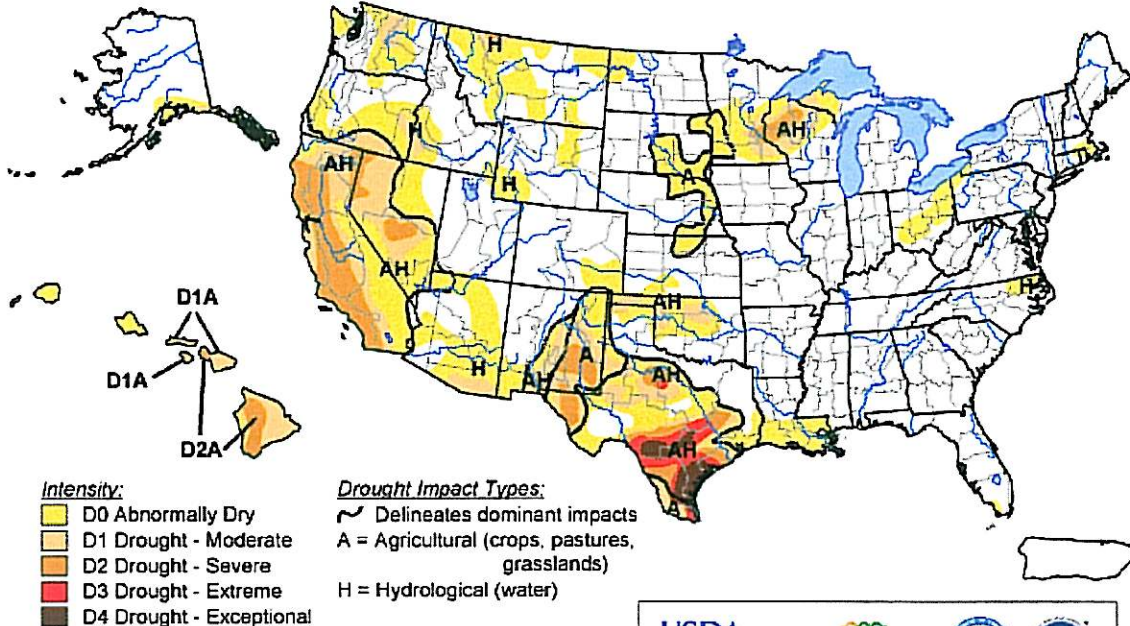
The existing Watermaster/IEUA/MWDSC Dry-Year Yield (DYY) program continued during the reporting period. All DYY program construction projects have been completed and are currently being used for a DYY take, or removal from storage.

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.

U.S. Drought Monitor

June 16, 2009
Valid 8 a.m. EDT



The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

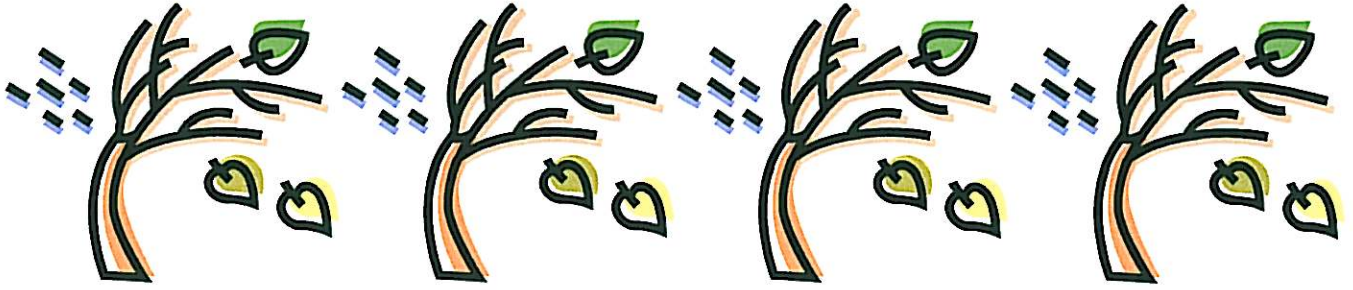
<http://drought.unl.edu/dm>



Released Thursday, June 18, 2009

Author: M. Brewer/L. Love-Brotak, NOAA/NESDIS/NCDC

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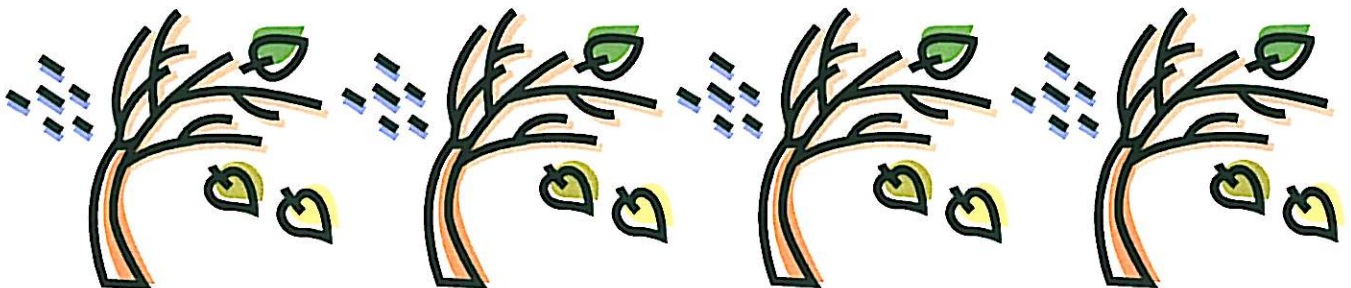


CHINO BASIN WATERMASTER

II. BUSINESS ITEM

A. PROPOSED PLAN REGARDING DISPOSITION OF WATER PURCHASED FROM NON-AGRICULTURAL POOL

1. Consider proposed plan regarding disposition of water purchased from the Non-Agricultural Pool pursuant to the Peace II Purchase and Sale Agreement





CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: November 5, 2009
TO: Appropriative Pool
SUBJECT: Proposed Plan Regarding Disposition of Water Purchased from Non-Agricultural Pool

SUMMARY

Issue – Consider proposed plan regarding disposition of water purchased from the Non-Agricultural Pool pursuant to the Peace II Purchase and Sale Agreement

Recommendation – Staff recommends the Appropriative Pool approve the proposed plan

Financial Impact – unknown at this time

The *Purchase and Sale Agreement for the Purchase of Water by Watermaster from Overlying (Non-Agricultural) Pool* identifies the "Storage Transfer Quantity" as that amount held in storage by the members of the Non-Agricultural Pool as of June 30, 2007 less a ten percent dedication for the purpose of Desalter Replenishment. (Purchase and Sale Agreement Section B.) Under the Purchase and Sale Agreement, Watermaster, at the direction of the Appropriative Pool, is to issue a Notice of Intent to Purchase to the Non-Agricultural Pool within 24 months after Court approval of the Peace II Documents. Thus, the Notice of Intent to Purchase must be issued by December 21, 2009.

At the October Appropriative Pool meeting, the Pool provided direction to staff regarding proposed terms and conditions for a plan to hold for later disposition all or some portion of the water purchased pursuant to the Purchase and Sale Agreement. Based on this direction, staff and legal counsel have prepared the attached Plan Regarding Disposition of Water Purchased from the Non-Agricultural Pool Pursuant to the Peace II Purchase and Sale Agreement.

The attached Plan proposes that the water purchased pursuant to the Purchase and Sale Agreement be placed into a storage account to be held in trust by Watermaster for the benefit of the Appropriative Pool. This storage account will be charged losses consistent with other local storage accounts. If the water is not utilized in a Storage and Recovery Program or for Desalter Replenishment within three years, then the Plan allows the Appropriative Pool to elect to distribute the water in a manner consistent with the Early Termination provision of the Purchase and Sale Agreement.

Staff recommends that the Appropriative Pool direct Watermaster to issue the Notice of Intent to Purchase prior to December 21, 2009 and place the water purchased in storage pursuant to the proposed Plan.

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) If the Auction takes place on November 4, 2009 and sufficient funds are generated to pay for the purchase of the water, then such funds will be utilized to pay for the purchase.
- (3) If sufficient funds to cover the purchase are not generated by the November 4, 2009 Auction, or if the Auction does not occur as scheduled, then 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. At the direction of the Appropriative Pool Watermaster will facilitate alternative arrangements to provide funding to purchase the water from the Non-Agricultural Pool including but not limited to a sale of some portion of the water sufficient to generate the required funding.
- (4) All water not sold through the Auction held on November 4, 2009 shall be placed into a Watermaster storage account called the Purchased Water Account.
- (5) 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.
- (6) Watermaster shall assess losses against the Purchased Water Account at the same rate as losses are assigned against all other Local Storage accounts.
- (7) 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.
- (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. If such formula is not applicable, then the Appropriative Pool shall agree on an alternative manner of distribution of the water.

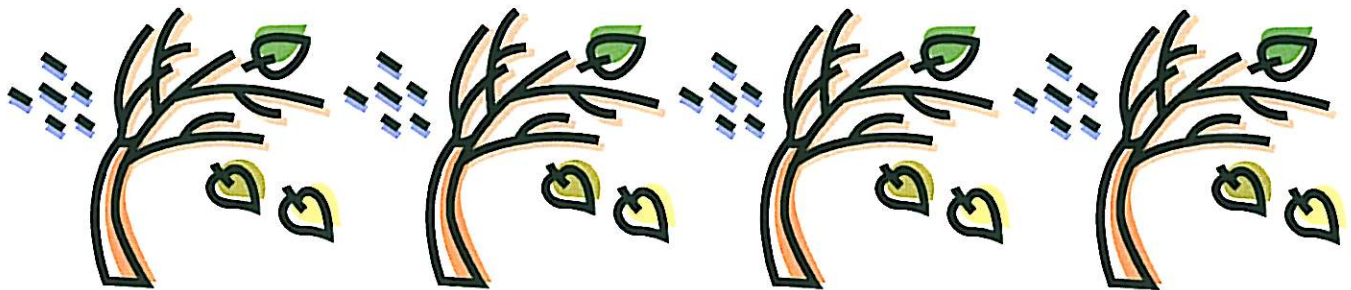
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CHINO BASIN WATERMASTER

IV. INFORMATION

1. Newspaper Articles



dailybulletin.com

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 acre-feet 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.

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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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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.

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

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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 Sevaive 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."

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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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What is the Watermaster?

Mediha Fejzagic DiMartino, Staff Writer

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

RANCHO CUCAMONGA - 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 over-withdrawal 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

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

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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 14,000-square-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 cash-strapped 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."

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