



# CHINO BASIN WATERMASTER



## NOTICE OF MEETINGS

**Thursday, August 11, 2011**

9:00 a.m. – Appropriative Pool Meeting

11:00 a.m. – Non-Agricultural Pool Conference Call Meeting

1:00 p.m. – Agricultural Pool Meeting

*AT THE CHINO BASIN WATERMASTER OFFICES  
9641 San Bernardino Road  
Rancho Cucamonga, CA 91730  
(909) 484-3888*



# **CHINO BASIN WATERMASTER**

**Thursday, August 11, 2011**

9:00 a.m. – Appropriative Pool Meeting

11:00 a.m. – Non-Agricultural Pool Conference Call Meeting

1:00 p.m. – Agricultural Pool Meeting

## **AGENDA PACKAGES**



**CHINO BASIN WATERMASTER  
APPROPRIATIVE POOL MEETING**

**9:00 a.m. – August 11, 2011**

**WITH**

*Mr. John Mura, Chair*

*Mr. Marty Zvirbulis, Vice-Chair*

**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 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 Appropriative Pool Meeting held July 14, 2011 *(Page 1)*

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of June 2011 *(Page 20)*
2. Watermaster VISA Check Detail for the month of June 2011 *(Page 32)*
3. Combining Schedule for the Period July 1, 2010 through June 30, 2011 *(Page 36)*
4. Treasurer's Report of Financial Affairs for the Period June 1, 2011 through June 30, 2011 *(Page 40)*
5. Budget vs. Actual July 2010 through June 2011 *(Page 44)*

**C. SEMI-ANNUAL STATUS REPORT 2011-1 *(Page 50)***

**II. BUSINESS ITEMS**

**A. RESOLUTION 11-05 RESOLUTION TO TAX DEFER MEMBER PAID CONTRIBUTIONS AND RESOLUTION 11-06 RESOLUTION FOR PAYING AND REPORTING THE VALUE OF EMPLOYER PAID MEMBER CONTRIBUTIONS**

Consider Approval for Resolution 11-05 to Tax Defer Member Paid Contributions and Consider Approval for Resolution 11-06 for Paying and Reporting the Value of Employer Paid Member Contributions *(Page 60)*

**B. LOAN AGREEMENT WITH CHINO BASIN WATER CONSERVATION DISTRICT, CITY OF ONTARIO, AND JURUPA COMMUNITY SERVICES DISTRICT**

Consider Approval of Loan Agreements with the Chino Basin Water Conservation District in an Amount not to exceed \$5,000,000.00, with the City of Ontario in an Amount not to exceed \$2,125,000, with Jurupa Community Services District in an Amount not to exceed \$1,000,000 and authorize the CEO to enter into loan agreements with interested Appropriators *(Page 66)*

**C. STORAGE AGREEMENT WITH INLAND EMPIRE UTILITIES AGENCY AND THREE VALLEYS MUNICIPAL WATER DISTRICT**

1. Authorize the CEO to Execute a Storage Agreement with Inland Empire Utilities Agency (IEUA) and With Three Valleys Municipal Water District (TVMWD)
2. Request the Watermaster Board Waive the Thirty Day Notice Period (Watermaster Rules & Regulations Section 10.10) and the Twenty-One Day Consideration Period (Watermaster Rules & Regulations Section 10.11) for Applications for Local Storage Agreements with IEUA and TVMWD to Store Desalter Replenishment Water. This Request is sought With the Express Acknowledgment that it Does Not Create Precedent for Future Applications (Page 106)

**D. PRESENTATION ON THE STATE OF THE BASIN REPORT (For Information Only)**

**III. REPORTS/UPDATES**

**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. September 30, 2011 Hearing
2. Restated Judgment

**B. CEO/STAFF REPORT**

1. Recharge Update
2. Water Activity Reports (WAR) Reminder

**IV. INFORMATION**

1. Cash Disbursements for July 2011 (Page 108)
2. Newspaper Articles (Page 112)

**V. POOL MEMBER COMMENTS**

**VI. OTHER BUSINESS**

**VII. CONFIDENTIAL SESSION - POSSIBLE ACTION**

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

1. Paragraph 31 Motion

**VIII. FUTURE MEETINGS**

Thursday, August 11, 2011	9:00 a.m.	Appropriative Pool Meeting @ CBWM
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Thursday, August 11, 2011	1:00 p.m.	Agricultural Pool Meeting @ CBWM
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Thursday, August 18, 2011	9:00 a.m.	Advisory Committee Meeting @ CBWM
Thursday, August 18, 2011	10:30 a.m.	Land Subsidence Committee Meeting @ CBWM
Thursday, August 25, 2011	11:00 a.m.	Watermaster Board Meeting @ CBWM
Friday, September 30, 2011	10:30 a.m.	Watermaster Court Hearing @ Chino Court

**Meeting Adjourn**



**CHINO BASIN WATERMASTER  
NON-AGRICULTURAL POOL CONFERENCE CALL MEETING  
11:00 a.m. – August 11, 2011**

**WITH**

*Mr. Bob Bowcock, Chair*

*Mr. Ken Jeske, Vice-Chair*

**1-800-930-9525 PASS CODE: 917924**

**Conference call can be taken at**

**Chino Basin Watermaster**

**9641 San Bernardino Road**

**Rancho Cucamonga, CA 91730**

**AGENDA**

**CALL TO ORDER**

**ROLL CALL**

**AGENDA - ADDITIONS/REORDER**

**I. BUSINESS ITEMS**

**A. MINUTES**

1. Minutes of the Non-Agricultural Pool Conference Call Meeting held July 14, 2011 *(Page 7)*

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of June 2011 *(Page 20)*
2. Watermaster VISA Check Detail for the month of June 2011 *(Page 32)*
3. Combining Schedule for the Period July 1, 2010 through June 30, 2011 *(Page 36)*
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**G. PRESENTATION ON THE STATE OF THE BASIN REPORT (For Information Only)**

**H. REVIEW OF PHYSICAL SOLUTION TRANSFER PROCEDURES PURSUANT TO JUDGMENT EXHIBIT "G" PARAGRAPH 9(d) - (For Information Only)**

**II. REPORTS/UPDATES**

**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. September 30, 2011 Hearing
2. Restated Judgment

**B. CEO/STAFF REPORT**

1. Recharge Update
2. Water Activity Reports (WAR) Reminder

**III. INFORMATION**

1. Cash Disbursements for July 2011 (Page 108)
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**IV. POOL MEMBER COMMENTS**

**V. OTHER BUSINESS**

**VI. CONFIDENTIAL SESSION - POSSIBLE ACTION**

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

**VII. FUTURE MEETINGS**

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Thursday, August 25, 2011	11:00 a.m.	Watermaster Board Meeting @ CBWM
Friday, September 30, 2011	10:30 a.m.	Watermaster Court Hearing @ Chino Court

**Meeting Adjourn**

**CHINO BASIN WATERMASTER  
AGRICULTURAL POOL MEETING**

**1:00 p.m. – August 11, 2011**

**WITH**

*Mr. Bob Feenstra, Chair*

*Mr. Jeff Pierson, Vice-Chair*

**At The Offices Of**

**Chino Basin Watermaster**

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

**AGENDA**

**CALL TO ORDER**

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1. Minutes of the Agricultural Pool Meeting held July 14, 2011 *(Page 10)*

**B. FINANCIAL REPORTS**

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**V. POOL MEMBER COMMENTS**

**VI. OTHER BUSINESS**

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**VIII. FUTURE MEETINGS**

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**Meeting Adjourn**



# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### A. MINUTES

1. Appropriate Pool Meeting held on July 14, 2011





**Draft Minutes**  
**CHINO BASIN WATERMASTER**  
**APPROPRIATIVE POOL MEETING**

July 14, 2011

The Appropriative Pool Meeting was held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on July 14, 2011 at 9:00 a.m.

**APPROPRIATIVE POOL MEMBERS PRESENT WHO SIGNED IN**

John Mura, Chair	City of Chino Hills
Mark Kinsey	Monte Vista Water District
Raul Garibay	City of Pomona
Mohamed El-Amamy	City of Ontario
Jo Lynne Russo-Pereyra	Cucamonga Valley Water District
Sheri Rojo	Fontana Water Company
Josh Swift	Fontana Union Water Company
Tom Harder	Jurupa Community Services District
Charles Moorrees	San Antonio Water Company
Dave Crosley	City of Chino
Shaun Stone	City of Upland
Ron Craig	City of Chino Hills

**Watermaster Staff Present**

Desi Alvarez	Chief Executive Officer
Danni Maurizio	Senior Engineer
Joe Joswiak	Chief Financial Officer
Sherri Molino	Recording Secretary

**Watermaster Consultants Present**

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

**Others Present Who Signed In**

Andy Campbell	Inland Empire Utilities Agency
Chris Berch	Inland Empire Utilities Agency
Justin Scott-Coe	Monte Vista Water District
Seth Zielke	Fontana Water Company
David DeJesus	Three Valleys Municipal Water District
Eunice Ulloa	Chino Basin Water Conservation District
Ken Jeske	California Steel Industries
John Schatz	Attorney at Law
Dan McKinney	Ag Pool Special Counsel
Jill Willis	Best Best & Krieger

Chair Mura called the Appropriative Pool Meeting to order at 9:01 a.m.

**AGENDA - ADDITIONS/REORDER**

There were no additions or reorders made to the agenda.

**I. CONSENT CALENDAR**

**A. MINUTES**

1. Minutes of the Appropriative Pool Meeting held June 2, 2011

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of May 2011
2. Watermaster VISA Check Detail for the month of May 2011
3. Combining Schedule for the Period July 1, 2010 through May 31, 2011
4. Treasurer's Report of Financial Affairs for the Period May 1, 2011 through May 31, 2011
5. Budget vs. Actual July through May 2011

*Motion by Kinsey second by El-Amamy, and by unanimous vote*

***Moved to approve Consent Calendar items A and B, as presented***

**C. WATER TRANSACTION**

1. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company (“Company”) has agreed to purchase from The Nicholson Trust annual production right in the amount of 7.000 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2010/2011. Date of Application: June 21, 2011, Date of Notice: July 7, 2011

Mr. Kinsey pulled the Water Transaction for discussion regarding the 85/15 Rule. Mr. Kinsey stated he has concerns regarding this matter and requested a more in depth analysis be done on the 85/15 Rule at a future meeting.

*Motion by Kinsey second by El-Amamy, and by unanimous vote*

***Moved to approve Consent Calendar item C, as presented***

**II. BUSINESS ITEMS****A. ACQUISITION OF RIGHT OF ENTRY AGREEMENT FOR HORIZONTAL EXTENSOMETER**

Mr. Alvarez stated this is a Right of Entry Agreement that is being presented today for your approval and authorization for Watermaster to enter into the agreement. The purpose of the agreement is to obtain access to a property for the installation of a horizontal extensometer which will be to collect data as part of the study that is being done in conjunction with looking at land subsidence in the MZ1 area. Mr. Alvarez stated at that site there will be controlled aquifer tests which will induce some drawdown and will provide valuable data on settlement as part of this comprehensive study. Mr. Kinsey inquired about the length for the Right of Entry Agreement. Mr. Alvarez stated the agreement is for a period of 21 months and there is a fee of \$1,000, which will go to the property owner associated with the agreement. Chair Mura offered comment on work being done in the MZ1 area. Mr. Kinsey inquired about the costs of the extensometer. Mr. Wildermuth stated hardware was purchased last year; however, he does not know the other costs off hand. Mr. El-Amamy inquired about the \$1,000 fee. Mr. Alvarez stated this is what the owner agreed to and noted this is a onetime fee. Counsel Fife offered comment on the land owner's request for only a 21 month period. A discussion regarding this matter ensued. Mr. Alvarez stated staff recommends approval of the agreement, including the fee to the land owner.

*Motion by Kinsey second by Crosley, and by unanimous vote*

***Moved to approve Acquisition of Right of Entry Agreement for the Horizontal Extensometer and payment of \$1,000 to the land owner, as presented***

**B. UPDATE OF CHINO BASIN GROUNDWATER MODEL - (Information Item Only)**

Mr. Wildermuth stated the technical work that he is going to discuss was originally planned in the prior year's budget as part of the safe yield computation. Mr. Wildermuth stated when the Recharge Master Plan was updated last year, one of the items that was to be included was a recommended methodology to calculate safe yield. Mr. Wildermuth stated in Section 3 of that report the methodology was outlined in two parts. The first part was a ten year look back of computation of developed yield and a forward looking calculation for safe yield. Mr. Wildermuth stated due to budget constraints last year, this work was not included completely; only a portion of that work was included on the ten year look back on developed yield. Mr. Wildermuth stated

in going forward, and looking at all the things that Watermaster is supposed to do pursuant to the Judgment, Peace Agreement, Peace II Agreement, the Rules & Regulations, and the September 2010 court order authorizing things to move forward for the Recharge Master Plan; this is a slightly expanded version of that scope. Mr. Wildermuth gave the Update to the Chino Basin Groundwater Model and Evaluation of the Basin Dynamics presentation in detail. Mr. Wildermuth thoroughly reviewed the general outline, questions that need to be answered, and what work has to be done to answer these questions. Mr. Wildermuth discussed the planning process for scenario 1 – recalibration,; the planning process for scenario 2 – safe yield and balance; the planning process for scenario 3 – new yield; the planning process for scenario 4 – storage losses; and the planning process scenario 5 – transfers in detail. Mr. Wildermuth reviewed what is needed from the parties and others to complete this work in detail. Mr. Wildermuth noted a workshop needs to be held in the October time frame to discuss the calibration results and planning scenarios, and a second workshop needs to be held in the January/February time frame to present planning results. Mr. Kinsey inquired about the accuracy of the model with the new modifications. Mr. Wildermuth stated this is more than just a simple tweak to the model which will provide additional valuable information more accurately. A discussion regarding the model update ensued. Ms. Russo-Pereyra inquired about the actual cost of the model. Mr. Wildermuth stated he will get the cost of the study and present it at a future meeting because those numbers are not available presently. A lengthy discussion regarding Mr. Wildermuth's presentation ensued.

### III. REPORTS/UPDATES

#### A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Paragraph 31 Appeal

Counsel Fife stated there is not much to add regarding the Paragraph 31 appeal from Watermaster's perspective. Counsel Fife stated Watermaster filed its reply brief in June and since then there have been settlement discussions going on between the Appropriative Pool and the Non-Agricultural Pool. Counsel Fife stated Watermaster has been involved only to facilitate those discussions; no settlement has been reached to date. Counsel Fife stated the Appropriative Pool is currently scheduled to file its reply brief on July 25, 2011.

2. Restated Watermaster Judgment

Counsel Fife stated there was a workshop on the Restated Watermaster Judgment on July 7, 2011. Counsel Fife stated there had been discussions on broadening the scope of the assignment that Judge Reichert gave to Watermaster. At the workshop last week three possible avenues were discussed for working on this assignment. The first one was to strictly adhere to what Judge Reichert assigned, which is to take the language of the amendments as they were approved over the course of the years since 1978, cut and paste them into the Judgment, and have some indication of where those changes were made. The group was supportive of creating such a document, which will be an unchanged document except for plug-ins of the amendments as they were made. Counsel Fife stated there was support for doing it that way, and that draft will be available next week. Counsel Fife stated that format will be provided to Judge Reichert at the September 30, 2011 hearing for his approval. There was also a discussion on doing something more than what was required by Judge Reichert as an annotated Judgment, which will be an unofficial document, not adopted by the court, that would contain footnotes so that for any given section of the Judgment a person/party could cross-reference the Peace Agreement, the Rules & Regulations, etc. There were discussions on possibly having work groups to work on various parts of this annotated Judgment and this is something that will be worked on an ongoing basis after the other document is produced and taken to court. A discussion regarding Phase 1 ensued. Counsel Fife stated the third alternative, which is to actually go in and update the language and change things in the Judgment, received no support at the workshop. Counsel Fife stated the goal is to stick to a Restated Judgment and not a rewritten Judgment. Counsel Fife stated there will be due process issues so a plan will need to be taken to the court for approval that meets due process requirements and will

adequately provide notice to people so that the court has jurisdiction over them; this is currently being worked on.

3. September 30, 2011 Hearing

Counsel Fife stated this is the hearing which was going to take place on July 8, 2011; however, it has been continued to September 30, 2011. Counsel Fife stated the main subject for that hearing is the Desalter Resolution; Metropolitan Water District has approved the LRP Funding Agreement which was the last Condition Subsequent on that agreement. Counsel Fife stated the pleadings for that hearing will be drafted in August for the September hearing. Counsel Fife stated the goal is to have Phase 1 for the Restated Judgment completed for the approval by the court at the September hearing. A brief discussion regarding the hearing ensued.

**B. ENGINEERING REPORT**

1. Progress Report on the State of the Basin Report

Mr. Wildermuth stated back when the Judge approved the Peace Agreement, it was a requirement at that time that every two years a State of the Basin Report would be done; this report has evolved over time. Mr. Wildermuth stated this report, which contains all the analytical work, is done and staff is trying to pull the final graphics together. This year it is going to be done differently. Instead of being a big binder with a lot of drawings and text, it is going to be just a coffee table size book, unfolded, with no text and only annotated charts, maps, and tables. Mr. Wildermuth stated this is an experiment that was in last year's budget that will be tried this new way, which will save money and provide just the key exhibits. Mr. Wildermuth stated if Watermaster wants a full on text version of this report later, that can be done in a subsequent report. Mr. Wildermuth stated that report will be available near the end of this month and will be on the Watermaster website, with limited hard copies being made available.

**C. CEO/STAFF REPORT**

1. Recharge Update

Mr. Alvarez stated on May 16, 2011 Watermaster started taking deliveries of water purchased from Metropolitan Water District (MWD). Mr. Alvarez stated the goal was to take in 50,000 acre-feet of water from that date through the end of the year. Mr. Alvarez stated that to-date there has been 12,700 acre-feet taken in, which is at about 80% of the anticipated goal. Mr. Alvarez stated a few of the basins are in the process of having maintenance work done on them which will assist in taking in more water; however, even with those repairs, staff is not positive the entire 50,000 acre-feet will be able to be taken in. Mr. Kinsey inquired about where the other monies are coming from. Mr. Alvarez stated the second part of this item is regarding the financing of the water. Mr. Alvarez stated staff was directed to work out financing arrangements and one of those possibilities is a loan with the Chino Basin Water Conservation District (CBWCD). Mr. Alvarez stated recently the CBWCD board of directors met and approved a loan up to \$5M to Watermaster and authorized their general manager to execute a loan agreement with Watermaster subject to a few conditions; 1) The interest on the loan will be variable of LAIF plus 1.5%, 2) The interest will be paid at quarterly intervals with the principal due and payable in one lump sum in January 2015, and 3) The loan on the agreement once it is approved by the Watermaster Board is to be presented to the court for approval, recognizing that Watermaster, under its authority, is actually able to enter into a loan agreement to borrow money and will be pledging a future assessment for purposes of repaying those funds. Mr. Kinsey offered comment on the Investment Policy. A discussion regarding the Investment Policy ensued. Mr. Kinsey asked that staff look into in-lieu with regard to taking this water in; this might assist in reaching the 50,000 acre-foot goal. Mr. Alvarez stated he would look into that and would schedule a meeting to meet with IEUA staff to discuss this matter.

2. 85/15 Rule Review

Mr. Alvarez stated this item was on the agenda from a request from the Appropriative Pool members and it will be brought back with a detailed presentation in the August/September timeframe.

**D. INLAND EMPIRE UTILITIES AGENCY PRESENTATION**

1. GWR Update – Andy Campbell

Mr. Campbell stated he is here today to give an update on the Groundwater Recharge Program. Mr. Campbell gave the Recycled Water Groundwater Recharge Program Background and Status Update. Mr. Campbell evaluated a map of the Chino Basin Recharge Facilities Overview in detail. Mr. Campbell reviewed the chronology of the Recharge Program from 1978 through the present. Mr. Campbell discussed the permitting overview, recycled water contribution, permit amendment process, and key changes of the 2009 permit amendment in detail. Mr. Campbell explained the recharge site recycled water contribution graph and management plans. Mr. Campbell reviewed several charts on historical and planned recharge. Mr. Campbell stated fiscal year 2010/2011 was a record year for recycled water recharge and reviewed a slide showing the acre-feet recharged during this period. Mr. Campbell discussed the value of groundwater recharge and Metropolitan Water District's water rates in detail. Mr. Campbell stated investment in the basin modifications is approximately \$50 million dollars, with 50% being grant funded. Mr. Campbell stated IEUA coordinates introduction of recharge waters and basin operation and maintenance, and noted Watermaster pays for operation and maintenance minus IEUA's pro rata cost share for recycled water. Mr. Campbell stated the basins need to be ready to take all waters at any time and he reviewed the various Chino Basins in detail. Mr. Campbell discussed proactive basin maintenance, which maximizes capture of available water and discussed what maintenance is and why it's important, along with proactive annual cleaning. Mr. Campbell discussed improvement ideas for increased stormwater capture in detail. Mr. Campbell reviewed maps of the San Sevaire Basin Pump Station and the Turner/Guasti Project Status.

**IV. INFORMATION**

1. Cash Disbursements for June 2011

No comment was made regarding this item.

2. 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.

The regular open Appropriative Pool meeting was convened to hold its confidential session at 10:30 a.m.

**VII. CONFIDENTIAL SESSION - POSSIBLE ACTION**

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

1. Paragraph 31 Motion

The confidential session concluded at 10:55 a.m.

There was no reportable action from the confidential session.



**VIII. FUTURE MEETINGS**

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Thursday, July 21, 2011	10:30 a.m.	Land Subsidence Committee Meeting @ CBWM
Tuesday, July 26, 2011	9:00 a.m.	GRCC Meeting @ CBWM
Thursday, July 28, 2011	11:00 a.m.	Watermaster Public Hearing @ CBWM
Thursday, July 28, 2011	11:00 a.m.	Watermaster Board Meeting @ CBWM
Friday, September 30, 2011	10:30 a.m.	Watermaster Court Hearing @ Chino Court

The Appropriative Pool Committee meeting was dismissed by Chair Mura at 10:56 a.m.

Secretary: \_\_\_\_\_

Minutes Approved: \_\_\_\_\_



# CHINO BASIN WATERMASTER

## I. BUSINESS ITEM

### A. MINUTES

1. Non-Agricultural Pool Conference Call Meeting held on July 14, 2011



**Draft Minutes**  
**CHINO BASIN WATERMASTER**  
**NON-AGRICULTURAL POOL CONFERENCE CALL MEETING**  
July 14, 2011

The Non-Agricultural Pool Conference Call Meeting was held via conference call using the Chino Basin Watermaster conference call number on July 14, 2011 at 11:00 a.m.

**NON-AGRICULTURAL POOL MEMBERS PRESENT ON CALL**

Bob Bowcock, Chair	Vulcan Materials Company (Calmat Division)
Brian Geye	Auto Club Speedway
Curtis Stubbings	Praxair, Inc.
Tom O'Neill	City of Ontario Non-Agricultural Pool
David Penrice	Aqua Capital Management LP
Bob Lawhn	Genon Electric
Lisa Hamilton	General Electric Company

**NON-AGRICULTURAL POOL MEMBERS PRESENT AT WATERMASTER**

Ken Jeske, Vice-Chair	California Steel Industries
Dennis Poulsen, Alternate	California Steel Industries

**Watermaster Staff Present at Watermaster**

Desi Alvarez	Chief Executive Officer
Danni Maurizio	Senior Engineer
Joe Joswiak	Chief Financial Officer
Sherri Molino	Recording Secretary

**Watermaster Board Counsel Present at Watermaster**

Michael Fife	Brownstein, Hyatt, Farber & Schreck
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**Watermaster Engineer Present at Watermaster**

Mark Wildermuth	Wildermuth Environmental Inc.
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**Non-Agricultural Pool Counsel Present on Call**

Allen Hubsch	Hogan Lovells US LLP
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**Present at Watermaster**

Chris Berch	Inland Empire Utilities Agency
Andy Campbell	Inland Empire Utilities Agency
Dave Crosley	City of Chino
Dan McKinney	Ag Pool Special Counsel

Chair Bowcock called the Non-Agricultural Pool Conference Call meeting to order at 11:30 a.m.

**ROLL CALL**

Janine Wilson called roll call.

**AGENDA - ADDITIONS/REORDER**

No additions or reorders were made to the agenda.

**I. BUSINESS ITEMS**

**A. MINUTES**

1. Minutes of the Non-Agricultural Pool Conference Call Meeting held June 2, 2011

*Motion by Jeske second by Geye, and by unanimous vote*

***Moved to approve June 2, 2011 minutes as amended to show that Dave Penrice and Bob Lawhn attended, otherwise as presented***

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of May 2011
2. Watermaster VISA Check Detail for the month of May 2011
3. Combining Schedule for the Period July 1, 2010 through May 31, 2011
4. Treasurer's Report of Financial Affairs for the Period May 1, 2011 through May 31, 2011
5. Budget vs. Actual July through May 2011

*Motion by Jeske, second by Geye, and by unanimous vote*

***Receive and file Watermaster Financial Reports without approval***

**C. WATER TRANSACTIONS**

1. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company ("Company") has agreed to purchase from The Nicholson Trust annual production right in the amount of 7,000 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2010/2011. Date of Application: June 21, 2011, Date of Notice: July 7, 2011

*Motion by O'Neil, second by Jeske, and by unanimous vote*

***Moved to direct the chairs to support at the Advisory Committee and Watermaster Board meetings subject to changes which they determine to be appropriate***

**D. ACQUISITION OF RIGHT OF ENTRY AGREEMENT FOR HORIZONTAL EXTENSOMETER**

Mr. Alvarez gave a report on this item.

*Motion by Jeske, second by O'Neill, and by unanimous vote*

***Moved to direct the chairs to support at the Advisory Committee and Watermaster Board meetings subject to changes which they determine to be appropriate***

**E. UPDATE OF CHINO BASIN GROUNDWATER MODEL (Information Item Only)**

Mr. Wildermuth gave a presentation on this item.

**II. REPORTS/UPDATES**

**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. Paragraph 31 Appeal  
Counsel Fife gave a report on this item.
2. Restated Watermaster Judgment  
Counsel Fife gave a report on this item.
3. September 30, 2011 Hearing  
Counsel Fife gave a report on this item.

**B. ENGINEERING REPORT**

1. Progress Report on the State of the Basin Report  
Mr. Wildermuth gave a report on this item.

**C. CEO/STAFF REPORT**

1. Recharge Update  
Mr. Alvarez gave a report on this item.

**D. INLAND EMPIRE UTILITIES AGENCY PRESENTATION**

- 1. GWR Update – Andy Campbell  
Mr. Campbell gave a presentation on this item.

**III. INFORMATION**

- 1. Cash Disbursements for June 2011  
No comment was made regarding this item.
- 2. Newspaper Articles  
No comment was made regarding this item.

**IV. POOL MEMBER COMMENTS**

Brian Geye requested a report from staff regarding how each member's year-end option to sell storage water to the Appropriative Pool works, including how the price is determined".

**V. OTHER BUSINESS**

No comment was made regarding this item.

**VI. CONFIDENTIAL SESSION - POSSIBLE ACTION**

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

No confidential session was called.

**VII. FUTURE MEETINGS**

Thursday, July 14, 2011	9:00 a.m.	Appropriative Pool Meeting @ CBWM
Thursday, July 14, 2011	11:00 a.m.	Non-Agricultural Pool Conference Call Meeting
Thursday, July 14, 2011	1:00 p.m.	Agricultural Pool Meeting @ CBWM
Thursday, July 21, 2011	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
Thursday, July 21, 2011	9:00 a.m.	Advisory Committee Meeting @ CBWM
Thursday, July 21, 2011	10:30 a.m.	Land Subsidence Committee Meeting @ CBWM
Tuesday, July 26, 2011	9:00 a.m.	GRCC Meeting @ CBWM
Thursday, July 28, 2011	11:00 a.m.	Watermaster Public Hearing @ CBWM
Thursday, July 28, 2011	11:00 a.m.	Watermaster Board Meeting @ CBWM
Friday, September 30, 2011	10:30 a.m.	Watermaster Court Hearing @ Chino Court

The Non-Agricultural Pool Committee meeting was dismissed by Chair Bowcock at 11:37 a.m.

Secretary: \_\_\_\_\_

Minutes Approved: \_\_\_\_\_



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# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### A. MINUTES

1. Agricultural Pool Meeting held on July 14, 2011



**Draft Minutes**  
**CHINO BASIN WATERMASTER**  
**AGRICULTURAL POOL MEETING**

July 14, 2011

The Agricultural Pool Meeting was held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on July 14, 2011 at 1:00 p.m.

**Agricultural Pool Members Present Who Signed In**

Bob Feenstra, Chair	Dairy
Nathan deBoom	Dairy
John Huitsing	Dairy
Gene Koopman	Milk Producers Council
Glen Durrington	Crops
Jeff Pierson	Crops
Pete Hall	State of California, CIM
Jennifer Novak	State of California, Dept. of Justice, CIM

**Watermaster Board Member Present**

Paul Hofer	Crops
Geoffrey Vanden Heuvel	Dairy

**Watermaster Staff Present**

Desi Alvarez	Chief Executive Officer
Danielle Maurizio	Senior Engineer
Joe Joswiak	Chief Financial Officer
Sherri Molino	Recording Secretary

**Watermaster Consultants Present**

Joe LeClaire	Wildermuth Environmental Inc.
Mark Wildermuth	Wildermuth Environmental Inc.

**Others Present Who Signed In**

Abigail Stecker	State of California, Department of Justice
Dan McKinney	Ag Pool Special Counsel
Marty Zvirbulis	Cucamonga Valley Water District
Paul Deutsch	Geomatrix
Eunice Ulloa	Chino Basin Water Conservation District
John Mura	City of Chino Hills
Marsha Westropp	Orange County Water District
Ryan Shaw	Inland Empire Utilities Agency
Andy Campbell	Inland Empire Utilities Agency
Chris Berch	Inland Empire Utilities Agency
Gil Aldaco	City of Chino
Tracy Egoscue	Paul Hastings

Chair Feenstra called the Agricultural Pool meeting to order at 1:01 p.m.

**AGENDA - ADDITIONS/REORDER**

No additions or reorders were made to the agenda.

**I. CONSENT CALENDAR**

**A. MINUTES**

1. Minutes of the Agricultural Pool Meeting held June 9, 2011

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of May 2011
2. Watermaster VISA Check Detail for the month of May 2011
3. Combining Schedule for the Period July 1, 2010 through May 31, 2011
4. Treasurer's Report of Financial Affairs for the Period May 1, 2011 through May 31, 2011
5. Budget vs. Actual July through May 2011

Financial Reports pulled for separate discussion and motion.

Mr. Koopman stated he pulled this item because of a couple concerns regarding the Agricultural Pool's fund balances from September 2008 through the current year. Mr. Koopman stated Mr. Joswiak asked Mr. Feenstra to provide some numbers for him; however, in reviewing the balances there seems to be a problem. Mr. Koopman offered comment on the Agricultural Pool's per diem and how that is broken down for payment to the Pool members. Mr. Koopman noted it has not been paid correctly since the Peace II Agreement was approved and this situation needs to be looked into by Watermaster staff. Mr. Koopman stated there was also money taken out of the Agricultural Pool funds for Pool expenses over and above the per diem; Watermaster staff assisted in looking up the cause for these transactions, although it was unsuccessful. Mr. Koopman offered comment on the funds taken out of their account and noted this will need to be thoroughly reviewed and an answer provided to the Agricultural Pool. Chair Feenstra stated since there is new administration at Watermaster, he decided to take a more in-depth look at the Agricultural Pool accounts and this is when questions arose. Chair Feenstra noted Watermaster provided him with four years of Agricultural Pool financial data and he is working with Watermaster staff on this matter. Chair Feenstra noted Mr. Joswiak provided a document recently which attempted to address some of the concerns. Mr. Joswiak reviewed the document in detail and noted the financial account process has been approved by Watermaster's outside auditors and is standard industry practice for earning the best interest rate. A discussion regarding this matter ensued. Mr. Joswiak stated since he has been at Watermaster, he feels very confident on any given day that he can tell any person/party where the expenses are going, how the interest is calculated, and what the fund balance is or isn't. Mr. Koopman stated Mr. Feenstra forwarded him the document that was provided by Watermaster and inquired about a dollar amount of \$16,506 which shows up in several places. Mr. Joswiak referenced the Financial Report B3 in the meeting package, explained that report in detail, and noted he does see that dollar amount; however, a forensic analysis needs to be done with that regard and he will report back once that is completed. A discussion regarding the \$16,506 amount ensued. Chair Feenstra stated this item will be worked on and then will be reported back to this committee. Mr. Koopman stated that is sufficient and moved to approve the Financial Report item and noted he looks forward to a detailed explanation on these monies.

*Motion by Koopman second by Durrington, and by unanimous vote  
Moved to approve Consent Calendar item B, as presented*

Added Item:

Chair Feenstra stated Pete Hall, our representative from the State of California, Chino Institute for Men, has waived his compensation since he has been on the Agricultural Pool Committee; however, in the last several months Mr. Hall has been without a State contract and he continues to attend these meetings without any payment. Chair Feenstra stated he now authorizes compensation payments be made for his service this year and then on a going forward basis. Chair Feenstra noted Mr. Hall will provide the necessary documentation to Watermaster staff to change his per diem status and be reimbursed accordingly. Mr. Joswiak stated that would be taken care of.

**C. WATER TRANSACTIONS**

1. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company (“Company”) has agreed to purchase from The Nicholson Trust annual production right in the amount of 7.000 acre-feet to satisfy a portion of the Company’s anticipated Chino Basin replenishment obligation for Fiscal Year 2010/2011. Date of Application: June 21, 2011, Date of Notice: July 7, 2011

*Motion by Durrington second by Koopman, and by unanimous vote*

***Moved to approve Consent Calendar items A and C, as presented***

**II. BUSINESS ITEMS****A. ACQUISITION OF RIGHT OF ENTRY AGREEMENT FOR HORIZONTAL EXTENSOMETER**

Mr. Alvarez stated this is a Right of Entry Agreement that is being presented today for your approval and authorization for Watermaster to enter into the agreement. The purpose of the agreement is to obtain access to a property for the installation of a horizontal extensometer which will be used to collect data as part of the study that is being done in conjunction with looking at land subsidence in the MZ1 area. Mr. Alvarez stated at that site there will be controlled aquifer tests which will induce some drawdown and will provide valuable data on settlement as part of this comprehensive study. Mr. Alvarez stated the agreement is for a period of 21 months and there is a fee of \$1,000 which will go to the property owner associated with the agreement. Mr. Alvarez stated staff recommends approval of the agreement, including the payment of the fee to the land owner.

*Motion by Koopman second by Novak, and by unanimous vote*

***Moved to approve Acquisition of Right of Entry Agreement for the Horizontal Extensometer and payment of \$1,000 to the land owner, as presented***

**B. UPDATE OF CHINO BASIN GROUNDWATER MODEL - (Information Item Only)**

Mr. Alvarez stated there is a groundwater model that has been prepared for the Chino Basin; the last time this model was updated was in 2007. Mr. Alvarez stated this year the model is being updated for the purpose of having a tool from which different operating scenarios can be examined; this will assist for a better operation of the basin. Mr. Alvarez stated Mr. Wildermuth is here today to give a presentation on this major effort. Mr. Wildermuth stated the technical work that he is going to discuss was originally planned in the prior year’s budget as part of the safe yield computation. Mr. Wildermuth stated when the Recharge Master Plan was updated last year, one of the items that was to be included was a recommended methodology to calculate safe yield. Mr. Wildermuth stated in Section 3 of that report the methodology was outlined in two parts. The first part was a ten year look back of computation of developed yield and a forward looking calculation for safe yield. Mr. Wildermuth stated due to budget constraints last year, this work was not included completely; only a portion of that work was included on the ten year look back on developed yield. Mr. Wildermuth stated in going forward, and looking at all the things that Watermaster is supposed to do pursuant to the Judgment, Peace Agreement, Peace II Agreement, the Rules & Regulations, and the September 2010 court order authorizing things to move forward for the Recharge Master Plan, this is a slightly expanded version of that scope. Mr. Wildermuth gave the Update to the Chino Basin Groundwater Model and Evaluation of the Basin Dynamics presentation in detail. Mr. Wildermuth thoroughly reviewed the general outline, questions that need to be answered, and what work has to be done to answer these questions. Mr. Wildermuth discussed the planning process for scenario 1 – recalibration, the planning process for scenario 2 – safe yield and balance, the planning process for scenario 3 – new yield, the planning process for scenario 4 – storage losses, and the planning process scenario 5 – transfers in detail. Mr. Wildermuth reviewed in detail what is needed from the parties and others to complete this work. Mr. Wildermuth noted a workshop needs to be held in the October time frame to discuss the calibration results. A second workshop needs to be held in the January/February time frame to present planning results. There were no questions or final comments made by any Committee members on Mr. Wildermuth’s presentation.



**C. AGRICULTURAL POOL LEGAL COUNSEL**

Chair Feenstra stated he informed the Watermaster CEO that the Agricultural Pool is going to consider today retaining general counsel to replace Steve Lee. Chair Feenstra stated that a discussion and/or decision will be made today in closed session. Chair Feenstra stated he wanted to introduce the candidate for this position who is present in the audience; Tracy Egoscue, Attorney at Law, of Paul Hastings. Chair Feenstra stated as instructed by the Agricultural Pool members that changes be made to their general counsel, another addition was made to retain a special counsel for the purposes of the Restated Judgment in the hiring of Dan McKinney. Chair Feenstra stated Mr. McKinney is the attorney who assisted in the negotiations of the Judgment/Peace Agreement. Chair Feenstra stated he will be handing out some background information on Ms. Egoscue during the confidential session.

**III. REPORTS/UPDATES****A. WATERMASTER GENERAL LEGAL COUNSEL REPORT****1. Paragraph 31 Appeal**

Counsel Fife stated there is not much to add regarding the Paragraph 31 appeal from Watermaster's perspective. Counsel Fife stated Watermaster filed its reply brief in June and, since then, there have been settlement discussions going on between the Appropriative Pool and the Non-Agricultural Pool. Counsel Fife stated Watermaster has been involved only to facilitate those discussions; no settlement has been reached to date. Counsel Fife stated the Appropriative Pool is currently scheduled to file its reply brief on July 25, 2011.

**2. Restated Watermaster Judgment**

Counsel Fife stated there was a workshop on the Restated Watermaster Judgment on July 7, 2011. Counsel Fife stated there had been discussions on broadening the scope of the assignment that Judge Reichert gave to Watermaster. At the workshop last week three possible avenues were discussed for working on this assignment. The first one was to strictly adhere to what Judge Reichert assigned, which is to take the language of the amendments as they were approved over the course of the years since 1978, cut and paste them into the Judgment, and have some indication of where those changes were made. The group was supportive of creating such a document, which will be an unchanged document, except for plug-ins of the amendments as they were made. Counsel Fife stated there was support for doing it that way and that draft will be available next week. Counsel Fife stated that format will be provided to Judge Reichert at the September 30, 2011 hearing for his approval. There was also a discussion on doing something more than what was required by Judge Reichert. An annotated Judgment which will be an unofficial document, not adopted by the court, that would contain footnotes so that for any given section of the Judgment a person/party could cross-reference the Peace Agreement, the Rules & Regulations, etc. There were discussions on possibly having work groups to work on various parts of this annotated Judgment. This is something that will be worked on an ongoing basis after the other document is produced and taken to court. The third alternative is to actually go in and update the language and change the Judgment; there was no support at the workshop for this to be done. Counsel Fife stated the goal is to stick to a Restated Judgment and not a rewritten Judgment. Chair Feenstra noted several of the Agricultural Pool members attended that workshop, as well as Mr. McKinney, and he asked that he be allowed to give a brief update. Mr. McKinney stated the group generally agreed that the stakeholders did not want to tackle a complete rewrite of the Judgment. Mr. McKinney stated he understood Watermaster was going forward with three probable phases of this endeavor; 1) Phase 1 will be to take Judgment and update it with all of the amendments, which is exactly what Judge Reichert asked for; 2) Phase 2 is the annotated package including annotation on the Peace Agreement, the Peace II Agreement, the Rules & Regulations, the Implementation Plan, and the Judgment so that one document contains references to other documents, and 3) Phase 3 which will be created once Phase 2 is completed so that people/parties will see inconsistencies and problems which will need to be flagged and addressed; this will solve any inconsistencies found during the Phase 2 process. Mr. Durrington inquired that, once this project is done, are all those previous documents no longer of use. Mr. McKinney stated the decision was to not tackle that right

now, and to only create a Judgment with the amendments built into it. That is what Judge Reichert will probably adopt as the Restated Judgment. Mr. McKinney stated the next phase will be the annotated document and will most likely have a caveat that states, "This is not an official document and does not supersede the previous agreements". Chair Feenstra offered comment on recent meetings that took place with Watermaster staff and some members of the Agricultural Pool regarding well owners/locations. Counsel Fife stated that is actually going to be the most difficult task in this process. Counsel Fife stated he has spoken to Mr. McKinney about this section. Counsel Fife offered history on the well location/owner project because it was created in 1978, and many changes in well locations and owners has taken place over time. Counsel Fife stated there will be due process issues, so a plan will need to be taken to the court for approval that meets due process requirements and will adequately provide notice to people so that the court has jurisdiction over them; this is currently being worked on. Mr. McKinney stated a process needs to be created whereby a certified letter, or something that requires a signature, is sent out and then they are deemed to be on notice or deemed to be intervened without having to be sued. Mr. Pierson inquired about the normal intervening procedure for those people/parties. Counsel Fife stated that is the question – what is the easiest way to proceed, because it is easy when someone voluntarily intervenes; however, that is a totally different when someone does not want anything to do with the Judgment. Counsel Fife offered comment on the possible interventions or intervention problems; the court will need to approve what procedure is eventually decided on with this regard. Mr. Pierson inquired about the Restated Judgment being put on the Watermaster ftp site and Counsel Fife stated that it would be on the website next week for review. Ms. Novak stated she was happy to hear this is going to be a very limited scope of work for Phase 1 and Phase 2, and offered comment on the potential working groups. Ms. Novak stated it is good that the Agricultural Pool will have a say in all those meaningful parts and not just one committee will be handling everything, but several groups offering their input. Ms. Novak stated her impression of Phase 3 is that, by that point in time, people/parties will know if there are contradictions and whether there is antiquated language that some people feel need modernizing and then, at that time, this committee can decide if we want to get involved in it at all. Chair Feenstra inquired about the September 30, 2011 due date, and if the parties will be ready to go to court by then. Mr. Alvarez stated he believes everyone is going to do their very best to meet that court date.

3. September 30, 2011 Hearing

Counsel Fife stated this is the hearing which was going to take place on July 8, 2011; however, it has been continued to September 30, 2011. Counsel Fife stated the main subject for that hearing is the Desalter Resolution. Metropolitan Water District has approved the LRP Funding Agreement, which was the last Condition Subsequent on that agreement. Counsel Fife stated the pleadings for that hearing will be drafted in August for the September hearing. Counsel Fife stated the goal is to have Phase 1 for the Restated Judgment completed for the approval by the court at that time. Chair Feenstra stated he would like to suggest to Mr. McKinney that, at the appropriate time in September when he thinks he is getting close to the finish of Phase 1, maybe it would be best to hold a workshop to go through those areas that may have an effect on the Agricultural Pool and/or could have an effect on the Judgment; this is important to stay focused on. Mr. McKinney stated he doubts there will be a lot of controversy over bringing the amendments forward for the Judgment, but we may want to have a conversation on how we are going to bring in the reluctant potential members of the Agricultural Pool – whether we do it by knocking on doors or by force through the court, but this is a part of Phase 1.

## **B. ENGINEERING REPORT**

1. Progress Report on the State of the Basin Report

Mr. Wildermuth stated that, back when the Judge approved the Peace Agreement; it was a requirement at that time that every two years a State of the Basin Report would be done. Mr. Wildermuth stated this report, which contains all the analytical work, is done and staff is trying to pull the final graphics together. This year it is going to be done differently. Instead of being a big binder with lots of drawings and lots of text, it is going to be just a coffee table

size book, unfolded with no text and only annotated charts, maps, and tables. Mr. Wildermuth stated this is an experiment, included in last year's budget that would be tried this new way, which will save money and provide just the key exhibits. Mr. Wildermuth stated that, if later, Watermaster wants a full on text version of this report, that can be done in a subsequent report. Mr. Wildermuth stated that report will be available near the end of this month and will be on the Watermaster website, with limited hard copies being made available.

2. Water Quality Report as Requested by the Ag Pool

Chair Feenstra stated some members of the Agricultural Pool were able to see a preview of Mr. LeClaire's presentation on the South Archibald Plume. Mr. LeClaire stated he was asked to give a brief summary of the South Archibald Plume (formerly known as the Ontario Airport Plume) as a platform to begin dialog on possible direction that Watermaster might want to take regarding this plume. Mr. LeClaire stated TCE was first discovered in about the mid 1980's by testing and sampling done by Wildermuth Environmental. Subsequently, the Regional Board did some of their own sampling in the late 80's and early 90's and confirmed those findings. For Watermaster, some sampling was done in the 1999/2000 time frame, and this plume was defined by sampling approximately 600 to 700 wells over a three year period. Mr. LeClaire stated the sampling of wells has scaled down to approximately 125 over a three year period. Mr. LeClaire gave the South Archibald Plume presentation, which included several aerial maps, a histogram showing the distribution of Hexavalent Chromium in the Chino Basin, regulatory status, a summary on Hexavalent Chromium and offered a detailed summary of the plume. Chair Feenstra thanked Mr. LeClaire for a great presentation. Chair Feenstra stated that in the minutes of the Regional Water Quality Control Board (RWQCB) going back as late as 1967/68, it showed that the RWQCB was aware of those high levels of contaminants. In the years to follow TCE became a bigger issue and, about four or five years ago, this was discussed at length at several Agricultural Pool meetings. Chair Feenstra stated at those meetings it was requested that samples be taken at certain wells; however, those were not done. Chair Feenstra offered further comments regarding this matter. Chair Feenstra stated Watermaster now has some funds available in the new budget to hopefully perform these needed well samples and tests. Chair Feenstra requested Mr. LeClaire pull up one of the presentation slides and inquired as to why potable water was being made available to a dairy on Edison. Chair Feenstra offered comment on the health and safety issues of people in that area and on the responsibility of this board to do some sampling in that area. Chair Feenstra offered comment on the people who don't have potable water hookups and/or have refused them, to get the word out to them with this regard. Chair Feenstra noted that maybe that particular area shown on the slide needs to be expanded. Chair Feenstra offered comment on the Chino Plume. A discussion on the blue area of the presentation slide ensued. Mr. Koopman stated we all owe a responsibility to those people who are not on potable water and it is so unfortunate it has taken so long to get things going. Mr. Koopman inquired about available Watermaster funds for some testing and inquired about what testing Watermaster is going to do. Mr. Koopman also inquired if that would that be solely a cost to Watermaster, or is the ABGL Group going to contribute. Mr. Alvarez stated at this point in time Watermaster is going to put together a sampling and monitoring program to better characterize the plume, and that would be a Watermaster cost. Mr. Alvarez commented on putting individual well owners on potable water that currently are not, and probably should be, and noted that this is not something that Watermaster would be funding. Mr. Koopman stated he knows about the potable water; however, as an Agricultural Pool, we personally have some responsibility to try to get those people on potable water and that is not a Watermaster function. Mr. Koopman stated if the sampling and testing is going to be solely a Watermaster task, he feels the other group should not have any input into what is tested or where it's tested. Mr. Koopman offered comment on the Riverside Drive well; this well needs to be tested. Mr. Alvarez stated Watermaster will be responsible for developing the scope of work of what is going to be tested, and staff is also going to work with the other groups in terms of trying to get their data. Ms. Novak stated her understanding is that the ABGL Group met with the RWQCB, as well as the cities of Ontario, Upland, IEUA, and a few other represented agencies, and

that a working group has been put together from that meeting for the purpose of determining the scope of sampling while using Watermaster sampling funds and inquired if that is Watermaster's understanding. Mr. Alvarez stated that is his understanding; however, that working group has not met yet and it is still being assembled. Mr. Koopman stated IEUA is attending the meetings; however, are only there to listen and are offering no input. Ms. Novak stated that was not her intention to implicate that IEUA has any responsibility, and actually when the PRP group makes their presentations raises the point that when IEUA took over that facility, they went on to a different type of treatment that no longer would require spreading ponds that they believe transmitted the contaminants into the ground. Mr. Koopman stated that is the reason IEUA is a spectator. Mr. Durrington inquired about the people who turned down the potable water. Chair Feenstra stated they are mostly land owners. Mr. Durrington offered comment on the history regarding tests and wondered when the actual clean up will start and testing will stop. Chair Feenstra stated he thinks the ABGL Group has done a fair job and has received all the reports and presentations given to this Pool; however, it is time to move this process along. Mr. Alvarez stated we are going to move this process forward and we will be doing the sampling, monitoring, and characterization – we will also be working with the RWQCB and it will be their responsibility to ensure there is a cleanup plan that actually gets implemented. A lengthy discussion regarding Mr. Alvarez's comments and the RWQCB involvement ensued. Chair Feenstra inquired from Mr. LeClaire about the wells that are going to be tested, and is the Agricultural Pool receiving the results. Mr. LeClaire stated that is correct. Chair Feenstra offered closing comments. Ms. Novak stated she is willing to go and speak to the various sides and see what they think they need and what they think the problem is, and then bring back a summary with a recommendation back at a later date. Chair Feenstra stated he would welcome that assistance.

### C. CEO/STAFF REPORT

#### 1. Recharge Update

Mr. Alvarez stated on May 16, 2011 Watermaster started taking deliveries from water purchased from Metropolitan Water District (MWD). Mr. Alvarez stated the goal was to take in 50,000 acre-feet of water from that date through the end of the year. Mr. Alvarez stated to-date there has been 12,700 acre-feet taken in, which is at about 80% of the anticipated goal. Mr. Alvarez stated a few of the basins are in the process of having maintenance work done on them which will assist in taking in more water; however, even with those repairs, staff is not positive the entire 50,000 acre-feet will be able to be taken in. Mr. Alvarez stated the second part of this item is regarding the financing of the water. Mr. Alvarez stated staff was directed to work out financing arrangements and one of those possibilities is a loan with the Chino Basin Water Conservation District (CBWCD). Mr. Alvarez stated recently the CBWCD board of directors met and approved a loan up to \$5M to Watermaster and authorized their general manager to execute a loan agreement with Watermaster subject to a few conditions; 1) The interest on the loan will be variable of LAIF plus 1.5%, 2) The interest will be paid at quarterly intervals with the principal due and payable in one lump sum in January 2015, and 3) The loan on the agreement, once it is approved by the Watermaster Board, is to be presented to the court for approval, recognizing that Watermaster, under its authority, is actually able to enter into a loan agreement to borrow money and will be pledging a future assessment for purposes of repaying those funds. Mr. Alvarez stated the draft of that agreement was finished today and was sent to the general counsel of CBWCD for review. Mr. Alvarez stated he hopes that will be completed and be taken to the Advisory Committee for approval next week, and to the Watermaster Board at the end of the month. Mr. Koopman inquired when the first payment is due to MWD. Mr. Alvarez stated MWD is billing for that water at the end of every month and a bill has already been received; the water is being purchased by Watermaster, but then some of that water is going into storage accounts with Niagara Water Company and Fontana Water Company meaning the first part of that water is being paid for through those agreements. Mr. Koopman stated he is assuming that all final agreements have to go through the entire Watermaster process for approval. Mr. Koopman inquired if there is going to be enough time to receive monies to pay for that water. Mr. Alvarez stated time-wise everything is alright and with this financing package and storage agreements that have already been

executed, everything will be fine. Mr. Alvarez stated there is another arrangement that is going to be moving forward with Inland Empire Utilities Agency (IEUA) next month. Mr. Alvarez stated the drop-dead date is in August.

Added Comment:

Chair Feenstra stated at the last Advisory Committee meeting last month, the motion which was put before the Agricultural Pool was not to accept the \$100,000 funds for Special Counsel to review the work done on the Restated Judgment. Chair Feenstra stated there is going to be a Public Hearing at the next Watermaster Board meeting later this month on that matter. Chair Feenstra stated currently there is not a viable budget to bring before that hearing; it will be open for consideration at that time and he noted it really should be dealt with today. Mr. Durrington inquired how we deal with it today when it was already denied. Chair Feenstra stated the difference is that expenses are being incurred by the Agricultural Pool on the Restated Judgment without budgeted funds to pay special counsel. Mr. Pierson stated the budgetary process is one issue, and there is already a practical process of needing to protect ourselves, and the agreements that are already in place allow the Agricultural Pool to expend certain dollars. Mr. Pierson stated depending upon the amounts that are spent on a monthly basis, when those funds are diminished, the CEO of Watermaster has the authorization to allow transfers up to \$10,000, and then that will probably cover expenses. Mr. Koopman stated the Agricultural Pool came up with a budget and the Pool members approved the \$100,000 budget for special counsel; the Appropriative Pool passed the Watermaster budget without the \$100,000 but that does not change what this Pool says the budget is. Mr. Koopman stated at the recent Advisory Committee meeting it was mentioned by one member that maybe there is some middle ground for the \$100,000 that could be settled on. Mr. Koopman offered comment on an incident that happened several years ago when the Agricultural Pool attempted to approach the Appropriative Pool for money and commented on the budget process history. Ms. Novak stated she can remember when the Agricultural Pool was not even asked to be a part of the budgeting process or provide any justification on how monies, of which we are entitled to under the Judgment, are spent. Ms. Novak stated a few years ago the Agricultural Pool agreed to be a part of that process and provide a number for the upcoming year. Ms. Novak stated by presenting the numbers this year, the Agricultural Pool has met the Appropriative Pool's request. Ms. Novak stated at the recent Advisory Committee meeting she noted she will consider a compromise, and yet there was none offered at that time. Ms. Novak stated at the time, Mr. Alvarez, Mr. Feenstra, and Mr. McKinney figured out the best number they could with the amount of information they had on what was needed to complete the Restated Judgment, and that is the number that was presented. Ms. Novak stated a 2<sup>nd</sup> Budget Workshop has been held since that time and better identification on the scope of work was provided, and the Pool is still open for discussion as to whether it still needs to be \$100,000 or if another number can be agreed upon. Ms. Novak stated she does not think whether it is budgeted or not, affects the Agricultural Pool's ability to demand it legally and that is independently enforceable from whether it's included in the budget. Ms. Novak stated if the Appropriative Pool wants to keep those monies out of the budget and does not want the appropriate assessments to cover that amount of money that is their business; however, legally the Agricultural Pool is entitled to request it. Chair Feenstra offered comment on Ms. Novak's comments and this situation. Mr. Geoffrey Vanden Heuvel stated he is one of the representatives of the Agricultural Pool on the Watermaster Board. Mr. Vanden Heuvel stated the vote at the recent Advisory Committee meeting was less than a mandate and a Public Hearing has been scheduled for the next Watermaster Board meeting; this is one of the rare instances where the Board does have discretion because it was not a mandate vote. Mr. Vanden Heuvel stated he and Paul Hofer, another Agricultural Pool representative on the Board, have the opportunity to offer alternatives and clearly a zero budget is unacceptable. Mr. Vanden Heuvel asked for some guidance from the Agricultural Pool as to an appropriate number now that a clearer scope of work has been established. Chair Feenstra stated the Agricultural Pool will present today an outline of proposed costs and unless otherwise told, he will speak at the Public Hearing. Chair Feenstra noted that during the closed session there will be a recommendation for new general counsel. Mr. McKinney stated he would echo what Ms. Novak stated in her comments today. Mr. McKinney read from the Peace Agreement 5.4(a) regarding all expenses of the Agricultural Pool are to be paid by the Appropriative Pool process which assists the Appropriative Pool to understand and make their proper assessments and has nothing to do with the Agricultural Pool expenses being paid or not. Mr. McKinney stated he was directed to put together a

more detailed budget and that is what was done. Mr. Pierson stated he is very happy Mr. McKinney has put together a budget because that is one of the things we did not have, including a better scope of work; this justification should be the basis of what our board members have when they address parties at the Public Hearing. Mr. Pierson stated if only a certain dollar amount is approved, he expects a budget transfer to go unopposed through the Pools, through the Advisory, and through the Watermaster Board as stated at more than one meeting recently. A discussion regarding this subject ensued. Mr. deBoom inquired about the process now that there is a Public Hearing scheduled. Mr. Alvarez stated it is a Public Hearing before the Watermaster Board for approval of the budget, and at that point this issue will come up and the Board will have the discretion to approve or disapprove this item. Mr. deBoom inquired if Mr. Vanden Heuvel and Mr. Hofer have enough information with the proposed budget to move this forward. Mr. Alvarez stated it is his understanding supplemental information for the breakdown of costs and time for this matter will be provided today and will also be made available to the Watermaster Board. Chair Feenstra stated the appointed representatives for the Agricultural Pool are to carry out the direction from this board. A lengthy discussion regarding payments for the Agricultural Pool, the proposed budget process, costs for general counsel, costs for special counsel, and who should attend meetings ensued. Mr. Hofer stated the Agricultural Pool has tremendous stability with many people being on this board for many years; however, several colleagues from the other Pools are perhaps unaware of this history due to the change/turnover in representatives, and are not completely conscious of what the Agricultural Pool gave up and how much water the Agricultural Pool was originally allocated in this valley. When you put a dollar value to that along with other things that were given up it's a tremendous amount of money. Mr. Hofer offered further comment on the history of the Agricultural Pool's value and what was given up over the years. Mr. Hofer stated it might be to our collective advantage to refresh everybody's memory as to what the history is and why Agricultural is here at the table. Chair Feenstra offered closing comments.

#### **D. INLAND EMPIRE UTILITIES AGENCY PRESENTATION**

##### **1. GWR Update – Andy Campbell**

Mr. Campbell stated he is here today to give an update on the Groundwater Recharge Program. Mr. Campbell gave the Recycled Water Groundwater Recharge Program Background and Status Update. Mr. Campbell evaluated a map of the Chino Basin Recharge Facilities Overview in detail. Mr. Campbell reviewed the chronology of the Recharge Program from 1978 through the present. Mr. Campbell discussed the permitting overview, recycled water contribution, permit amendment process, and key changes of the 2009 permit amendment in detail. Mr. Campbell explained the recharge site recycled water contribution graph and management plans. Mr. Campbell reviewed several charts on historical and planned recharge. Mr. Campbell stated that fiscal year 2010/2011 was a record year for recycled water recharge and reviewed a slide showing the acre-feet recharged during this period. Mr. Campbell discussed the value of groundwater recharge and Metropolitan Water District's water rates in detail. Mr. Campbell stated investment in the basin modifications is approximately \$50 million dollars, with 50% being grant funded. Mr. Campbell stated IEUA coordinates introduction of recharge waters and basin operation and maintenance and noted Watermaster pays for operation and maintenance minus IEUA's pro rata cost share for recycled water. Mr. Campbell stated the basins need to be ready to take all waters at any time and he reviewed the various Chino Basins in detail. Mr. Campbell discussed proactive basin maintenance, which maximizes capture of available water and discussed what maintenance is and why it's important, along with proactive annual cleaning. Mr. Campbell discussed improvement ideas for increased stormwater capture in detail. Mr. Campbell reviewed maps of the San Sevaine Basin Pump Station and the Turner/Guasti Project Status. A discussion regarding Mr. Campbell's presentation ensued.

#### **IV. INFORMATION**

##### **1. Cash Disbursements for June 2011**

No comment was made regarding this item.

##### **2. 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.

The regular open Agricultural Pool meeting was convened to hold its confidential session at 3:17 p.m.

**VII. CONFIDENTIAL SESSION - POSSIBLE ACTION**

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

The confidential session concluded at 4:00 p.m.

Motion was provided in writing by Jennifer Novak.

*Motion by Pierson second by Koopman, and by unanimous vote, Novak abstained*

***Moved to approve the retention of Tracy J. Egoscue, Attorney at Law, of Paul Hastings as general counsel of the Agricultural Pool***

**VIII. FUTURE MEETINGS**

Thursday, July 14, 2011	9:00 a.m.	Appropriative Pool Meeting @ CBWM
Thursday, July 14, 2011	11:00 a.m.	Non-Agricultural Pool Conference Call Meeting
Thursday, July 14, 2011	1:00 p.m.	Agricultural Pool Meeting @ CBWM
Thursday, July 21, 2011	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
Thursday, July 21, 2011	9:00 a.m.	Advisory Committee Meeting @ CBWM
Thursday, July 21, 2011	10:30 a.m.	Land Subsidence Committee Meeting @ CBWM
Tuesday, July 26, 2011	9:00 a.m.	GRCC Meeting @ CBWM
Thursday, July 28, 2011	11:00 a.m.	Watermaster Public Hearing @ CBWM
Thursday, July 28, 2011	11:00 a.m.	Watermaster Board Meeting @ CBWM
Friday, September 30, 2011	10:30 a.m.	Watermaster Court Hearing @ Chino Court

Chair Feenstra dismissed the Agricultural Pool Committee meeting at 4:05 p.m.

Secretary: \_\_\_\_\_

Minutes Approved: \_\_\_\_\_





# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR (App & Ag Pool)

### B. FINANCIAL REPORTS

1. Cash Disbursements for the month of June 2011
2. Watermaster VISA Check Detail for the month of June 2011
3. Combining Schedule for the Period July 1, 2011 through June 30, 2011
4. Treasurer's Report of Financial Affairs for the Period June 1, 2011 through June 30, 2011
5. Budget vs. Actual July 2010 through June 2011

## I. BUSINESS ITEM (Non-Ag Pool)

### B. FINANCIAL REPORTS

1. Cash Disbursements for the month of June 2011
2. Watermaster VISA Check Detail for the month of June 2011
3. Combining Schedule for the Period July 1, 2011 through June 30, 2011
4. Treasurer's Report of Financial Affairs for the Period June 1, 2011 through June 30, 2011
5. Budget vs. Actual July 2010 through June 2011





# CHINO BASIN WATERMASTER

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DESI ALVAREZ, PE  
Chief Executive Officer

## STAFF REPORT

**DATE:** August 11, 2011  
**TO:** Committee Members  
**SUBJECT:** Cash Disbursement Report – Financial Report B1

### SUMMARY

**Issue** – Record of cash disbursements for the month of June 2011.

**Recommendation** – Staff recommends the Cash Disbursements for June 2011 be received and filed as presented.

**Fiscal Impact** – Funds disbursed were included in the FY 2010-2011 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 June 2011 were \$6,489,070.07. The most significant expenditures during the month were the City of Chino in the amount of \$2,137,364.44 (check number 15152 dated June 6, 2011 for replenishment water purchase), Inland Empire Utilities Agency in the amount of \$1,539,791.78 (check number 15193 dated June 28, 2011 for MWD water purchase) and the City of Upland in the amount of \$1,176,916.43 (check number 15158 dated June 6, 2011 for replenishment water purchase).

### Actions:

- August 11, 2011 Appropriative Pool –
- August 11, 2011 Non-Agricultural Pool –
- August 11, 2011 Agricultural Pool –
- August 18, 2011 Advisory Committee –
- August 25, 2011 Watermaster Board –

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CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of  
June 2011

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	06/02/2011	15132	ARROWHEAD MOUNTAIN SPRING WATER		1012 - Bank of America Gen'l Ckg	
Bill	05/31/2011	0023230253		Office Water Bottle - May 2011	6031.7 - Other Office Supplies	30.12
TOTAL						30.12
Bill Pmt -Check	06/02/2011	15133	BOWCOCK, ROBERT		1012 - Bank of America Gen'l Ckg	
Bill	05/13/2011	5/13 Admin Mtg		5/13/11 Administrative Meeting	6311 - Board Member Compensation	125.00
Bill	05/19/2011	5/19 Budget Wkshp		5/19/11 Budget Workshop	6311 - Board Member Compensation	125.00
Bill	05/26/2011	5/26 Board Mtg		5/26/11 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						375.00
Bill Pmt -Check	06/02/2011	15134	DIRECTV		1012 - Bank of America Gen'l Ckg	
Bill	05/31/2011	019447404		Service for 5/19/11-6/18/11	6031.7 - Other Office Supplies	86.99
TOTAL						86.99
Bill Pmt -Check	06/02/2011	15135	ELIE, STEVEN		1012 - Bank of America Gen'l Ckg	
Bill	05/19/2011	5/19 Admin Mtg		5/19/11 Administrative Meeting	6311 - Board Member Compensation	125.00
TOTAL						125.00
Bill Pmt -Check	06/02/2011	15136	HAUGHEY, TOMI		1012 - Bank of America Gen'l Ckg	
Bill	05/13/2011	5/13 Admin Mtg		5/13/11 Administrative Meeting	6311 - Board Member Compensation	125.00
Bill	05/26/2011	5/26 Board Mtg		5/26/11 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						250.00
Bill Pmt -Check	06/02/2011	15137	KUHN, BOB		1012 - Bank of America Gen'l Ckg	
Bill	05/04/2011	5/04 Admin Mtg		5/04/11 Administrative Meeting	6311 - Board Member Compensation	125.00
Bill	05/19/2011	5/19 Advisory Comm		5/19/11 Advisory Committee Meeting	6311 - Board Member Compensation	125.00
Bill	05/23/2011	5/23 P 31 Mot Mtg		5/23/11 Paragraph 31 Motion Meeting	6311 - Board Member Compensation	125.00
Bill	05/26/2011	5/26 Board Mtg		5/26/11 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						500.00
Bill Pmt -Check	06/02/2011	15138	LANTZ, PAULA		1012 - Bank of America Gen'l Ckg	
Bill	05/13/2011	5/13 Admin Mtg		5/13/11 Administrative Meeting	6311 - Board Member Compensation	125.00
Bill	05/26/2011	5/26 Board Mtg		5/26/11 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						250.00
Bill Pmt -Check	06/02/2011	15139	MWH LABORATORIES		1012 - Bank of America Gen'l Ckg	
Bill	05/31/2011	L0055302		L0055302 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	1,532.00
Bill	05/31/2011	L0056445		L0056445 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	615.00
Bill	05/31/2011	L0056444		L0056444 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	2,065.00
Bill	05/31/2011	L0055911		L0055911 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	2,065.00

CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of  
June 2011

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	05/31/2011	L0055301		L0055301 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	2,065.00
Bill	05/31/2011	L0055300		L0055300 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	615.00
Bill	05/31/2011	L0054371		L0054371 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	2,360.00
<b>TOTAL</b>						<b>11,317.00</b>
<b>Bill Pmt -Check</b>	<b>06/02/2011</b>	<b>15140</b>	<b>PARK PLACE COMPUTER SOLUTIONS, INC.</b>		<b>1012 - Bank of America Gen'l Ckg</b>	<b>4,575.00</b>
Bill	05/31/2011	451		IT Service - May 2011	6052.1 - Park Place Comp Solutn	4,575.00
<b>TOTAL</b>						<b>4,575.00</b>
<b>Bill Pmt -Check</b>	<b>06/02/2011</b>	<b>15141</b>	<b>PURCHASE POWER</b>		<b>1012 - Bank of America Gen'l Ckg</b>	<b>20.73</b>
Bill	05/31/2011	8000909000168851		fed ex shipments to: Jennifer Novak	6042 - Postage - General	20.73
<b>TOTAL</b>						<b>20.73</b>
<b>Bill Pmt -Check</b>	<b>06/02/2011</b>	<b>15142</b>	<b>R&amp;D PEST SERVICES</b>		<b>1012 - Bank of America Gen'l Ckg</b>	<b>85.00</b>
Bill	05/31/2011	0143748		Pest and bug services	6024 - Building Repair & Maintenance	85.00
<b>TOTAL</b>						<b>85.00</b>
<b>Bill Pmt -Check</b>	<b>06/02/2011</b>	<b>15143</b>	<b>STANDARD INSURANCE CO.</b>		<b>1012 - Bank of America Gen'l Ckg</b>	<b>502.20</b>
Bill	05/31/2011	006408880009		Policy # 00-640888-0009 Life and AD&D Policy # 00-640888-0009	60191 - Life & Disab.ins Benefits	502.20
<b>TOTAL</b>						<b>502.20</b>
<b>Bill Pmt -Check</b>	<b>06/02/2011</b>	<b>15144</b>	<b>STAPLES BUSINESS ADVANTAGE</b>		<b>1012 - Bank of America Gen'l Ckg</b>	<b>185.64</b>
Bill	05/14/2011	8018598067		toner, mounting squares, first aid supplies	6031.7 - Other Office Supplies	185.64
<b>TOTAL</b>						<b>185.64</b>
<b>Bill Pmt -Check</b>	<b>06/02/2011</b>	<b>15145</b>	<b>STATE COMPENSATION INSURANCE FUND</b>		<b>1012 - Bank of America Gen'l Ckg</b>	<b>719.01</b>
Bill	05/31/2011	1615535-11		Workers Comp Premium - 1615535-11	60183 - Worker's Comp Insurance	719.01
<b>TOTAL</b>						<b>719.01</b>
<b>Bill Pmt -Check</b>	<b>06/02/2011</b>	<b>15146</b>	<b>THE LAWTON GROUP</b>		<b>1012 - Bank of America Gen'l Ckg</b>	<b>824.00</b>
Bill	05/31/2011	1VC070000017054		Week Ending 5/22/2011	6017 - Temporary Services	824.00
Bill	05/31/2011	1VC070000017027		Week Ending 5/15/2011	6017 - Temporary Services	769.00
<b>TOTAL</b>						<b>1,593.00</b>
<b>Bill Pmt -Check</b>	<b>06/02/2011</b>	<b>15147</b>	<b>UNITED HEALTHCARE</b>		<b>1012 - Bank of America Gen'l Ckg</b>	<b>311.31</b>
Bill	05/31/2011	0024191572		Dental Insurance Premium	60182.2 - Dental & Vision Ins	311.31
<b>TOTAL</b>						<b>311.31</b>
<b>Bill Pmt -Check</b>	<b>06/02/2011</b>	<b>15148</b>	<b>VANDEN HEUVEL, GEOFFREY</b>		<b>1012 - Bank of America Gen'l Ckg</b>	<b>125.00</b>
Bill	05/09/2011	5/09 Ad Hoc Comm Mtg		5/09/11 Ad Hoc Committee Meeting	6311 - Board Member Compensation	125.00
Bill	05/12/2011	5/12 AdmIn Mtg		5/12/11 Administrative Meeting	6311 - Board Member Compensation	125.00
<b>TOTAL</b>						<b>125.00</b>

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CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of  
June 2011

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	05/23/2011	5/23 P 31 Mot Mtg		5/23/11 Paragraph 31 Motion Meeting	6311 · Board Member Compensation	125.00
Bill	05/26/2011	5/26 Board Mtg		5/26/11 Board Meeting	6311 · Board Member Compensation	125.00
TOTAL						500.00
Bill Pmt -Check	06/02/2011	15149	VERIZON		1012 · Bank of America Gen'l Ckg	
Bill	05/31/2011	012561121521714508		012561121521714508	7405 · PE4-Other Expense	163.26
Bill	05/31/2011	012519116950792103		012519116950792103	6022 · Telephone	453.92
TOTAL						617.18
Bill Pmt -Check	06/02/2011	15150	VISION SERVICE PLAN		1012 · Bank of America Gen'l Ckg	
Bill	05/31/2011	001017890001		Vision Insurance Premium - June 2011	60182.2 · Dental & Vision Ins	52.93
TOTAL						52.93
Bill Pmt -Check	06/02/2011	15151	WILLIS, KENNETH		1012 · Bank of America Gen'l Ckg	
Bill	05/04/2011	5/14 Admin Mtg		5/04/11 Administrative Meeting	6311 · Board Member Compensation	125.00
Bill	05/09/2011	5/09 Ad Hoc Comm		5/09/11 Ad Hoc Committee Meeting	6311 · Board Member Compensation	125.00
Bill	05/23/2011	5/23 P 31 Motion		5/23/11 Paragraph 31 Motion Meeting	6311 · Board Member Compensation	125.00
Bill	05/26/2011	5/26 Board Mtg		5/26/11 Board Meeting	6311 · Board Member Compensation	125.00
TOTAL						500.00
Bill Pmt -Check	06/06/2011	15152	CHINO, CITY OF - FINANCE DEPT		1012 · Bank of America Gen'l Ckg	
Bill	06/01/2011			FY 10-11 Replenishment Water	5011 · Replenishment Water	2,137,364.44
TOTAL						2,137,364.44
Bill Pmt -Check	06/06/2011	15153	CITY OF POMONA		1012 · Bank of America Gen'l Ckg	
Bill	06/01/2011			FY 10-11 Replenishment Water	5011 · Replenishment Water	840,654.59
TOTAL						840,654.59
Bill Pmt -Check	06/06/2011	15154	INLAND EMPIRE UTILITIES AGENCY		1012 · Bank of America Gen'l Ckg	
Bill	06/01/2011			VOID: 1800001887	5011 · Replenishment Water	25,219.59
TOTAL						25,219.59
Bill Pmt -Check	06/06/2011	15155	ONTARIO, CITY OF*		1012 · Bank of America Gen'l Ckg	
Bill	06/01/2011			FY 10-11 Replenishment Water	5011 · Replenishment Water	504,392.75
TOTAL						504,392.75
Bill Pmt -Check	06/06/2011	15156	SANTA ANA RIVER WATER COMPANY		1012 · Bank of America Gen'l Ckg	
Bill	06/01/2011			FY 10-11 Replenishment Water	5011 · Replenishment Water	504,392.75
TOTAL						504,392.75
Bill Pmt -Check	06/06/2011	15157	STATE OF CA - DEPT OF CONSUMER AFFAIRS		1012 · Bank of America Gen'l Ckg	
Bill	05/31/2011			61463 Renew Civil Engineer Certificate - D. Maurizio	6111 · Membership Dues	125.00
TOTAL						125.00

TOTAL  
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CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of  
June 2011

Type	Date	Num	Name	Memo	Account	Paid Amount
TOTAL						125.00
Bill Pmt -Check	06/06/2011	15158	UPLAND, CITY OF	FY 10-11 Replenishment Water	1012 - Bank of America Gen'l Ckg 5011 - Replenishment Water	1,176,916.43
Bill	06/01/2011					1,176,916.43
TOTAL						
Bill Pmt -Check	06/06/2011	15159	INLAND EMPIRE UTILITIES AGENCY	1800001887	1012 - Bank of America Gen'l Ckg 6909 - OBMP Other Expenses	5,159.96
Bill	05/31/2011	1800001887				5,159.96
TOTAL						
Bill Pmt -Check	06/07/2011	15160	CITISTREET	Payroll and Taxes for 05/15/11-05/28/11	1012 - Bank of America Gen'l Ckg 2000 - Accounts Payable	1,385.66
General Journal	05/28/2011		CITISTREET	457 Employee Deductions for 05/15/11-05/28/11		1,385.66
TOTAL						
Bill Pmt -Check	06/07/2011	15161	GEOTECHNICAL SERVICES	13191	1012 - Bank of America Gen'l Ckg 7104.7 - Grdwtr Level-WM Staff-Cap Equip	9,248.56
Bill	05/31/2011	13191				9,248.56
TOTAL						
Bill Pmt -Check	06/07/2011	15162	GRAINGER	9552585839	1012 - Bank of America Gen'l Ckg 7104.6 - Grdwtr Level-Supplies	39.54
Bill	06/06/2011	9552585839		measuring tape		39.54
TOTAL						
Bill Pmt -Check	06/07/2011	15163	GREAT AMERICA LEASING CORP.	10971041	1012 - Bank of America Gen'l Ckg 6043.1 - Ricoh Lease Fee	2,814.41
Bill	05/31/2011	10971041		Invoice - Lease Fees		2,814.41
Bill Pmt -Check	06/07/2011	15164	HSBC BUSINESS SOLUTIONS	7003-7309-1000-2744	1012 - Bank of America Gen'l Ckg 6031.7 - Other Office Supplies	284.86
Bill	05/31/2011	7003730910002744		Usage for Black Copies		284.86
Bill Pmt -Check	06/07/2011	15165	JAMES JOHNSTON	232	1012 - Bank of America Gen'l Ckg 6052.3 - Website Consulting	855.00
Bill	05/31/2011	232		Usage for Color Copies - 2 months		855.00
Bill Pmt -Check	06/07/2011	15166	MIJAC ALARM	301328	1012 - Bank of America Gen'l Ckg 6026 - Security services	396.00
Bill	06/01/2011	301328		Fire monitoring from 6/01/11-8/31/11		396.00
TOTAL						
Bill Pmt -Check	06/07/2011	15167	PAYCHEX	2011052600	1012 - Bank of America Gen'l Ckg	

CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of  
June 2011

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	05/31/2011	2011052600		Payroll Services - May 2011	6012 - Payroll Services	315.71
TOTAL						315.71
Bill Pmt -Check	06/07/2011	15168	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	Payor #3493	1012 - Bank of America Gen'l Ckg	
General Journal	05/28/2011		PUBLIC EMPLOYEES' RETIREMENT SYSTEM	CalPERS Payment for 05/15/11-05/28-11	2000 - Accounts Payable	7,091.03
TOTAL						7,091.03
Bill Pmt -Check	06/07/2011	15169	PUMP CHECK		1012 - Bank of America Gen'l Ckg	
Bill	05/31/2011	4150		4150	7103.4 - Growtr Qual-Contract Svc	450.00
Bill	05/31/2011	4236		4150	7703 - Inactive Well-Contract Svcs	75.00
				4236	7102.8 - In-line Meter-Callb & Test	3,040.00
				4236	7102.5 - In-line Meter-Computer	225.00
TOTAL						3,790.00
Bill Pmt -Check	06/07/2011	15170	SAFEGUARD DENTAL & VISION	3763215	1012 - Bank of America Gen'l Ckg	
Bill	06/06/2011	3763215		Dental Insurance Premium - June 2011	60182.2 - Dental & Vision Ins	7.91
TOTAL						7.91
Bill Pmt -Check	06/07/2011	15171	THE LAWTON GROUP	6017	1012 - Bank of America Gen'l Ckg	
Bill	05/31/2011	1VC07000017082		Week Ending 5/29/2011	6017 - Temporary Services	824.00
P26						824.00
TOTAL						824.00
Bill Pmt -Check	06/07/2011	15172	WESTERN DENTAL SERVICES, INC.	002483	1012 - Bank of America Gen'l Ckg	
Bill	06/06/2011	002483		Dental Insurance Premium - July 2011	60182.2 - Dental & Vision Ins	28.88
TOTAL						28.88
Bill Pmt -Check	06/07/2011	15173	YUKON DISPOSAL SERVICE	08-K2 213849	1012 - Bank of America Gen'l Ckg	
Bill	06/06/2011	08-K2 213849		Disposal Service for June 2011	6024 - Building Repair & Maintenance	142.88
TOTAL						142.88
General Journal	06/11/2011	06/11/2011	Payroll and Taxes for 05/29/11-06/11/11	Payroll and Taxes for 05/29/11-06/11/11	1012 - Bank of America Gen'l Ckg	
				Payroll Taxes for 05/29/11-06/11/11	1012 - Bank of America Gen'l Ckg	7,512.88
				Direct Deposits for 05/29/11-06/11/11	1012 - Bank of America Gen'l Ckg	18,817.63
				Payroll Checks for 05/29/11-06/11/11	1014 - Bank of America P/R Ckg	5,954.93
TOTAL						32,285.44
Bill Pmt -Check	06/14/2011	15174	APPLIED COMPUTER TECHNOLOGIES	2012	1012 - Bank of America Gen'l Ckg	
Bill	05/31/2011	2012		Database Services - May 2011	6052.2 - Applied Computer Technol	2,361.20
TOTAL						2,361.20

CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of  
June 2011

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	06/14/2011	15175	COMPUTER NETWORK	81531	1012 - Bank of America Gen'l Ckg	1,952.06
Bill	06/07/2011	81531		Adobe Acrobat software	6054 - Computer Software	1,952.06
TOTAL						
Bill Pmt -Check	06/14/2011	15176	REID & HELLYER	17550	1012 - Bank of America Gen'l Ckg	7,848.18
Bill	05/31/2011	175550		17550 - Ag Pool Legal Services	8467 - Ag Legal & Technical Services	1,066.38
				17550 - Ag Pool Legal Services	8467.1 - Frank B. & Associates	8,914.56
TOTAL						
Check	06/15/2011		Service Charge	Service Charge	1012 - Bank of America Gen'l Ckg	103.57
				Service Charge	6031.7 - Other Office Supplies	103.57
TOTAL						
Bill Pmt -Check	06/17/2011	15177	ACWA SERVICES CORPORATION	00198	1012 - Bank of America Gen'l Ckg	122.62
Bill	06/14/2011	00198		Prepayment - July 2011	1409 - Prepaid Life, BAD&D & LTD	122.62
				June 2011	60191 - Life & Disab.ins Benefits	118.22
TOTAL						240.84
Bill Pmt -Check	06/17/2011	15178	BANK OF AMERICA	XXXX-XXXX-XXXX-9341	1012 - Bank of America Gen'l Ckg	39.73
Bill	05/31/2011	XXXX-XXXX-XXXX-9341		Thomas Guide	6031.7 - Other Office Supplies	259.00
				Microsoft Technical Support	6057 - Computer Maintenance	298.73
TOTAL						
Bill Pmt -Check	06/17/2011	15179	BROWNSTEIN HYATT FARBER SCHRECK	441119 - WM Legal Counsel	1012 - Bank of America Gen'l Ckg	17,347.40
Bill	05/31/2011	441119		441119 - Desalter Negotiations	6907.3 - WM Legal Counsel	1,919.70
				441120 - Santa Ana River Water Rights	6907.33 - Desalter Negotiations	2,189.85
				441121 - S. Archibald Plume-Formerly O/A	6907.34 - Santa Ana River Water Rights	2,415.15
				441122 - Chino Airport Plume	6907.31 - S. Archibald Plume-Formerly O/A	367.20
				441123 - Desalter Negotiations	6907.32 - Chino Airport Plume	1,948.05
				441124 - Paragraph 31 Motion	6907.33 - Desalter Negotiations	42,084.44
TOTAL						68,271.79
Bill Pmt -Check	06/17/2011	15180	CORELOGIC INFORMATION SOLUTIONS	80221400	1012 - Bank of America Gen'l Ckg	62.50
Bill	05/31/2011	80221400		80221400	7103.7 - Gridwtr Qual-Computer Svc	62.50
				80221400	7101.4 - Prod Monitor-Computer	125.00
TOTAL						
Bill Pmt -Check	06/17/2011	15181	CUCAMONGA VALLEY WATER DISTRICT	Lease Due July 1, 2011	1012 - Bank of America Gen'l Ckg	5,844.00
Bill	06/15/2011			Lease Due July 1, 2011	1422 - Prepaid Rent	



CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of  
June 2011

Type	Date	Num	Name	Memo	Account	Paid Amount
TOTAL						5,844.00
Bill Pmt -Check	06/17/2011	15182	PUMP CHECK		1012 - Bank of America Gen'l Ckg	
Bill	06/02/2011	4280		4280	7102.8 - In-line Meter-Calib & Test	950.00
Bill	06/02/2011	4281		4280	7102.5 - In-line Meter-Computer	225.00
Bill	06/02/2011	4282		4281	7102.5 - In-line Meter-Computer	158.54
Bill	06/02/2011	4282		4281	7102.8 - In-line Meter-Calib & Test	190.00
Bill	06/02/2011	4282		4282	7102.5 - In-line Meter-Computer	158.54
Bill	06/02/2011	4282		4282	7102.8 - In-line Meter-Calib & Test	190.00
TOTAL						1,872.08
Bill Pmt -Check	06/17/2011	15183	STAULA, MARY L		1012 - Bank of America Gen'l Ckg	
Bill	06/30/2011			Retiree Medical	60182.4 - Retiree Medical	136.61
TOTAL						136.61
Bill Pmt -Check	06/17/2011	15184	THE LAWTON GROUP		1012 - Bank of America Gen'l Ckg	
Bill	06/05/2011	1VC070000017111		Week Ending 6/05/2011	6017 - Temporary Services	824.00
TOTAL						824.00
Bill Pmt -Check	06/17/2011	15185	VERIZON BUSINESS		1012 - Bank of America Gen'l Ckg	
Bill	05/31/2011	00962429		00962429	6053 - Internet Expense	1,525.60
TOTAL						1,525.60
Bill Pmt -Check	06/17/2011	15186	VERIZON WIRELESS		1012 - Bank of America Gen'l Ckg	
Bill	06/14/2011	0983107189		0983107189	6022 - Telephone	460.48
TOTAL						460.48
General Journal	06/25/2011	06/25/2011	Payroll and Taxes for 06/12/11-06/25/11		1012 - Bank of America Gen'l Ckg	
				Payroll Taxes for 06/12/11-06/25/11	1014 - Bank of America P/R Ckg	9,683.81
				Direct Deposits for 06/12/11-06/25/11	1014 - Bank of America P/R Ckg	30,113.96
				Payroll Checks for 06/12/11-06/25/11	1014 - Bank of America P/R Ckg	5,963.82
TOTAL						45,761.59
Bill Pmt -Check	06/28/2011	15187	A & R TIRE		1012 - Bank of America Gen'l Ckg	
Bill	06/22/2011	3-751		3-751	6177 - Vehicle Repairs & Maintenance	28.08
TOTAL						28.08
Bill Pmt -Check	06/28/2011	15188	CALPERS		1012 - Bank of America Gen'l Ckg	
Bill	06/22/2011	1741		1741	60182.1 - Medical Insurance	5,431.25
TOTAL						5,431.25

CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of  
June 2011

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	06/28/2011	15189	CITISTREET	Payroll and Taxes for 05/29/11-06/11/11	1012 - Bank of America Gen'l Ckg	
General Journal	06/11/2011	06/11/2011	CITISTREET	457 Employee Deductions for 05/29/11-06/11/11	2000 - Accounts Payable	2,056.32
TOTAL						2,056.32
Bill Pmt -Check	06/28/2011	15190	DGO AUTO DETAILING	wash 4 trucks	1012 - Bank of America Gen'l Ckg	
Bill	06/22/2011				6177 - Vehicle Repairs & Maintenance	100.00
TOTAL						100.00
Bill Pmt -Check	06/28/2011	15191	GLOBAL PRESENTER.COM	52517	1012 - Bank of America Gen'l Ckg	
Bill	05/31/2011	52517		Service and shipping for Polycorn Vortex repair	6055 - Computer Hardware	564.00
TOTAL						564.00
Bill Pmt -Check	06/28/2011	15192	HIGHWAY SAFETY CO	Purchase reflective cones for traffic control	1012 - Bank of America Gen'l Ckg	
Bill	06/23/2011				7103.6 - Grdwtr Qual-Supplies	259.17
TOTAL						259.17
Bill Pmt -Check	06/28/2011	15193	INLAND EMPIRE UTILITIES AGENCY	90007834	1012 - Bank of America Gen'l Ckg	
Bill	06/22/2011	90007834			8456 - IEUA Readiness To Serve	400.98
					5011 - Replenishment Water	1,539,390.80
TOTAL						1,539,791.78
Bill Pmt -Check	06/28/2011	15194	PRE-PAID LEGAL SERVICES, INC.	111802	1012 - Bank of America Gen'l Ckg	
Bill	06/22/2011	111802		June 2011	60194 - Other Employee Insurance	51.80
TOTAL						51.80
Bill Pmt -Check	06/28/2011	15195	PREMIERE GLOBAL SERVICES	07619078	1012 - Bank of America Gen'l Ckg	
Bill	05/31/2011	07619078		Monthly fee	6022 - Telephone	14.95
				Paragraph 31 calls 4/27, 5/09, agenda call 5/25	8512 - Meeting Expense	160.93
				South Archibald plume call on 5/05	7103.6 - Grdwtr Qual-Supplies	65.70
				Replenishment water call on 5/09	6909.1 - OBMP Meetings	6.45
				Agenda call on 5/25	8312 - Meeting Expenses	19.47
TOTAL						267.50
Bill Pmt -Check	06/28/2011	15196	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	Payor #3493	1012 - Bank of America Gen'l Ckg	
General Journal	06/11/2011	06/11/2011	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	CalPERS for 05/29/11-06/11/11	2000 - Accounts Payable	7,099.02
TOTAL						7,099.02
Bill Pmt -Check	06/28/2011	15197	STANDARD INSURANCE CO.	Policy # 00-640888-0009	1012 - Bank of America Gen'l Ckg	
Bill	06/22/2011	640888-0009		Life/Disability Insurance Premiums	60191 - Life & Disab.Ins Benefits	503.24
TOTAL						503.24

CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of  
June 2011

Type	Date	Num	Name	Memo	Account	Paid Amount	
Bill Pmt -Check	06/28/2011	15198	STATE COMPENSATION INSURANCE FUND	1615535-11	1012 - Bank of America Gen'l Ckg		
Bill	06/23/2011	1615535-11		Workers Comp Premium	60183 - Worker's Comp Insurance	798.67	
TOTAL							798.67
Bill Pmt -Check	06/28/2011	15199	THE LAWTON GROUP	6017	1012 - Bank of America Gen'l Ckg		
Bill	06/22/2011	ICV070000017137		Week Ending 6/12/2011	6017 - Temporary Services	824.00	
TOTAL							824.00
Bill Pmt -Check	06/29/2011	15200	LIATTI & ASSOCIATES	429	1012 - Bank of America Gen'l Ckg		
Bill	06/29/2011	429		June 26, 2011 - June 30, 2011	6085 - Business Insurance Package	243.55	
				July 1, 2011 - June 25, 2012	1405 - Prepaid Ins-Bus Pkg Policy	17,534.87	
TOTAL							17,778.42
General Journal	06/30/2011	06/30/2011	Wage Works Direct Debits - June 2011	Wage Works Direct Debits - June 2011	1012 - Bank of America Gen'l Ckg		
				Wage Works Direct Debits - June 2011	1012 - Bank of America Gen'l Ckg	86.75	
				Wage Works Direct Debits - June 2011	1012 - Bank of America Gen'l Ckg	839.24	
				Wage Works Direct Debits - June 2011	1012 - Bank of America Gen'l Ckg	839.24	
				Wage Works Direct Debits - June 2011	1012 - Bank of America Gen'l Ckg	207.80	
TOTAL							1,973.03
Total Disbursements:						6,489,070.07	

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# CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730  
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DESI ALVAREZ, PE  
Chief Executive Officer

## STAFF REPORT

**DATE:** August 11, 2011  
**TO:** Committee Members  
**SUBJECT:** VISA Check Detail Report – Financial Report B2

### SUMMARY

**Issue** – Record of VISA credit card payment disbursed for the month of June 2011.

**Recommendation** – Staff recommends the VISA Check Detail Report for June 2011 be received and filed as presented.

**Fiscal Impact** – Funds disbursed were included in the FY 2010-2011 Watermaster Budget.

### BACKGROUND

A monthly VISA Check Detail report is provided to keep all members apprised of Watermaster expenditures charged against the CEO and/or CFO's Bank of America VISA card.

### DISCUSSION

Total cash disbursement during the month of June 2011 was \$298.73. The monthly charges for June 2011 were for routine and customary expenditures and properly documented with receipts.

### Actions:

August 11, 2011 Appropriative Pool –  
August 11, 2011 Non-Agricultural Pool –  
August 11, 2011 Agricultural Pool –  
August 18, 2011 Advisory Committee –  
August 25, 2011 Watermaster Board –

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CHINO BASIN WATERMASTER  
 VISA Check Detail Report  
 June 2011

Type	Num	Date	Name	Memo	Account	Paid Amount
Bill Pmt -Check	15178	06/17/2011	BANK OF AMERICA	XXXX-XXXX-XXXX-9341	1012 · Bank of America Gen'l Ckg	39.73
Bill	XXXX-XXXX-XXXX-9341	05/31/2011		Thomas Guide Microsoft Technical Support	6031.7 · Other Office Supplies 6057 · Computer Maintenance	259.00
<b>Total Disbursements:</b>						<u>298.73</u>

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DESI ALVAREZ, PE  
Chief Executive Officer

## STAFF REPORT

**DATE:** August 11, 2011  
**TO:** Committee Members  
**SUBJECT:** Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2010 through June 30, 2011 - Financial Report B3

### SUMMARY

**Issue** – Record of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2010 through June 30, 2011.

**Recommendation** – Staff recommends the Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2010 through June 30, 2011 be received and filed as presented.

**Fiscal Impact** – Funds disbursed were included in the FY 2010-2011 Watermaster Budget.

### BACKGROUND

A Combining Schedule of Revenue, Expenses and Changes in Working Capital for the period July 1, 2010 through June 30, 2011 is provided to keep all members apprised of the FY 2010/2011 cumulative Watermaster revenues, expenditures and changes in working capital for the period listed.

### DISCUSSION

The Combining Schedule of Revenue, Expenses and Changes in Working Capital has been created from various financial reports and statements created from QuickBooks Enterprise Solutions 9.0, the Watermaster accounting system. The Combining Schedule provided balances to the supporting documentation in the Watermaster accounting system as presented.

### Actions:

August 11, 2011 Appropriative Pool –  
August 11, 2011 Non-Agricultural Pool –  
August 11, 2011 Agricultural Pool –  
August 18, 2011 Advisory Committee –  
August 25, 2011 Watermaster Board –

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CHINO BASIN WATERMASTER  
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL  
 FOR THE PERIOD JULY 1, 2010 THROUGH JUNE 30, 2011

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION & SPECIAL PROJECTS		GROUNDWATER OPERATIONS		EDUCATION FUNDS	GRAND TOTALS	BUDGET 2010-2011
			POOL APPROPRIATIVE	NON-AG POOL	GROUNDWATER REPLENISHMENT	SB222 FUNDS			
Administrative Revenues:									
Administrative Assessments			6,165,079	343,090				6,508,169	\$6,508,070
Interest Revenue	(272)		33,547	1,327			4	36,930	175,010
Mutual Agency Project Revenue	111,000		2,324					111,000	148,410
Grant Income									0
Miscellaneous Income									0
<b>Total Revenues</b>	<b>110,729</b>	<b>-</b>	<b>6,198,626</b>	<b>344,417</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>6,656,099</b>	<b>6,831,490</b>
Administrative & Project Expenditures:									
Watermaster Administration	565,108							565,108	512,546
Watermaster Board-Advisory Committee	68,732							68,732	73,073
Pool Administration			51,778	145,903				383,431	474,856
Optimum Basin Mgmt Administration		1,626,892						1,626,892	1,350,390
OBMP Project Costs		2,901,788						2,901,788	3,772,619
Debt Service		366,790						366,790	700,964
Education Funds Use							375	375	375
Mutual Agency Project Costs									10,000
Total Administrative/OBMP Expenses	<u>633,840</u>	<u>4,895,469</u>	<u>51,778</u>	<u>145,903</u>	<u>-</u>	<u>-</u>	<u>375</u>	<u>5,913,115</u>	<u>6,894,823</u>
Net Administrative/OBMP Expenses	(523,112)	(4,895,469)							
Allocate Net Admin Expenses To Pools		4,528,679	359,718	17,855					
Allocate Net OBMP Expenses To Pools		3,114,151	1,259,958	154,570					
Allocate Debt Service to App Pool		366,790							
Agricultural Expense Transfer*		1,591,247	(1,591,247)						
Total Expenses	<u>5,483,684</u>	<u>-</u>	<u>-</u>	<u>318,328</u>	<u>-</u>	<u>-</u>	<u>375</u>	<u>5,913,115</u>	<u>6,894,823</u>
Net Administrative Income	714,943		2,324	26,089			(371)	742,984	(63,333)
Other Income/(Expense)									
Replenishment Water Assessments					3,622,004			3,622,004	0
Non-Ag Stored Water Purchases					2,244,496			2,244,496	0
Interest Revenue					14,706			14,706	0
MWD Water Purchases					3,750,628			3,750,628	0
Non-Ag Stored Water Purchases					(2,255,436)			(2,255,436)	0
MWD Water Purchases					(3,750,628)			(3,750,628)	0
Groundwater Replenishment					(4,985,181)			(4,985,181)	0
Net Other Income					(1,359,411)			(1,359,411)	0
Net Transfers To/(From) Reserves	(616,427)		714,943	2,324	26,089		(371)	(616,427)	(63,333)
Working Capital, July 1, 2010			6,219,006	473,483	256,632		1,001	8,478,365	
Working Capital, End Of Period			6,933,949	475,807	282,721		630	7,861,937	7,861,937
<b>09/10 Assessable Production</b>			78,733,238	31,854,766	3,907,911			114,495,915	
<b>09/10 Production Percentages</b>			68.765%	27.822%	3.413%			100.000%	

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

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DESI ALVAREZ, PE  
Chief Executive Officer

## STAFF REPORT

**DATE:** August 11, 2011  
**TO:** Committee Members  
**SUBJECT:** Treasurer's Report of Financial Affairs for the Period June 1, 2011 through June 30, 2011 - Financial Report B4

### SUMMARY

**Issue** – Record of increases or decreases in the cash position, assets and liabilities of Watermaster for the Period of June 1, 2011 through June 30, 2011.

**Recommendation** – Staff recommends the Treasurer's Report of Financial Affairs for the Period June 1, 2011 through June 30, 2011 be received and filed as presented.

**Fiscal Impact** – Funds disbursed were included in the FY 2010-2011 Watermaster Budget.

### BACKGROUND

A Treasurer's Report of Financial Affairs for the Period June 1, 2011 through June 30, 2011 is provided to keep all members apprised of the total cash in banks (Bank of America and LAIF) and on hand at the Watermaster office (petty cash) at the end of the period stated. The Treasurer's Report details the change (increase or decrease) in the overall cash position of Watermaster, as well as the changes (increase or decrease) to the assets and liabilities section of the balance sheet. The report also provides a detailed listing of all deposits and/or withdrawals in the California State Treasurer's Local Agency Investment Fund (LAIF), the most current effective yield as of the last quarter, and the ending balance in LAIF as of the reporting date.

### DISCUSSION

The Treasurer's Report of Financial Affairs has been created from various financial reports and statements created from QuickBooks Enterprise Solutions 9.0, the Watermaster accounting system. The Treasurer's Report provided, balances to the supporting documentation in the Watermaster accounting system, as well as the supporting bank statements.

### Actions:

August 11, 2011 Appropriative Pool –  
August 11, 2011 Non-Agricultural Pool –  
August 11, 2011 Agricultural Pool –  
August 18, 2011 Advisory Committee –  
August 25, 2011 Watermaster Board –

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**CHINO BASIN WATERMASTER  
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD  
JUNE 1 THROUGH JUNE 30, 2011**

<b>DEPOSITORIES:</b>			
Cash on Hand - Petty Cash	\$	500	
Bank of America			
Governmental Checking-Demand Deposits	\$	141,906	
Zero Balance Account - Payroll	\$	-	
Local Agency Investment Fund - Sacramento			
			7,031,766
			141,906
			7,031,766
<b>TOTAL CASH IN BANKS AND ON HAND</b>			<b>\$ 7,174,172</b>
<b>TOTAL CASH IN BANKS AND ON HAND</b>			<b>13,663,243</b>
			<b>\$ (6,489,070)</b>

**CHANGE IN CASH POSITION DUE TO:**

Decrease/(Increase) in Assets: Accounts Receivable	\$	(3,765,356)
Assessments Receivable		(82,731)
Prepaid Expenses, Deposits & Other Current Assets		2,581,598
(Decrease)/Increase in Liabilities		31,090
Accrued Payroll, Payroll Taxes & Other Current Liabilities		(5,253,671)
Transfer to/(from) Reserves		-
		<b>\$ (6,489,070)</b>

**SUMMARY OF FINANCIAL TRANSACTIONS:**

	Balances as of	5/31/2011	Petty Cash	Govt'l Checking Demand	Zero Balance Account Payroll	Local Agency Investment Funds	Totals
Balances as of 5/31/2011		\$ 500	\$ 130,976	\$ -	\$ -	\$ 13,531,766	\$ 13,663,243
Deposits		-	6,500,000	-	-	(6,500,000)	-
Transfers		-	(95,481)	95,481	-	-	-
Withdrawals/Checks		-	(6,393,589)	(95,481)	-	-	(6,489,070)
Balances as of 6/30/2011		\$ 500	\$ 141,906	\$ -	\$ -	\$ 7,031,766	\$ 7,174,172
<b>PERIOD INCREASE OR (DECREASE)</b>		<b>\$ -</b>	<b>\$ 10,930</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (6,500,000)</b>	<b>\$ (6,489,070)</b>

**CHINO BASIN WATERMASTER  
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD  
JUNE 1 THROUGH JUNE 30, 2011**

**INVESTMENT TRANSACTIONS**

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
6/6/2011	Withdrawal	L.A.I.F	\$ (5,000,000)				
6/30/2011	Withdrawal	L.A.I.F	\$ (1,500,000)				
<b>TOTAL INVESTMENT TRANSACTIONS</b>			<b>\$ (6,500,000)</b>				

\* The earnings rate for L.A.I.F. is a daily variable rate; 0.48% was the effective yield rate at the Quarter ended June 30, 2011.

**INVESTMENT STATUS  
June 30, 2011**

Financial Institution	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	\$ 7,031,766			
<b>TOTAL INVESTMENTS</b>	<b>\$ 7,031,766</b>			

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,

Joseph S. Joswiak  
Chief Financial Officer  
Chino Basin Watermaster





# CHINO BASIN WATERMASTER

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DESI ALVAREZ, PE  
Chief Executive Officer

## STAFF REPORT

**DATE:** August 11, 2011  
**TO:** Committee Members  
**SUBJECT:** Budget vs. Actual Report for the Period July 1, 2010 through June 30, 2011 - Financial Report - B5

### SUMMARY

**Issue** – Record of revenues and expenses of Watermaster for the Period of July 1, 2010 through June 30, 2011.

**Recommendation** – Staff recommends the Budget vs. Actual Report for the Period July 1, 2010 through June 30, 2011 be received and filed as presented.

**Fiscal Impact** – Funds disbursed were included in the FY 2010-2011 Watermaster Budget.

### BACKGROUND

A Budget vs. Actual Report for the period July 1, 2010 through June 30, 2011 is provided to keep all members apprised of the total revenues and expenses for the current fiscal year. The expense section is categorized into four distinct sections. Those sections are: General and Administrative Expenses; Optimal Basin Management Program Expenses; Project Expenses; and Other Income/Expenses.

### DISCUSSION

The Budget vs. Actual report has been created from QuickBooks Enterprise Solutions 9.0, the Watermaster accounting system. The Budget vs. Actual report provided, balances to the supporting documentation in the Watermaster accounting system, as well as the supporting bank statements.

There were no budget transfers for the month of June 2011.

Year-To-Date (YTD) for the twelve month period ending June 30, 2011 of the fiscal year, all categories were at or below the projected budget, including category 6900 (Optimum Basin Mgmt Plan).

With June 2011 being the last month in the fiscal year, there were certain year-end transactions posted. These transactions were as follows:

- Reconciled accrued vacation, sick and comp time to actual increasing the overall accrued liability balances by \$21,806.70
- Recorded the quarterly interest earned on the LAIF funds of \$14,728.68
- Recorded the annual depreciation expense in the amount of \$20,698.97 to account 9400

The overall Watermaster payroll expenses were under budget as a direct result of cost savings of the CEO's salary during the months of March and April. If you recall, Ken Manning departed as CEO on February 28, 2011 and Desi Alvarez started as CEO on May 3, 2011. When taking into account the year end vacation, sick and comp time accrual adjustments to actual, the Administrative payroll expense category (6010 - Salary Costs) was under the budgeted amount of \$492,544 by \$11,085 or 2.25% at fiscal year end June 30, 2011.

The other General and Administrative expenses (accounts 6020 – 6190) and the Pools, Advisory and Board expenses (accounts 6200 – 8500) were under budget at fiscal year end.

### **OBMP Engineering Services and Legal Costs:**

	<b>Jul '10 - Jun' 11</b>	<b>Budget</b>	<b>\$ Over Budget</b>	<b>% of Budget</b>
<b>6900 · Optimum Basin Mgmt Plan</b>				
6901 · WM Staff Salaries	195,183.68	206,620.00	-11,436.32	94.47%
6903 · OBMP SAWPA Group	25,778.00	25,778.00	0.00	100.0%
6906 · OBMP Engineering Services				
6906.1 · OBMP - Watermaster Model Update	145,000.19	145,000.00	0.19	100.0%
6906 · OBMP Engineering Services - Other	335,903.77	339,336.00	-3,432.23	98.99%
<b>Total 6906 · OBMP Engineering Services</b>	<b>480,903.96</b>	<b>484,336.00</b>	<b>-3,432.04</b>	<b>99.29%</b>
6907 · OBMP Legal Fees				
6907.3 · WM Legal Counsel				
6907.30 · Peace II - CEQA	4,018.00	50,000.00	-45,982.00	8.04%
6907.31 · S. Archibald Plume-Formerly OIA	28,854.65	15,000.00	13,854.65	192.36%
6907.32 · Chino Airport Plume	62,125.81	64,000.00	-1,874.19	97.07%
6907.33 · Desalter Negotiations	178,473.41	145,000.00	33,473.41	123.09%
6907.34 · Santa Ana River Water Rights	16,562.22	25,000.00	-8,437.78	66.25%
6907.35 · Paragraph 31 Motion	146,114.43	75,000.00	71,114.43	194.82%
6907.36 · Santa Ana River Habitat	15,207.61	18,000.00	-2,792.39	84.49%
6907.37 · Water Auction	1,183.50	40,000.00	-38,816.50	2.96%
6907.38 · Reg. Water Quality Cntrl Board	3,591.00	15,000.00	-11,409.00	23.94%
6907.39 · Recharge Master Plan	8,419.27	40,000.00	-31,580.73	21.05%
6907.3 · WM Legal Counsel - Other	224,048.43	250,000.00	-25,951.57	89.62%
<b>Total 6907.3 · WM Legal Counsel</b>	<b>688,598.33</b>	<b>737,000.00</b>	<b>-48,401.67</b>	<b>93.43%</b>
<b>Total 6907 · OBMP Legal Fees</b>	<b>688,598.33</b>	<b>737,000.00</b>	<b>-48,401.67</b>	<b>93.43%</b>
6909 · OBMP Other Expenses				
6909.1 · OBMP Meetings	1,687.68	0.00	1,687.68	100.0%
6909.4 · Printing	1,692.00	0.00	1,692.00	100.0%
6909.5 · Ad Hoc Litigation Committee	21.58	0.00	21.58	100.0%
6909 · OBMP Other Expenses - Other	116,200.00	102,800.00	13,400.00	113.04%
<b>Total 6909 · OBMP Other Expenses</b>	<b>119,601.26</b>	<b>102,800.00</b>	<b>16,801.26</b>	<b>116.34%</b>
<b>Total 6900 · Optimum Basin Mgmt Plan</b>	<b>1,510,065.23</b>	<b>1,556,534.00</b>	<b>-46,468.77</b>	<b>97.02%</b>

Within the category 6900 (Optimum Basin Mgmt Plan) are the Watermaster's legal expenses. Within the legal expense category, some individual line item activities were above the budget (\$118,443) while the majority of line item activities were below the budget (\$166,845). Above the budget line items were the Paragraph 31 Motion activities of \$71,114, the ongoing Desalter Negotiations of \$33,474 and the South



Archibald Plume (formerly known as the Ontario Airport Plume) of \$13,855. The individual legal projects/activities that were below budget for the Y-T-D period were the Peace II (\$45,982), the Santa Ana River Water Rights Application of (\$8,438), Water Auction (\$38,817), Regional Water Quality Control Board of (\$11,409), Recharge Master Plan (\$31,581), the Santa Ana River Critical Habitat of (\$2,792), the Chino Airport Plume of (\$1,874) and General Administrative Legal Costs (Pool, Advisory and Board meetings) of (\$25,952). For the twelve month period, the cumulative Y-T-D budget was \$737,000 and actual legal expenses totaled \$688,598 which resulted in an (Under) budget variance of (\$48,402) or 6.6%. The budgeted Y-T-D amount of \$737,000 includes the entire legal contingency amount of \$145,000 which was processed in April's budget transfer.

The OBMP Implementation Projects (accounts 7100's – 7700's) were all under budget, as projected, at fiscal year-end June 30, 2011.

Account 7690 (Recharge Improvement Debt Payment) was under budget at year-end by \$334,175 or 47.7% as a result of a credit in the amount of \$270,408 that was received from IEUA and posted to Watermaster's account in April 2011. IEUA adopts a budget each year that includes the Chino Basin Groundwater Recharge Program Budget-Debt Service. Per the agreement dated May 1, 2002 with IEUA, Watermaster pays IEUA based upon budget projections and any adjustments are provided when the reconciliation is completed by IEUA. IEUA's reconciliation shows that the IEUA's Adopted Budget FY2009/10 for the Chino Basin Groundwater Recharge Program-Debt Service was \$1,326,210 while the Actual Expenses for FY 2009/10 was \$681,322, a variance of \$644,888. The largest contributor to the variance was the Interest Expense which was budgeted at \$727,506 but the Actual expenses for FY2009/10 were \$53,399, a savings of \$674,107. Several other categories showed small adjustments. Using the Actual amounts for FY 2009/10 of \$681,322, Watermaster's 50% share of the Debt Service was \$340,661 while Watermaster was billed and paid \$611,069, resulting in a credit due of \$270,408. The remaining budget variance of \$63,767 was the residual budget balance.

#### **Other Income and Expense:**

In June, Niagara Bottling and Fontana Water Company received their first invoices for the MWD water purchase. Niagara Bottling was billed \$1,539,390.80 for 3,646.80 AF while Fontana Water Company was billed \$2,211,236.70 for 5,237.70 AF. The combined receivable amount of \$3,750,627.50 was recorded in the Other Income section under account 4600 (Groundwater Sales). The offsetting expense payable to IEUA for the MWD water of \$3,750,627.50 was recorded in the Other Expense section under account 5010 (Groundwater Replenishment).

With the exceptions previously noted, there were no other unusual or significant transactions or events during the month of June. Looking ahead, the month of July should provide positive financial results with the categories being at or below budget.

#### **Actions:**

- August 11, 2011 Appropriative Pool –
- August 11, 2011 Non-Agricultural Pool –
- August 11, 2011 Agricultural Pool –
- August 18, 2011 Advisory Committee –
- August 25, 2011 Watermaster Board –

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Current Month, Year-To-Date and Fiscal Year-End

1/12th of the Total Budget For The Month of June 2011 12/12th (100%) of the Total Budget Year-To-Date as of June 30, 2011

	Actual	Budget	\$ Over(Under)	% of Budget	Actual	Budget	\$ Over(Under)	% of Budget
<b>Income</b>								
4010 · Local Agency Subsidies	0.00	0.00	0.00	0.0%	111,000.00	148,410.00	-37,410.00	74.79%
4110 · Admin Asmnts-Approp Pool	0.00	0.00	0.00	0.0%	6,165,079.40	6,153,067.00	12,012.40	100.2%
4120 · Admin Asmnts-Non-Agri Pool	0.00	0.00	0.00	0.0%	343,089.90	355,003.00	-11,913.10	96.64%
4700 · Non Operating Revenues	11,512.48	35,002.00	-23,489.52	32.89%	36,929.76	175,010.00	-138,080.24	21.1%
4900 · Miscellaneous Income	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
<b>Total Income</b>	11,512.48	35,002.00	-23,489.52	32.89%	6,656,099.06	6,831,490.00	-175,390.94	97.43%
<b>Gross Profit</b>	11,512.48	35,002.00	-23,489.52	32.89%	6,656,099.06	6,831,490.00	-175,390.94	97.43%
<b>Expense</b>								
6010 · Salary Costs	79,966.23	46,487.00	33,479.23	172.02%	481,459.32	492,544.00	-11,084.68	97.75%
6020 · Office Building Expense	8,215.84	8,433.00	-217.16	97.43%	98,312.65	101,196.00	-2,883.35	97.15%
6030 · Office Supplies & Equip.	1,672.82	2,541.67	-868.85	65.82%	20,009.65	30,500.00	-10,490.35	65.61%
6040 · Postage & Printing Costs	5,728.71	5,000.00	728.71	114.57%	61,289.15	78,300.00	-17,010.85	78.28%
6050 · Information Services	9,057.71	11,766.66	-2,708.95	76.98%	155,412.38	160,200.00	-4,787.62	97.01%
6060 · Contract Services	0.00	0.00	0.00	0.0%	29,707.50	35,000.00	-5,292.50	84.88%
6080 · Insurance	243.55	0.00	243.55	100.0%	16,106.55	17,575.00	-1,468.45	91.65%
6110 · Dues and Subscriptions	0.00	0.00	0.00	0.0%	29,520.13	30,000.00	-479.87	98.4%
6140 · WM Admin Expenses	65.07	250.00	-184.93	26.03%	1,350.72	3,000.00	-1,649.28	45.02%
6150 · Field Supplies	832.12	0.00	832.12	100.0%	1,033.88	1,800.00	-766.12	57.44%
6170 · Travel & Transportation	1,843.70	2,730.00	-886.30	67.54%	25,841.87	33,160.00	-7,318.13	77.93%
6190 · Conferences & Seminars	1,730.66	0.00	1,730.66	100.0%	18,125.51	23,000.00	-4,874.49	78.81%
6200 · Advisory Comm - WM Board	2,049.63	1,872.50	177.13	109.46%	18,322.08	22,470.00	-4,147.92	81.54%
6300 · Watermaster Board Expenses	4,476.18	4,216.92	259.26	106.15%	50,409.58	50,603.00	-193.42	99.62%
8300 · Appr PI-WM & Pool Admin	2,498.49	7,983.84	-5,485.35	31.29%	51,777.57	90,043.00	-38,265.43	57.5%
8400 · Agri Pool-WM & Pool Admin	4,665.82	2,345.59	2,320.23	198.92%	32,923.28	28,147.00	4,776.28	116.97%
8467 · Ag Legal & Technical Services	3,812.10	9,833.33	-6,021.23	38.77%	126,985.43	118,000.00	8,985.43	107.62%
8470 · Ag Meeting Attend -Special	4,375.00	1,000.00	3,375.00	437.5%	15,500.00	12,000.00	3,500.00	129.17%
8471 · Ag Pool Expense	10,342.00	16,250.00	-5,908.00	63.64%	10,342.00	65,000.00	-54,658.00	15.91%
8500 · Non-Ag PI-WM & Pool Admin	6,452.72	13,472.17	-7,019.45	47.9%	145,903.06	161,666.00	-15,762.94	90.25%
6500 · Education Funds Use Expns	0.00	0.00	0.00	0.0%	375.00	375.00	0.00	100.0%
9400 · Depreciation Expense	20,698.97	0.00	20,698.97	100.0%	20,698.97	0.00	20,698.97	100.0%
9500 · Allocated G&A Expenditures	-33,427.46	-40,677.42	7,249.96	82.18%	-393,759.79	-494,129.00	100,369.21	79.69%
6900 · Optimum Basin Mgmt Plan	183,916.99	135,913.02	48,003.97	135.32%	1,510,065.23	1,556,534.00	-46,468.77	97.02%
6950 · Mutual Agency Projects	0.00	10,000.00	-10,000.00	0.0%	10,000.00	10,000.00	0.00	100.0%
9501 · G&A Expenses Allocated-OBMP	12,027.04	11,888.00	139.04	101.17%	106,826.36	142,656.00	-35,829.64	74.88%
7101 · Production Monitoring	8,140.45	5,879.31	2,261.14	138.46%	86,385.50	102,819.00	-16,433.50	84.02%
7102 · In-line Meter Installation	4,101.73	5,556.59	-1,454.86	73.82%	20,161.53	66,679.00	-46,517.47	30.24%

12/12th (100%) of the Total Budget

	Actual	Budget	\$ Over(Under)	% of Budget
7103 - Grdwtr Quality Monitoring	195,040.50	202,996.00	-7,955.50	96.08%
7104 - Gdwtr Level Monitoring	263,996.95	287,282.00	-23,285.05	91.9%
7105 - Sur Wtr Qual Monitoring	771.23	4,280.00	-3,508.77	18.02%
7107 - Ground Level Monitoring	476,155.10	657,620.00	-181,464.90	72.41%
7108 - Hydraulic Control Monitoring	400,050.89	412,700.00	-12,649.11	96.94%
7109 - Recharge & Well Monitoring Prog	9,428.75	9,440.00	-11.25	99.88%
7200 - PE2- Comp Recharge Pgm	881,396.29	946,022.00	-64,625.71	93.17%
7300 - PE3&5-Water Supply/Desalite	98,271.56	124,111.00	-25,839.44	79.18%
7400 - PE4- Mgmt Plan	56,437.19	91,955.00	-35,517.81	61.38%
7500 - PE6&7-CoopEfforts/SaltMgmt	100,802.34	126,180.00	-25,377.66	79.89%
7600 - PE8&9-StorageMgmt/Conj Use	25,881.47	45,250.00	-19,368.53	57.2%
7690 - Recharge Improvement Debt Pymt	366,789.50	700,964.00	-334,174.50	52.33%
7700 - Inactive Well Protection Prgm	75.00	1,412.00	-1,337.00	5.31%
9502 - G&A Expenses Allocated-Projects	286,933.44	345,473.00	-58,539.56	83.06%
Total Expense	5,913,115.32	6,894,823.00	-981,707.68	85.76%
Net Ordinary Income	742,983.74	-63,333.00	806,316.74	-1,173.14%
Other Income				
4225 - Interest Income	14,705.85	0.00	14,705.85	100.0%
4210 - Approp Pool-Replenishment	3,594,458.40	0.00	3,594,458.40	100.0%
4220 - Non-Ag Pool-Replenishment	27,545.86	0.00	27,545.86	100.0%
4600 - Groundwater Sales	5,995,123.40	0.00	5,995,123.40	100.0%
Total Other Income	9,631,833.51	0.00	9,631,833.51	100.0%
Other Expense				
5010 - Groundwater Replenishment	8,735,808.88	0.00	8,735,808.88	100.0%
5100 - Other Water Purchases	2,255,435.78	0.00	2,255,435.78	100.0%
9999 - To/(From) Reserves	-616,427.41	0.00	-616,427.41	100.0%
Total Other Expense	10,374,817.25	0.00	10,374,817.25	100.0%
Net Other Income	-742,983.74	0.00	-742,983.74	100.0%
Net Income	0.00	-63,333.00	63,333.00	0.0%

1/12th of the Total Budget

	Actual	Budget	\$ Over(Under)	% of Budget
7103 - Grdwtr Quality Monitoring	25,550.87	16,916.34	8,634.53	151.04%
7104 - Gdwtr Level Monitoring	53,811.21	21,779.74	32,031.47	247.07%
7105 - Sur Wtr Qual Monitoring	0.00	315.00	-315.00	0.0%
7107 - Ground Level Monitoring	60,323.50	70,635.01	-10,311.51	85.4%
7108 - Hydraulic Control Monitoring	54,070.48	34,391.67	19,678.81	157.22%
7109 - Recharge & Well Monitoring Prog	0.00	0.00	0.00	0.0%
7200 - PE2- Comp Recharge Pgm	12,778.89	18,418.50	-5,639.61	69.38%
7300 - PE3&5-Water Supply/Desalite	5,047.65	14,022.58	-8,974.93	36.0%
7400 - PE4- Mgmt Plan	5,171.72	7,572.92	-2,401.20	68.29%
7500 - PE6&7-CoopEfforts/SaltMgmt	1,862.63	10,515.00	-8,652.37	17.71%
7600 - PE8&9-StorageMgmt/Conj Use	348.67	4,075.00	-3,726.33	8.56%
7690 - Recharge Improvement Debt Pymt	0.00	0.00	0.00	0.0%
7700 - Inactive Well Protection Prgm	0.00	0.00	0.00	0.0%
9502 - G&A Expenses Allocated-Projects	21,400.42	28,789.42	-7,389.00	74.33%
Total Expense	563,851.91	490,173.36	93,678.55	119.11%
Net Ordinary Income	-572,339.43	-455,171.36	-117,168.07	125.74%
Other Income				
4225 - Interest Income	3,216.20	0.00	3,216.20	100.0%
4210 - Approp Pool-Replenishment	3,750,627.50	0.00	3,750,627.50	100.0%
4220 - Non-Ag Pool-Replenishment	0.00	0.00	0.00	0.0%
4600 - Groundwater Sales	0.00	0.00	0.00	0.0%
Total Other Income	3,753,843.70	0.00	3,753,843.70	100.0%
Other Expense				
5010 - Groundwater Replenishment	8,435,175.30	0.00	8,435,175.30	100.0%
5100 - Other Water Purchases	0.00	0.00	0.00	0.0%
9999 - To/(From) Reserves	-5,253,671.03	-455,171.36	-4,798,499.67	1,154.22%
Total Other Expense	3,181,504.27	-455,171.36	3,636,675.63	-698.97%
Net Other Income	572,339.43	455,171.36	117,168.07	125.74%
Net Income	0.00	0.00	0.00	0.0%

Note: Please see the staff report (Financial Report-B5) for additional detailed information on the account categories.





# **CHINO BASIN WATERMASTER**

## **I. CONSENT CALENDAR (App & Ag Pool)**

### **C. SEMI-ANNUAL STATUS REPORT 2011-1**

## **I. BUSINESS ITEM (Non-Ag Pool)**

### **C. SEMI-ANNUAL STATUS REPORT 2011-1**





# CHINO BASIN WATERMASTER

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

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DESI ALVAREZ, P.E.  
Chief Executive Officer

## STAFF REPORT

**DATE:** August 11, 2011  
**TO:** Pool Committee Members  
**SUBJECT:** Status Report 2011-1

### SUMMARY

**Recommendation – Receive and File Semi-Annual Status Report 2011-1 for filing courtesy copy with the Court**

### BACKGROUND

Semi-Annual Status Report 2011-1 covers the period of January to June 2011. While the bulk to the report describes work conducted for each element of the Optimum Basin Management Program (OBMP) during the 6 month period.

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

### Actions:

August 11, 2011 Appropriative Pool –  
August 11, 2011 Non-Agricultural Pool –  
August 11, 2011 Agricultural Pool –  
August 18, 2011 Advisory Committee –  
August 25, 2011 Watermaster Board –



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# Optimum Basin Management Program

Staff Status Report 2011-1: January to June 2011



CHINO BASIN WATERMASTER

Optimum Basin Management Program

## Highlighted Activities

- California is experiencing the second wettest year on record and the State's surface reservoir are full allowing the Governor to officially proclaim an end to California's drought.
- As a result in the State's bountiful water supply, Metropolitan Water District of Southern California (MWD) made imported water available at the replenishment rate. Watermaster is purchasing 40,000-50,000 acre-feet of this water to be used toward future replenishment obligations. As of June 30, 2011, approximately 9,465 acre-feet of that water had been recharged. It will continue to be recharged through December 31, 2011.
- During the fiscal year, approximately 16,848 acre-feet of stormwater were recharged, the second-highest year on record. In addition, approximately 8,010 acre-feet of recycled water were recharged during the fiscal year.
- Watermaster is preparing a restated Judgment at the request of the Court. A draft version of the restated Judgment is available for review on the website.
- The proposed Chino Creek Well Field locations for Wells I-19, I-20, and I-21 by the Chino Desalter Authority (CDA) are under review by Watermaster. When completed and in operation, these wells will achieve hydraulic control and will not conflict with the Optimum Basin Management Plan (OBMP) goal to minimize or abate permanent subsidence.
- On June 14, 2011 the MWD Board approved the local resources program (LRP) grant for the desalters.
- Watermaster and the Inland Empire Utilities Agency (IEUA) are working together for the creation of a 5th retention facility at the Turner Basin. Up to 175,000 cubic yards of dirt are anticipated to be removed for the Milliken Avenue Grade Separation Project funded by the City of Ontario and the San Bernardino Associated Governments (SANBAG). This represents a savings of approximately \$4.5 million.



MWD Turnout CB-14

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

### Groundwater Level Monitoring

Watermaster initiated a comprehensive monitoring program as part of the implementation of the OBMP. The current groundwater level monitoring program is comprised of about 700 wells. At about 500 of these wells, water levels are measured by well owners, which include municipal water agencies, the California Department of Toxic Substance Control (DTSC), the County of San Bernardino, and various private consulting firms. The measurement frequency is typically about once per month. Watermaster collects these water level data quarterly. The remaining 200 wells are private wells or dedicated monitoring wells that are mainly located in the southern portion of the Chino Basin. Watermaster staff measures water levels at these wells using manual methods once per month or with

## Important Court Hearings and Orders

- JANUARY 21—CHINO BASIN WATERMASTER COURT HEARING: REGARDING MOTION TO RE-APPOINT NINE MEMBER BOARD FOR A FURTHER FIVE-YEAR TERM
- JANUARY 26—ORDER GRANTING MOTION TO RE-APPOINT NINE MEMBER WATERMASTER BOARD FOR A FURTHER FIVE-YEAR TERM
- FEBRUARY 3—COURT OF APPEAL ORDER REGARDING PARAGRAPH 31 APPEAL BRIEFING SCHEDULE



# Optimum Basin Management Program

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

GOVERNOR  
JERRY BROWN  
PROCLAIMED AN  
END TO  
CALIFORNIA'S  
DROUGHT ON  
MARCH 30,  
2011.

pressure transducers that record water levels once every 15 minutes. The wells in the monitoring program within the southern portion of the Basin were preferentially selected to assist in Watermaster's monitoring programs for hydraulic control, land subsidence, and desalter impacts to private well owners. The remaining wells are monitored in support of the triennial recomputation of ambient water quality in the Chino-North management zone. The water level data are checked by Watermaster staff and uploaded to a centralized relational database.

### *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 consisting of 120 wells which are mostly privately owned agricultural wells in the southern portion of Chino Basin that are otherwise not included in an established sampling program. Twenty of these wells are sampled every year; the remaining wells are sampled every three years. The wells sampled annually are for the continuous monitoring of areas of concern associated with the southern edge of the Archibald South (formerly OIA) VOC plume, the southern region of the Chino Airport Plume, and the Kaiser Steel Plume which includes the two multi-port MZ-3 monitoring wells. Data obtained for the Key Well Quality Monitoring Program are used for the triennial ambient water quality analysis, hydraulic control assessment, the Biennial State of the Basin Report, and to assess the overall health of the Basin.
2. Annual 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 annual sampling are used to analyze the effect of 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 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



Watermaster operations staff preparing to pump a monitoring well to collect water quality samples



# Optimum Basin Management Program

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

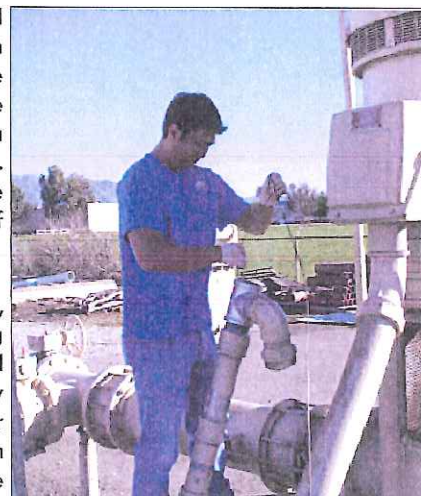
water quality data for State Water Project water are obtained from the Metropolitan Water District of Southern California (MWDSC) and recycled water quality data for the RP-1 and RP-4 treatment plant effluents are obtained from IEUA. Combining the measured flow data with the respective water qualities enables the calculation of the blended water quality in each recharge basin, the "new yield" to the Chino Basin, and the adequate dilution of recycled water.

**Surface Water Monitoring in the Santa Ana River (SAR).** Watermaster measures the discharge of the River and selected water quality parameters to determine those reaches of the SAR that are gaining flow from the Chino Basin and/or, conversely, those reaches that are losing flow into the Chino Basin. These bi-weekly flow and water quality measurements are combined with discharge data from permanent USGS 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 and the Watermaster/IEUA permit to recharge recycled water, Watermaster and IEUA have conducted groundwater and surface water monitoring programs since 2004. During this reporting period, Watermaster measured 426 manual water levels at private wells throughout the Chino Basin, conducted two quarterly downloads at the 130 wells containing pressure transducers, collected 26 groundwater quality samples, 221 surface water quality samples, and 36 direct discharge stream measurements. Quarterly Surface Water Monitoring Program Reports that summarize data collection efforts were submitted to the RWQCB in January and April of 2011. The Chino Basin Maximum Benefit Monitoring Program 2010 Annual Report was submitted to the RWQCB on April 15, 2011.



Installing a pressure transducer

### *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, 7th Street, 8th Street, Victoria, San Sevaine, Ely, Hickory, and RP-3 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

# Optimum Basin Management Program

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

basins. During this reporting period, approximately 475 basin and lysimeter samples were collected and 21 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 down-gradient 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 85 samples.

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

- 4Q-2010 Quarterly Report, submitted to the RWQCB – February 2011
- 1Q-2011 Quarterly Report, submitted to the RWQCB – May 2011
- 2010 Annual Report, submitted to the RWQCB — May 2011

### 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.



MZ-1 Monument Construction & Surveying

- Constructing and testing a lower-cost extensometer facility at Ayala Park.
- Evaluating and comparing ground-level surveying and Interferometric Synthetic Aperture Radar (InSAR), and recommending future monitoring protocols for both techniques.
- Conducting an ASR (aquifer injection and recovery) feasibility study at a production well owned by the City of Chino Hills within the Managed Area.
- Providing for recovery of groundwater levels.

It was determined that the land subsidence is not just isolated to MZ-1. Hence, the Board of Directors approved the formation of the Land Subsidence Committee in December 2010, and its first meeting was held on January 20, 2011.



# Optimum Basin Management Program

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

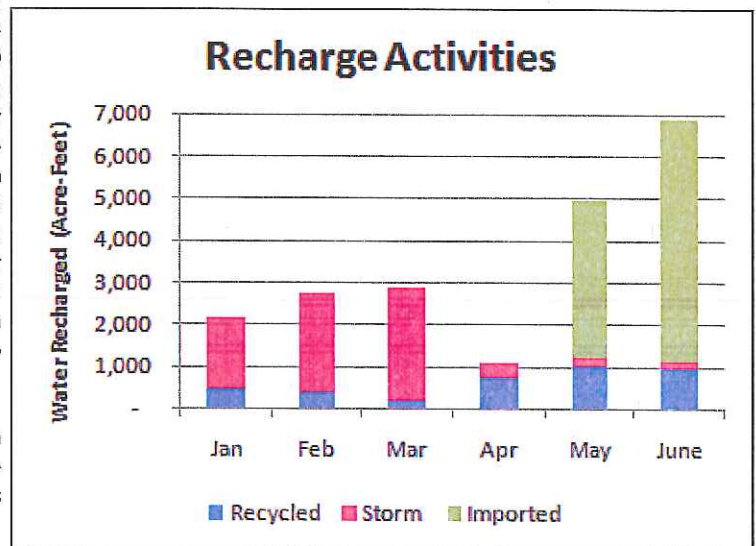
With regard to monitoring and testing, Watermaster began or continued the implementation of some of these activities called for in the MZ-1 Plan. During this reporting period these activities included:

- The continuation of detailed water-level monitoring at wells within the Managed Area and at wells in central MZ-1.
- 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 application in other parts of the Basin.
- Collected InSAR data from radar satellites during all six months of the reporting period, which will be analyzed for land surface displacement in early 2012.
- Performed the Spring 2011 ground-level survey across the MZ-1 Managed Area.
- Continued to plan for and implement a new testing and monitoring program within the MZ-1 Managed Area with the goals of (1) refining the Guidance Criteria, (2) confirming the existence of the Riley Barrier, (3) testing the feasibility of injection in the Managed Area, and (4) evaluating the effect of pumping/drawdown and injection/recovery on the fissure zone.
- Prepared equipment to install a horizontal extensometer across the zone of historical ground fissuring. This work was performed by the subcontractor that will be installing and calibrating the horizontal extensometer and data loggers.
- Prepared a right-of-entry agreement with a private property owner in the City of Chino to install the horizontal extensometer.
- Developed a scope of work and budget for Watermaster's 2011-12 fiscal year. The main features of this scope include (1) the installation of the horizontal extensometer across the fissure zone, (2) the installation of a new vertical extensometer near the Chino Creek Well Field, and (3) the implementation of a testing and monitoring program in the MZ-1 Managed Area during 2012 and 2013.

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

The theoretical average stormwater recharge capacity of the Chino Basin Facilities Improvement Program (CBFIP) facilities is about 14,000 acre-feet/yr (AFY) and the theoretical supplemental water recharge capacity is 99,000 AFY. Stormwater recharge in the first half of year ending June 30, 2011 was about 7,468 acre-feet. Recycled water recharge during this period were about 3,768 acre-feet. The IEUA and Watermaster recharge permit was amended in fiscal year 2009-10 to allow for underflow dilution and extended the dilution period from a running 60 months to a running 120 months. The significance of this permit amendment was to reduce the amount of imported and storm waters required for dilution. IEUA projects that dilution requirements will likely be met through 2019-20, even if no imported water were available for dilution.

In May, the Metropolitan Water District of Southern California (MWD) made water available at the replenishment rate. It had been approximately four years



# Optimum Basin Management Program

## Program Element 2: Develop and Implement a Comprehensive Recharge Program (Continued)

since it was last available. Watermaster intends to recharge 40,000-50,000 acre-feet of imported water to offset basin overdraft and to meet future replenishment obligations.

The cumulative unmet replenishment obligation (CURO) was approximately 8,889 acre-feet. It was fully satisfied in May 2011 by purchasing water from Appropriators. The total amount of supplemental water recharged in MZ-1 since the Peace II Agreement is approximately 19,671 acre-feet, which is 6,329 acre-feet (cumulative) less than the average annual requirement of 6,500 acre-feet.

As part of the Recharge Master Plan Implementation, MZ-3 recharge opportunities were discussed. The projects include Wineville Basin spillway and pipeline and pump station to Jurupa Basin, Jurupa Basin and RP-3 Inlet improvements. The Riverside County Flood Control and Water Conservation District is potentially looking to participate in the funding of these projects that would have a direct benefit to their service area.

## 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 Well 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 Well 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).

Planning continued between the Chino Desalter Authority (CDA) and Western Municipal Water District (WMWD) to expand the Chino II Desalter by 10.5 MGD (11,800 AFY). Watermaster worked with the CDA parties to produce a realistic schedule approved by the RWQCB last June. Raw water will be drawn from existing CDA II wells, and possible additional new wells, if needed. In addition, a new Chino Creek Desalter Well Field, required for the hydraulic control commitment associated with Maximum Benefit, will provide additional raw water to the Chino I Desalter, enabling some existing wells to direct production to the expanded Chino II Desalter facility.

On June 14, 2011 the MWD Board approved the local resources program (LRP) grant for the desalters.

## 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 (IMP) 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



# Optimum Basin Management Program

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

the aquifer system with water-level-recording transducers installed at an array of production and monitoring wells, and the purposeful stressing of the aquifer system through multiple controlled pumping tests.

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

During this reporting period, Watermaster continued implementation of the MZ-1 Plan. Drawdown at the PA-7 piezometer did not fall below the Guidance Level during the reporting period, and very little, if any permanent compaction was recorded at the Ayala Park Extensometer. The ongoing monitoring program called for by the MZ-1 Plan continues to be implemented.

## **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 (Archibald South Plume)*

Watermaster continued to negotiate with the potentially responsible parties (PRPs) associated with the Ontario International Airport (OIA). The PRPs have formed a group called ABGL (Aerojet, Boeing, GE, and Lockheed). Watermaster has continued to participate in meetings with ABGL and their consultants, counsel, the Regional Board, and CDA in order to find common ground for a joint remedy for desalting and plume mitigation. Watermaster prepared technical and legal responses to a presentation made by ABGL's technical consultant in December 2010. Watermaster also coordinated with ABGL's consultant regarding the next round of sampling for VOCs in ABGL's monitoring wells.

### *Chino Airport*

Watermaster continued to negotiate with the County of San Bernardino, Department of Airports (County) in order to find common ground for a joint remedy for desalting and plume mitigation. Watermaster coordinated with the Chino Desalter Authority's consultant, who provided an update on the well drilling and construction activities at the Chino Creek Desalter Well Field (CCWF). Watermaster reviewed hydrogeological information for a cross-section near the Chino Desalter and CCWF (pumping test analysis, cross-sections, etc.) in order to develop estimates of Darcian groundwater flux past this area. Then Watermaster prepared maps and charts of the groundwater model that estimate the degree of hydraulic control that would be achieved after the CCWF is completed as well as the fate of the Chino Airport plume. Watermaster prepared for and attended a meeting at San Bernardino County offices with County staff and technical consultants in February 2011 to present the groundwater model results. Watermaster also prepared a letter report (text, tables, and figures) of modeling results of the Peace II alternative with updated well locations for the CCWF and pumping rates for all Chino Desalter wells.

Watermaster reviewed maps and aerial photos of Chino Creek to develop a surface water monitoring program to characterize groundwater/surface water interactions along Chino Creek.

### *California Institute for Men*

Watermaster continued to coordinate with the State on a memorandum of understanding that would allow Watermaster to continue to monitor a subset of wells on CIM. Watermaster prepared the following letter: "Chino Basin Groundwater Monitoring Programs: Preservation of Certain Monitoring Wells Owned by the State of California at the California Institute for Men (CIM)."



# Optimum Basin Management Program

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

### *Other Water Quality Issues*

Watermaster is responding to a public information request regarding perchlorate and perchlorate stable isotope testing in the Chino Basin. The request was made by Lewis, Brisbois, Bisgaard, & Smith LLP, who are defending Sociedad Química y Minera de Chile S.A. (SQM), a Chilean company that historically produced fertilizer that was imported to the United States.

## **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 DYY "take", or removal from storage. As of April 30, 2011 all of the water in the DYY storage account was extracted, leaving the account with a zero balance.

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 acre-feet and to recover up to 50,000 acre-feet/year. 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.

IN MAY, MWD  
MADE WATER  
AVAILABLE  
AT THE  
REPLENISHMENT  
RATE FOR THE  
FIRST TIME IN  
APPROXIMATELY  
FOUR YEARS.  
WATERMASTER  
INTENDS TO  
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ACRE-FEET OF  
IMPORTED  
WATER TO BE  
USED TOWARD  
FUTURE  
REPLENISHMENT  
OBLIGATIONS.



# **CHINO BASIN WATERMASTER**

## **II. BUSINESS ITEM (App & Ag Pool)**

- A. RESOLUTION 11-05 RESOLUTION TO TAX DEFER MEMBER PAID CONTRIBUTIONS AND RESOLUTION 11-06 RESOLUTION FOR PAYING AND REPORTING THE VALUE OF EMPLOYER PAID MEMBER CONTRIBUTIONS**

## **I. BUSINESS ITEM (Non-Ag Pool)**

- D. RESOLUTION 11-05 RESOLUTION TO TAX DEFER MEMBER PAID CONTRIBUTIONS AND RESOLUTION 11-06 RESOLUTION FOR PAYING AND REPORTING THE VALUE OF EMPLOYER PAID MEMBER CONTRIBUTIONS**



# CHINO BASIN WATERMASTER

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

DESI ALVAREZ, PE  
Chief Executive Officer

## STAFF REPORT

**DATE:** August 11, 2011  
**TO:** Committee Members  
**SUBJECT:** CalPERS Resolution 11-05 and 11-06

## SUMMARY

**Issue** – CalPERS requires a “Resolution For Employer Pick-Up” and a “Resolution For Paying And Reporting The Value Of Employer Paid Member Contribution (EPMC)”.

**Recommendations** – Staff recommends the Committees approval/adoption of Resolution 11-05 and Resolution 11-06.

**Fiscal Impact** – There is no fiscal impact for Chino Basin Watermaster.

## DISCUSSION

### RESOLUTION 11-05 “RESOLUTION FOR EMPLOYER PICK-UP”

Internal Revenue Code (IRC) Section 414(h)(2) allows public agencies to designate required employee contributions as being “picked-up” by the employer and treated as employer contributions for tax purposes. The effect of a pick-up is to defer tax on employee contribution amounts until the member retires and receives retirement benefits, or separates from employment and takes a refund of contributions. Absent the 414(h)(2) provision applicable to government plans, employee contributions to a defined benefit pension plan qualified under Section 401(a) would automatically be after-tax contributions (i.e. taxable income to the employee at the time the contribution was made).

Chino Basin Watermaster currently reports all CalPERS member contributions on a tax deferred basis. Per Revenue Ruling 2006-43, an agency reporting tax deferred member contributions must have adopted a pick-up resolution in accordance with Internal Revenue Code (IRC) 414(h)(2), and CalPERS requires that it be provided with a copy of such resolution. On May 11, 2011 the Customer Account Services Division of CalPERS advised Watermaster that CalPERS did not have a copy of the resolution. On October 3, 2008 CalPERS sent Watermaster an explanation of this requirement in Circular Letter 200-049-08. According to CalPERS current records, they do not have a copy of Chino Basin Watermaster’s Resolution which is required under IRC Code 414(h)(2). Resolution 11-05 “Resolution for Employer Pick-Up” corrects this issue



**RESOLUTION 11-06 "RESOLUTION FOR PAYING AND REPORTING THE VALUE OF EMPLOYER PAID MEMBER CONTRIBUTIONS (EPMC)"**

A public agency may pay all or a portion of the normal contributions required to be paid by members of a group or class. This payment is called Employer Paid Member Contributions (EPMC). Effective July 1, 1994 under G.C. section 20636(c) and California Code of Regulations Sections 571(a)(1), an employer has the option of reporting the value of Employer Paid Member Contributions (EPMC) to CalPERS as special compensation. Reporting the value of EPMC is not subject to state and federal income taxes, nor Social Security and Medicare taxes. Chino Basin Watermaster has, and continues to provide this benefit to all employees and this benefit shall consist of paying 8% of the normal contributions as EPMC, and reporting the same percent (value) of compensation earnable as additional compensation. Chino Basin Watermaster is submitting Resolution 11-06 "Resolution For Paying And Reporting The Value Of EPMC" to comply with CalPERS documentation requirements.

**Actions:**

- August 11, 2011 Appropriative Pool –
- August 11, 2011 Non-Agricultural Pool –
- August 11, 2011 Agricultural Pool –
- August 18, 2011 Advisory Committee –
- August 25, 2011 Watermaster Board –

**RESOLUTION 11-05**

**RESOLUTION OF THE CHINO BASIN WATERMASTER,  
SAN BERNARDINO COUNTY, CALIFORNIA,  
RESOLUTION TO TAX DEFER MEMBER PAID CONTRIBUTIONS**

**RESOLUTION FOR EMPLOYER PICK-UP**

**WHEREAS**, the Chino Basin Watermaster has the authority to implement the provisions of section 414(h)(2) of the Internal Revenue Code (IRC); and

**WHEREAS**, the Board of Administration of the Public Employees' Retirement System adopted its resolution regarding section 414(h)(2) IRC on September 18, 1985; and

**WHEREAS**, the Internal Revenue Service has stated in December 1985, that the implementation of the provisions of section 414(h)(2) IRC pursuant to the Resolution of the Board of Administration would satisfy the legal requirements of section 414(h)(2) IRC; and

**WHEREAS**, the Chino Basin Watermaster has determined that even though the implementation of the provisions of section 414(h)(2) IRC is not required by law, the tax benefit offered by section 414(h)(2) IRC should be provided to its employees who are members of the Public Employees' Retirement System:

**NOW, THEREFORE, BE IT RESOLVED:**

- I. That the Chino Basin Watermaster will implement the provisions of section 414(h)(2) Internal Revenue Code by making employee contributions pursuant to California Government Code section 20691 to the Public Employees' Retirement System on behalf of its employees who are members of the Public Employees' Retirement System. "Employee contributions" shall mean those contributions to the Public Employees' Retirement System which are deducted from the salary of employees and are credited to individual employee's accounts pursuant to California Government Code section 20691.
- II. That the contributions made by the Chino Basin Watermaster to the Public Employees' Retirement System, although designated as employee contributions, are being paid by the Chino Basin Watermaster in lieu of contributions by the employees who are members of the Public Employees' Retirement System.
- III. That employees shall not have the option of choosing to receive the contributed amounts directly instead of having them paid by the Chino Basin Watermaster to the Public Employees' Retirement System.
- IV. That the Chino Basin Watermaster shall pay to the Public Employees' Retirement System the contributions designated as employee contributions from the same source of funds as used in paying salary.
- V. That the amount of the contributions designated as employee contributions and paid by the Chino Basin Watermaster to the Public Employees' Retirement System on behalf of an employee shall be the entire contribution required of the employee by the Public Employees' Retirement Law (California Government Code sections 20000, et seq.).
- VI. That the contributions designated as employee contributions made by Chino Basin Watermaster to the Public Employees' Retirement System shall be treated for all purposes, other than taxation, in the same way that member contributions are treated by the Public Employees' Retirement System.

By: \_\_\_\_\_  
Chairman, Watermaster Board

APPROVED:

\_\_\_\_\_  
Chairman, Advisory Committee

ATTEST:

\_\_\_\_\_  
Secretary  
Chino Basin Watermaster

STATE OF CALIFORNIA            )  
  ) ss  
COUNTY OF SAN BERNARDINO    )

I, \_\_\_\_\_, Secretary of the Chino Basin Watermaster, DO HEREBY CERTIFY that the foregoing Resolution being No. 11-05, was adopted at a regular meeting of the Chino Basin Watermaster Board by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

CHINO BASIN WATERMASTER

\_\_\_\_\_  
Secretary

Date: \_\_\_\_\_

RESOLUTION 11-06

RESOLUTION OF THE CHINO BASIN WATERMASTER,  
SAN BERNARDINO COUNTY, CALIFORNIA,  
RESOLUTION FOR PAYING AND REPORTING THE VALUE OF EPMC

RESOLUTION FOR PAYING AND REPORTING THE VALUE OF EMPLOYER  
PAID MEMBER CONTRIBUTIONS (EPMC)

**WHEREAS**, the governing body of the Chino Basin Watermaster has the authority to implement Government Code Section 20636(c)(4) pursuant to Section 20691;

**WHEREAS**, the governing body of the Chino Basin Watermaster has a written labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer, and reported as additional compensation;

**WHEREAS**, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of the Chino Basin Watermaster of a Resolution to commence paying and reporting the value of said Employer Paid Member Contributions (EPMC); pursuant to CCR title 2 section 571(a)(1).

**WHEREAS**, the governing body of the Chino Basin Watermaster has identified the following conditions for the purpose of its election to pay EPMC;

- This benefit shall apply to all employees of Chino Basin Watermaster.
- This benefit shall consist of paying 8% of the normal contributions as EPMC, and reporting the same percent (value) of compensation earnable\* (excluding Government Code Section 20636(c)(4)) as additional compensation.
- The effective date of this Resolution shall be July 1, 2011.

**NOW, THEREFORE, BE IT RESOLVED** that the governing body of the Chino Basin Watermaster elects to pay and report the value of EPMC, as set forth above.

By: \_\_\_\_\_  
Chairman, Watermaster Board

APPROVED:

\_\_\_\_\_  
Chairman, Advisory Committee

ATTEST:

\_\_\_\_\_  
Secretary  
Chino Basin Watermaster

\*Note: Payment of EPMC and reporting the value of EPMC on compensation earnable is on pay rate and special compensation except special compensation delineated in Government Code Section 20636(c)(4) which is the monetary value of EPMC on compensation earnable.

STATE OF CALIFORNIA            )  
  ) ss  
COUNTY OF SAN BERNARDINO    )

I, \_\_\_\_\_, Secretary of the Chino Basin Watermaster, DO HEREBY CERTIFY that the foregoing Resolution being No. 11-06, was adopted at a regular meeting of the Chino Basin Watermaster Board by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

CHINO BASIN WATERMASTER

\_\_\_\_\_  
Secretary

Date: \_\_\_\_\_





# CHINO BASIN WATERMASTER

## II. BUSINESS ITEM (App & Ag Pool)

- B. LOAN AGREEMENT WITH CHINO BASIN WATER CONSERVATION DISTRICT, CITY OF ONTARIO, AND JURUPA COMMUNITY SERVICES DISTRICT

## I. BUSINESS ITEM (Non-Ag Pool)

- E. LOAN AGREEMENT WITH CHINO BASIN WATER CONSERVATION DISTRICT, CITY OF ONTARIO, AND JURUPA COMMUNITY SERVICES DISTRICT





# CHINO BASIN WATERMASTER

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

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DESI ALVAREZ, P.E.  
Chief Executive Officer

## STAFF REPORT

**DATE:** August 11, 2011  
**TO:** Pool Members  
**SUBJECT:** Loan Agreement with the Chino Basin Water Conservation District, City of Ontario, and Jurupa Community Services District

### SUMMARY

**Recommendation** – Approve Loan Agreements with the Chino Basin Water Conservation District in an Amount not to exceed \$5,000,000.00, with the City of Ontario in an Amount not to exceed \$2,125,000, with Jurupa Community Services District in an Amount not to exceed \$1,000,000 and authorize the CEO to enter into loan agreements with interested Appropriators.

### Discussion:

Beginning May 16, 2011 imported replenishment water has been spread in Chino Basin to augment the water supply and for preemptive replenishment. Replenishment water deliveries are scheduled to end December 31, 2011 during which period it is estimated that between 40,000 acre-feet and 50,000 acre-feet of imported water will be spread in the basin.

As of August 4, 2011 approximately 18,000 acre-feet of imported water has been recharged into the Chino Groundwater Basin. Of the water recharged about 8,000 acre-feet was recharged during the month of July which is the target monthly delivery rate. At this rate the total imported water amount that will be recharged in Chino Basin through December 31, 2011 will be close to the 50,000 acre-feet goal.

Since acquisition of this water was unplanned Watermaster did not budget for the water purchase and per the direction of the Advisory Committee and the Board of Directors has developed alternative financing to pay for acquisition of the water.

Acquisition of the water is being financed in two parts. Approximately one half of the replenishment water is being purchased by two Appropriators, Niagara Bottling Company and Fontana Water Company, neither of which own any groundwater rights in Chino Basin and are always in need of replenishment water to cover their groundwater extractions. The remainder of the water is being acquired for Desalter Replenishment which will be required beginning in 2013 when the current Overdraft Account is

exhausted. The Desalter Replenishment water will be purchased by Watermaster and used to augment Watermaster's Desalter Overdraft Account. Watermaster will be borrowing from various parties to the Judgment to finance approximately 19,000 acre-feet of water. The remainder of the imported replenishment water will be acquired through storage agreements restricted to future Desalter Replenishment with regional agencies such as Inland Empire Utilities Agency (IEUA) and Three Valleys Municipal Water District (TVMWD).

On July 11, 2011 the Chino Basin Water Conservation District Board of Directors approved a loan of up to \$5,000,000.00 to the Chino Basin Watermaster. Following the CBWCD Board's approval of the loan a Loan Agreement has been negotiated between Watermaster and CBWCD.

Various Appropriators have expressed an interest in providing financing to Watermaster in an amount approximately equivalent to their future assessment obligation for Desalter Replenishment. The City of Ontario and Jurupa Community Services District have agreed to loan Watermaster \$2.1M and \$1.0M respectively.

The term of the loan agreements that Watermaster will enter are described herein. The loan will be subject to a variable interest rate equivalent to the monthly Local Agency Investment Fund (LAIF) interest rate plus one and one-half percent (1.5%) interest per annum. Interest will be calculated on the basis of a 30-day month and a 360-day year and shall be paid monthly. The principal shall be due and payable on January 15, 2015.

Watermaster agrees to pledge assessment revenue received from replenishment assessments levied by Watermaster and shall make principal payment due from such revenue. No new debt will be issued with a priority on the loans. Watermaster will repay the loan through the replenishment assessments it will be collecting to meet Desalter replenishment obligations beginning in 2013 consistent with Article VI of the Peace II Agreement. If by November 15, 2014, Watermaster has not collected replenishment assessments to meet its commitment for full repayment, then by December 15, 2014, Watermaster will levy a special assessment in an amount sufficient to meet the repayment obligations due on January 15, 2015.

Interest payments which are due monthly will be paid from existing reserves. The estimated interest cost on the loans of \$8,125,000 through January 2015 is \$541,666.80. This cost assumes an interest rate of two percent which is based on the average LAIF note for the past six quarters plus 1.5%. Watermaster currently has approximately \$1.3M dollars in a reserve which will be sufficient to cover this expense.

The Agreements will be submitted by Watermaster to the San Bernardino Superior Court (the "Court") maintaining continuing jurisdiction over the Judgment with a request that the Court find that the Agreement constitutes a legal and binding commitment on Watermaster.

**Cost of Water:**

The loan amount of \$8,125,000 with the cost of replenishment water at \$423 acre-feet provides the potential to purchase 19,200 acre-feet of replenishment water. The cost of replenishment water would be \$424.34 acre-feet which is the same amount as the Special Assessment option.

**Actions:**

**July 21, 2011 Advisory Committee** – Moved to bring the agreement to provide a loan between Chino Basin Watermaster and Chino Basin Water Conservation District back in August through the Pool process, have Watermaster staff provide an explanation on how the interest is going to be paid, and obtain approval through the Pool process for authorization of the use of the accumulated reserves to offset monthly interest payments.

**July 28, 2011 Watermaster Board** – Presented to the Board as an informational item only. The Board requested the item be presented and approved through the normal Pool process.

**August 11, 2011 Appropriative Pool** –

**August 11, 2011 Non-Agricultural Pool** –

**August 11, 2011 Agricultural Pool** –

**August 18, 2011 Advisory Committee** –

**August 25, 2011 Watermaster Board** –

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## AGREEMENT TO PROVIDE LOAN

This Agreement to Provide Loan ("**Agreement**") is made as of this \_\_\_\_ day of July, 2011, by and between Chino Basin Water Conservation District (the "**District**"), and Chino Basin Watermaster (the "**Watermaster**").

### RECITALS

A. Watermaster is the entity appointed by the Court maintaining continuing jurisdiction over the case *Chino Basin Municipal Water District v. City of Chino, San Bernardino Superior Court Case No. RCV 51010* ("**Judgment**"), whose purpose is to administer the terms of the Judgment.

B. District is a California Water Conservation District organized under \_\_\_\_\_.

C. Watermaster desires to purchase replenishment water from the Metropolitan Water District of Southern California ("**MWD**") in order to augment the basin's water supply to satisfy Desalter replenishment obligations of the parties to the Judgment.

D. Under the Judgment, Watermaster collects revenue to purchase replenishment water on a yearly basis based on pumping by parties to the Judgment that incur a replenishment obligation.

E. Watermaster desires to borrow, and District desires to assist Watermaster by lending to Watermaster, an amount in cash not to exceed \$5,000,000 (the "**Loan**") in order to accomplish the purchase of water from MWD.

F. Under Paragraph 24 of the Judgment, "Watermaster may borrow from time to time amounts not exceeding the annual anticipated receipts of Watermaster during such year."

**NOW THEREFORE, IN CONSIDERATION** of the mutual agreements, obligations, and representations, and in further consideration for the making of the Loan, Watermaster and District hereby agree as follows:

1. Loan. Subject to the terms and conditions of this Agreement, District hereby agrees to lend the Watermaster up to Five Million Dollars (\$5,000,000.00) at a variable interest rate equivalent to the monthly Local Agency Investment Fund interest rate plus One and One-Half Percent (1.5%) simple interest per annum as more detailed in the attached Promissory Note (the "**Note**", **Exhibit A** to this Agreement). As more fully set forth in the Note, the terms of the Loan shall include the following:

1.1 Interest shall be paid monthly. Interest shall be calculated on the basis of a 30-day month and a 360-day year.

1.2 The Note will provide that all outstanding principal shall be due and payable on January 15, 2015.



2. Security. Subject to the terms and conditions of this Agreement, in conjunction with the Note, Watermaster hereby agrees to pledge assessment revenue received from replenishment assessments levied by Watermaster ("**Pledged Revenues**"), which agreement shall be in the form of the Security Agreement attached hereto as **Exhibit B** (the "**Security Agreement**"), and shall make payments due under the Note from the Pledged Revenues and any other legally available source. No new debt will be issued with a priority on parity or senior to the Loan. Any assessments necessary to pay such Loan shall be levied by Watermaster. Watermaster shall levy replenishment assessments upon every acre-foot of water that incurs a replenishment assessment in an amount sufficient to account for both the principal and interest on money borrowed to purchase that water. If by November 15, 2014, Watermaster has not collected replenishment assessments to meet its commitment for full repayment, then by December 15, 2014, Watermaster will levy a special assessment in an amount sufficient to meet the repayment obligations due on January 15, 2015.

3. Use of Loan Proceeds. Watermaster hereby covenants and agrees that the proceeds from the Loan shall only be used to pay invoices from the Inland Empire Utilities Agency ("**IEUA**") for replenishment water purchased by IEUA from MWD and the Water Facilities Authority for treatment charges.

4. Distribution of Loan Proceeds. Funds will be made available by the District within three days of demand from Watermaster, but shall only be distributed as invoices are received from IEUA for the water and only in the amount of such invoices.

5. Watermaster Records. Watermaster covenants to keep proper books and financial records, in accordance with accepted practices for similar issuers, and to make such books and records available for reasonable inspection by District. Watermaster shall also provide the following financial information and statements in form and content acceptable to District:

5.1 Within 240 days of fiscal year end, a copy of Watermaster's CPA audited financial statement.

5.2 Within 90 days after the end of each interim six-month period (the first six-month period ending on December 31, 2011), a copy of Watermaster's unaudited financial statements for the six months then ended.

5.3 Within 90 days after the beginning of the fiscal year being budgeted, a budget for the new fiscal year.

5.4 Such other financial information as may be reasonably requested by the District from time to time.

6. Court Approval; Deliverables. This Agreement shall be submitted by Watermaster to the San Bernardino Superior Court (the "**Court**") maintaining continuing jurisdiction over the Judgment with a request that the Court find that the Agreement constitutes a legal and binding commitment on Watermaster. Such approval shall act as a condition precedent to the execution by the parties of the Note and the Security Agreement. Within      days of receiving Court approval, the parties shall execute and deliver the Note and the Security Agreement in the forms attached hereto.

7. Representations and Warranties. Watermaster represents and warrants that it knows of no existing or threatened litigation the results of which, if adversely determined, would have a material adverse effect upon Watermaster's ability to fulfill its obligations under this Agreement.

8. Term. This Agreement shall commence on the date set forth above and remain in full force and effect throughout the term of the Loan.

9. Governing Law. This Agreement and any exhibits referenced herein shall be interpreted under and be governed by the laws of the State of California. Any dispute arising under this Agreement shall be subject to the jurisdiction of the Court maintaining continuing jurisdiction over the Judgment.

10. Time. Time is of the essence in this Agreement.

11. Notices. Formal notices, demands and communications between Watermaster and District shall be sufficiently given and shall not be deemed given unless dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, to the principal offices of Watermaster and District as follows:

**DISTRICT:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**WATERMASTER:** Chino Basin Watermaster  
c/o Mr. Desi Alvarez  
8632 San Bernardino Road  
Cucamonga, CA \_\_\_\_\_

12. Relationship of Parties. The relationship of Watermaster and the District under this Agreement is and at all times shall remain solely that of a debtor and a creditor, and shall not be construed as a joint venture, equity venture, partnership, or any other relationship, except as otherwise may be agreed to by the parties. The District neither undertakes nor assumes any responsibility or duty to Watermaster (except as provided for herein) or any third party.

13. Assignment; Binding Nature. This Agreement and the rights granted herein are personal to the District and the Watermaster and may not be exercised or assigned voluntarily or involuntarily by or to any person or entity other than the District and the Watermaster, and shall terminate and be of no further force or effect upon any assignment. All provisions of this Agreement shall be binding upon and inure to the benefit of the administrators, successors-in-interest, transferees, and permitted assigns of each of the parties; provided, however, that except as otherwise permitted in this Agreement, this section does not waive the prohibition on assignment of this Agreement by the District or the Watermaster without the District's or the Watermaster's consent.



14. Waiver. Any waiver by the District of any obligation in this Agreement must be in writing. No waiver will be implied from any delay or failure by the District to take action on any breach or default of Watermaster or to pursue any remedy allowed under the Agreement or applicable law. Any extension of time granted to Watermaster to perform any obligation under this Agreement shall not operate as a waiver or release from any of its obligations under this Agreement. Consent by the District to any act or omission by Watermaster shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for the District's written consent to future waivers.

15. Entire Agreement; Amendment. This Agreement including exhibits referenced herein contain the entire agreement of the parties and supersede any and all prior negotiations with respect to the subject matter hereof. Any amendments or modifications to this Agreement must be in writing, and shall be made only if executed by both Watermaster and the District.

16. Other Agreements. Watermaster represents that it has not entered into any agreements that are inconsistent with the terms of this Agreement. Further, Watermaster shall not enter into any agreements that are inconsistent with the terms of this Agreement without an express waiver by the District in writing.

17. Severability. Every provision of this Agreement is intended to be severable. If any provision of this Agreement shall be held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired.

18. Attorneys' Fees. If any legal proceeding (lawsuit, arbitration, etc.) including an action for declaratory relief, is brought to enforce or interpret the provisions of this Agreement, each party shall bear its own costs.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**DISTRICT**

By: \_\_\_\_\_

**WATERMASTER**

By: \_\_\_\_\_  
Desi Alvarez, CEO

Exhibit A: Form of Promissory Note  
Exhibit B: Form of Security Agreement

**SECURED PROMISSORY NOTE**

1. **Evidence of Obligation.** For value received, this Promissory Note (the “**Note**”) is given by Chino Basin Watermaster (“**Borrower**”) to Chino Basin Water Conservation District (“**Lender**”), to evidence that certain obligation by Borrower to pay to Lender a principal amount not to exceed Five Million Dollars (\$5,000,000.00).
2. **Payment Covenant.** For value received, Borrower promises to pay to Lender at Cucamonga, California, or at such other place as may be designated in writing by Lender, or to its order, a principal amount not to exceed Five Million Dollars (\$5,000,000.00) plus Interest (as defined below in Section 3), as provided herein.
3. **Use of Proceeds; Principal Amount.** The principal shall only be used by Borrower to pay invoices from the Inland Empire Utilities Agency (“**IEUA**”) for replenishment water purchased by IEUA from the Metropolitan Water District of Southern California and the Water Facilities Authority for treatment charges. The amount of the principal of this Note shall be determined as follows but shall not exceed \$5,000,000.00: Funds shall be transferred by Lender to Borrower within three (3) days of written demand by Borrower to Lender, provided that such written demand include the invoices received by Borrower from IEUA, and provided further that the amount of the funds transferred by Lender to Borrower shall be an amount equal to the amount of such invoices.
4. **Interest.** Interest on the outstanding principal balance due under this Note shall accrue commencing on the date of this Note at a variable rate equal to the monthly Local Agency Investment Fund interest rate plus One and One-Half Percent (LAIF + 1.5%) simple interest per annum based on a 30-day month and a 360-day year (the “**Interest**”). The Interest shall be paid monthly commencing on                     .
5. **Maturity.** The entire amount of unpaid principal, plus all accrued and unpaid Interest and any costs or fees owing under this Note shall be due and payable in full on January 15, 2015.
6. **Prepayment.** Borrower reserves the right at any time, and from time to time, to prepay all or any portion of the amounts outstanding hereunder without penalty or premium.
7. **Default; Acceleration.** If an Event of Default (as defined below) occurs under this Note, then Lender may, at its sole option, declare all sums owing under this Note immediately due and payable, and all amounts owing hereunder shall be automatically due and payable subject to any requirements as specified below.

Each of the following shall constitute an “Event of Default”:

- (a) Failure of Borrower to pay when due principal or accrued interest under this Note within thirty (30) days of any due date;

(b) A custodian, trustee, receiver, or agent is appointed or takes possession of substantially all of the assets of Borrower;

(c) Any attachment, execution, or other writ is levied on all or substantially all of the assets of the Borrower;

(d) Any default under the terms of the Security Agreement executed concurrently herewith by Borrower.

8. **Application of Payments.** Any payment when made shall be credited first on the accrued interest then due, and the remainder on the principal payable under this Note. Interest shall thereupon cease on the amount so credited on the principal sum.

9. **No Waivers.** No previous waiver and no failure or delay by Lender in acting with respect to the terms of this Note shall constitute a waiver of any breach, default, or failure of condition under this Note or the obligations secured thereby. A waiver of any term of this Note or of any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver.

10. **Usury.** All agreements between Borrower and Lender are expressly limited, so that in no event or contingency whatsoever, whether by reason of the advancement of the proceeds of this Note, acceleration of maturity of the unpaid principal balance, or otherwise, shall the amount paid or agreed to be paid to Lender for the use, forbearance, or detention of the money to be advanced under this Note exceed the highest lawful rate permissible under applicable usury laws. If, under any circumstances whatsoever, Lender shall ever receive as interest an amount that exceeds the highest lawful rate, the amount that would be excessive interest shall be applied to the reduction of the unpaid principal balance under this Note and not to the payment of interest, or, if such excessive interest exceeds the unpaid balance of principal under this Note, such excess shall be refunded to Borrower.

11. **Time of the Essence; Dates.** Time is of the essence of this Note. In the event that any date specified in this Note falls on Saturday, Sunday or a public holiday, such date shall be deemed to be the succeeding day on which the public agencies and major banks are open for business.

12. **Governing Law and Venue.** This Note shall be construed and enforced in accordance with the laws of the State of California. The venue for any proceedings under this Note shall be a court of competent jurisdiction in the County of San Bernardino, State of California.

13. **Parties in Interest.** This Note shall bind Borrower and its successors, heirs and assigns. This Note shall not be assigned or transferred by Lender without the express prior written consent of Borrower, except by operation of law.

14. **Severability.** If any provision in this Note is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Note will remain in full

force and effect. Any provision of this Note held invalid or unenforceable only in part or degree will remain in full force and effect the extent not held invalid or unenforceable.

15. **Attorneys' Fees.** If any legal proceeding (lawsuit, arbitration, etc.) including an action for declaratory relief, is brought to enforce or interpret the provisions of this Note, each party shall bear its own costs.

IN WITNESS WHEREOF, Borrower has executed this Note as set forth below.

**BORROWER:**

**Chino Basin Watermaster**

\_\_\_\_\_  
Desi Alvarez, CEO

Address:  
8632 San Bernardino Road  
Cucamonga, CA \_\_\_\_\_

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## SECURITY AGREEMENT

This Security Agreement (“**Agreement**”) is made and entered into on this \_\_\_ day of \_\_\_\_\_, 2011, by and between Chino Basin Water Conservation District (the “**District**”) and Chino Basin Watermaster (“**Watermaster**”) (each a “**Party**” and collectively, the “**Parties**”) with reference to the following facts and intentions:

A. Watermaster is the entity appointed by the Court maintaining continuing jurisdiction over the case *Chino Basin Municipal Water District v. City of Chino, San Bernardino Superior Court Case No. RCV 51010* (“**Judgment**”), whose purpose is to administer the terms of the Judgment.

B. District is a California Water Conservation District organized under \_\_\_\_\_.

C. The Parties entered into that certain Agreement to Provide Loan dated \_\_\_\_\_, 2011 (the “**Loan Agreement**”), and the approval of the Court as set forth in Section 6 of the Loan Agreement has been obtained.

D. In conjunction with the Secured Promissory Note executed by Watermaster concurrently herewith (the “**Note**”), Watermaster agrees to grant the District a security interest in the assessment revenue received from replenishment assessments levied by Watermaster, as more fully described herein.

**NOW, THEREFORE, in consideration of the mutual promises, covenants, and agreements hereinafter set forth, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), THE PARTIES AGREE AS FOLLOWS:**

1. **Incorporation by Reference; Defined Terms.** The above Recitals and Exhibits hereto are incorporated herein by this reference. Any term used but not defined in this Agreement shall have the meaning given such term in the Loan Agreement or the Note.

2. **Grant of Security Interest.** Watermaster grants to the District a security interest in the assessment revenue received by Watermaster from replenishment assessments levied by Watermaster (the “**Pledged Revenues**”), to secure performance and payment by Watermaster to the District under the Note.

3. **No Senior Debt.** Watermaster agrees that for the term of the Note, Watermaster shall not issue any debt with a priority on parity with or senior to the Note, and shall not pledge, lien or encumber the Pledged Revenues for the term of the Note.

4. **Representations, Warranties and Covenants.** Watermaster represents, warrants and covenants that it will execute documents and take such other actions and do such other things, all as the District may from reasonably require from time to time, to establish, perfect and maintain a valid security interest and lien in the Pledged Revenues;

5. **Events of Default.** Watermaster will be in default on the occurrence of any one of the following events or conditions (each, an “**Event of Default**”):

a. Watermaster's failure to perform any of the obligations, covenants, terms or conditions contained or referred to in this Agreement or the Note;

b. Watermaster's breach of any warranty, representation or statement contained or referred to in this Agreement or the Note.

6. **Remedies of the District.** When an Event of Default occurs, the District shall provide written notice to Watermaster of the Event of Default and the reasons therefore ("Notice of Default"). Watermaster may object in writing within five (5) days of receipt of Notice of Default, and the parties shall meet and confer in good faith to resolve any dispute. If the parties are unable to resolve such dispute within 30 days then the dispute will be resolved by motion to the Court maintaining continuing jurisdiction over the Judgment. The rights, powers and remedies of the District in this Agreement shall be in addition to all rights, powers and remedies given by law and are cumulative. The exercise of any one or more of the rights, powers and remedies provided in this Agreement shall not be construed as a waiver of any other rights, powers and remedies of the District.

7. **Termination of Agreement.** This Agreement, and Watermaster's duties and obligations under this Agreement, will continue in effect and only terminate when Watermaster completes performance of the obligations and duties under the terms and conditions of the Note.

8. **General Provisions.**

a. **Recitals.** The recitals set forth at the beginning of this Agreement of any matters or facts shall be conclusive proof of their truthfulness and the terms and conditions stated in the recitals, if any, shall be deemed a part of this Agreement.

b. **Other Instruments.** The parties shall, whenever and as often as reasonably requested by the other party, execute, acknowledge and deliver or cause to be executed, acknowledged and delivered any and all documents and instruments as may be necessary, expedient or proper in the reasonable opinion of the requesting party to carry out the intent and purposes of this Agreement, provided that the requesting party shall pay the cost and expense of the further instruments or documents (except that each party shall pay its own attorneys' fees).

c. **Construction.** The provisions of this Agreement should be liberally construed to effectuate its purposes. The language of this Agreement shall be construed simply according to its plain meaning and shall not be construed for or against either party, as each party has participated in the drafting of this Agreement and had the opportunity to have their counsel review it.

d. **Date and Delivery of Agreement.** Notwithstanding anything to the contrary contained in this Agreement, the Parties intend that this Agreement shall be deemed effective, executed, and delivered for all purposes under this Agreement as of the date stated on the first page of this Agreement.

e. **Captions, Headings, Exhibits and Abbreviations.** The captions and headings of this Agreement are for convenience only and have no force or effect in the

interpretation or construction of this Agreement. Words indicated in parenthesis signify an abbreviation for the previous set of words or terms, so that when the abbreviation is used within the Agreement, it shall have the same meaning as a full restatement of the words or terms. All recitals first stated above and all exhibits attached to this Agreement are incorporated by this reference as though fully stated in this Agreement.

f. **Severability.** If any term, provision, covenant or condition of this Agreement shall be or become illegal, null, void or against public policy, or shall be held by any court of competent jurisdiction to be illegal, null or void or against public policy, shall be modified or changed by the parties to the extent possible to carry out the intentions and directives stated in this Agreement. The remaining provisions of this Agreement shall remain in full force and effect and shall not be affected, impaired or invalidated thereby.

g. **Counterparts.** This agreement may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

h. **Successors and Assigns.** This Agreement shall be binding on and shall inure to the benefit of the parties and their respective heirs, legal representatives, successors and permitted assigns, except as restricted by this Agreement.

i. **No Assignment.** Watermaster shall not voluntarily or by operation of law assign, hypothecate, give, transfer, mortgage, sublet, license, or otherwise transfer or encumber all or any part of its rights, duties, or other interests in this Agreement without the District's prior written consent. Any attempt to do so in violation of this provision shall be a material default under this Agreement and shall be null and void.

j. **Waiver.** No waiver of any provision or consent to any action shall constitute a waiver of any other provision or consent to any other action, whether or not similar. No waiver or consent shall constitute a continuing waiver or consent or commit a party to provide a waiver in the future except to the extent specifically stated in writing. Any waiver given by a party shall be null and void if the party requesting such waiver has not provided a full and complete disclosure of all material facts relevant to the waiver requested. No waiver shall be binding unless executed in writing by the party making the waiver.

k. **Governing Law, Jurisdiction and Venue.** The validity and interpretation of this Agreement and any ancillary documents shall be governed by the laws of the State of California without giving effect to the principles of conflict of laws. The parties agree that any state court located in San Bernardino County shall have personal jurisdiction over the parties hereto and over any case or controversy related in any manner this Agreement and shall be the exclusive forum in which to adjudicate such case or controversy. Any final judgment rendered against a party in any action or proceeding shall be conclusive as to the subject of such final judgment and may be enforced in other jurisdictions in any manner provided by law.

l. **Notices.** Formal notices, demands and communications between Watermaster and the District shall be sufficiently given and shall not be deemed given unless



dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, to the principal offices of Watermaster and the District as follows:

DISTRICT: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

WATERMASTER: Chino Basin Watermaster  
c/o Mr. Desi Alvarez  
8632 San Bernardino Road  
Cucamonga, CA \_\_\_\_\_

m. **Attorneys' Fees.** If any legal or equitable proceeding (lawsuit, arbitration, etc.), including an action for declaratory relief, related in any manner to this Agreement is brought, each party shall bear its own costs in the resolution of such dispute.

n. **Authorizations.** All individuals executing this and other documents on behalf of the respective parties certify and warrant that they have the capacity and have been duly authorized to so execute the documents on behalf of the entity so indicated. Each signatory shall also indemnify the other parties to this Agreement, and hold them harmless, from any and all damages, costs, attorneys' fees, and other expenses, if the signatory is not so authorized.

o. **Entire Agreement and Amendment.** In conjunction with the matters considered herein, this Agreement contains the entire understanding and agreement of the parties and both parties acknowledge that they have not relied on any promises, representations, agreements, warranties or undertakings by any of the parties, either oral or written, of any character or nature binding except as stated in this Agreement. This Agreement supersedes, and its terms govern, all prior or contemporaneous proposals, agreement or other communications between the parties, oral or written, regarding this subject matter. This Agreement may be altered, amended or modified only by an instrument in writing explicitly referencing this Agreement, executed by the parties to this Agreement and by no other means. Each party waives their right to claim, contest or assert that this Agreement was modified, canceled, superseded or changed by any oral agreement, course of conduct, waiver or estoppel.

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement on the date first above written.

**CHINO BASIN WATER CONSERVATION DISTRICT**

**CHINO BASIN WATERMASTER**

By: \_\_\_\_\_

By: \_\_\_\_\_

**Desi Alvarez, CEO**

Its: \_\_\_\_\_

## AGREEMENT TO PROVIDE LOAN

This Agreement to Provide Loan ("**Agreement**") is made as of this \_\_\_\_ day of July, 2011, by and between City of Ontario (the "**City**") and Chino Basin Watermaster (the "**Watermaster**").

### RECITALS

A. Watermaster is the entity appointed by the Court maintaining continuing jurisdiction over the case *Chino Basin Municipal Water District v. City of Chino, San Bernardino Superior Court Case No. RCV 51010* ("**Judgment**"), whose purpose is to administer the terms of the Judgment.

B. City is a charter City organized under \_\_\_\_\_.

C. Watermaster desires to purchase replenishment water from the Metropolitan Water District of Southern California ("**MWD**") in order to augment the basin's water supply to satisfy Desalter replenishment obligations of the parties to the Judgment.

D. Under the Judgment, Watermaster collects revenue to purchase replenishment water on a yearly basis based on pumping by parties to the Judgment that incur a replenishment obligation.

E. Watermaster desires to borrow, and City desires to assist Watermaster by lending to Watermaster, an amount in cash not to exceed \$2,150,000 (the "**Loan**") in order to accomplish the purchase of water from MWD.

F. Under Paragraph 24 of the Judgment, "Watermaster may borrow from time to time amounts not exceeding the annual anticipated receipts of Watermaster during such year."

**NOW THEREFORE, IN CONSIDERATION** of the mutual agreements, obligations, and representations, and in further consideration for the making of the Loan, Watermaster and City hereby agree as follows:

1. Loan. Subject to the terms and conditions of this Agreement, City hereby agrees to lend the Watermaster up to Two Million One Hundred Fifty Thousand Dollars (\$2,150,000.00) at a variable interest rate equivalent to the monthly Local Agency Investment Fund interest rate plus One and One-Half Percent (1.5%) simple interest per annum as more detailed in the attached Promissory Note (the "**Note**", **Exhibit A** to this Agreement). As more fully set forth in the Note, the terms of the Loan shall include the following:

1.1 Interest shall be paid monthly. Interest shall be calculated on the basis of a 30-day month and a 360-day year.

1.2 The Note will provide that all outstanding principal shall be due and payable on January 15, 2015.

2. Security. Subject to the terms and conditions of this Agreement, in conjunction with the Note, Watermaster hereby agrees to pledge assessment revenue received from replenishment assessments levied by Watermaster ("Pledged Revenues"), which agreement shall be in the form of the Security Agreement attached hereto as Exhibit B (the "Security Agreement"), and shall make payments due under the Note from the Pledged Revenues and any other legally available source. Any assessments necessary to pay such Loan shall be levied by Watermaster. Watermaster shall levy replenishment assessments upon every acre-foot of water that incurs a replenishment assessment in an amount sufficient to account for both the principal and interest on money borrowed to purchase that water. If by November 15, 2014, Watermaster has not collected replenishment assessments to meet its commitment for full repayment, then by December 15, 2014, Watermaster will levy a special assessment in an amount sufficient to meet the repayment obligations due on January 15, 2015.

3. Use of Loan Proceeds. Watermaster hereby covenants and agrees that the proceeds from the Loan shall only be used to pay invoices from the Inland Empire Utilities Agency ("IEUA") for replenishment water purchased by IEUA from MWD and the Water Facilities Authority for treatment charges.

4. Distribution of Loan Proceeds. Funds will be made available by the City within three days of demand from Watermaster, but shall only be distributed as invoices are received from IEUA for the water and only in the amount of such invoices.

5. Watermaster Records. Watermaster covenants to keep proper books and financial records, in accordance with accepted practices for similar issuers, and to make such books and records available for reasonable inspection by City. Watermaster shall also provide the following financial information and statements in form and content acceptable to City:

5.1 Within 240 days of fiscal year end, a copy of Watermaster's CPA audited financial statement.

5.2 Within 90 days after the end of each interim six-month period (the first six-month period ending on December 31, 2011), a copy of Watermaster's unaudited financial statements for the six months then ended.

5.3 Within 90 days after the beginning of the fiscal year being budgeted, a budget for the new fiscal year.

5.4 Such other financial information as may be reasonably requested by the City from time to time.

6. Court Approval; Deliverables. This Agreement shall be submitted by Watermaster to the San Bernardino Superior Court (the "Court") maintaining continuing jurisdiction over the Judgment with a request that the Court find that the Agreement constitutes a legal and binding commitment on Watermaster. Such approval shall act as a condition precedent to the execution by the parties of the Note and the Security Agreement. Within      days of receiving Court approval, the parties shall execute and deliver the Note and the Security Agreement in the forms attached hereto.

7. Representations and Warranties. Watermaster represents and warrants that it knows of no existing or threatened litigation the results of which, if adversely determined, would have a material adverse effect upon Watermaster's ability to fulfill its obligations under this Agreement.

8. Term. This Agreement shall commence on the date set forth above and remain in full force and effect throughout the term of the Loan.

9. Governing Law. This Agreement and any exhibits referenced herein shall be interpreted under and be governed by the laws of the State of California. Any dispute arising under this Agreement shall be subject to the jurisdiction of the Court maintaining continuing jurisdiction over the Judgment.

10. Time. Time is of the essence in this Agreement.

11. Notices. Formal notices, demands and communications between Watermaster and City shall be sufficiently given and shall not be deemed given unless dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, to the principal offices of Watermaster and City as follows:

**CITY:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**WATERMASTER:** Chino Basin Watermaster  
c/o Mr. Desi Alvarez  
8632 San Bernardino Road  
Cucamonga, CA \_\_\_\_\_

12. Relationship of Parties. The relationship of Watermaster and the City under this Agreement is and at all times shall remain solely that of a debtor and a creditor, and shall not be construed as a joint venture, equity venture, partnership, or any other relationship, except as otherwise may be agreed to by the parties. The City neither undertakes nor assumes any responsibility or duty to Watermaster (except as provided for herein) or any third party.

13. Assignment; Binding Nature. This Agreement and the rights granted herein are personal to the City and the Watermaster and may not be exercised or assigned voluntarily or involuntarily by or to any person or entity other than the City and the Watermaster, and shall terminate and be of no further force or effect upon any assignment. All provisions of this Agreement shall be binding upon and inure to the benefit of the administrators, successors-in-interest, transferees, and permitted assigns of each of the parties; provided, however, that except as otherwise permitted in this Agreement, this section does not waive the prohibition on assignment of this Agreement by the City or the Watermaster without the City's or the Watermaster's consent.

14. Waiver. Any waiver by the City of any obligation in this Agreement must be in writing. No waiver will be implied from any delay or failure by the City to take action on any breach or default of Watermaster or to pursue any remedy allowed under the Agreement or applicable law. Any extension of time granted to Watermaster to perform any obligation under this Agreement shall not operate as a waiver or release from any of its obligations under this Agreement. Consent by the City to any act or omission by Watermaster shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for the City's written consent to future waivers.

15. Entire Agreement; Amendment. This Agreement including exhibits referenced herein contain the entire agreement of the parties and supersede any and all prior negotiations with respect to the subject matter hereof. Any amendments or modifications to this Agreement must be in writing, and shall be made only if executed by both Watermaster and the City.

16. Other Agreements. Watermaster represents that it has not entered into any agreements that are inconsistent with the terms of this Agreement. Further, Watermaster shall not enter into any agreements that are inconsistent with the terms of this Agreement without an express waiver by the City in writing.

17. Severability. Every provision of this Agreement is intended to be severable. If any provision of this Agreement shall be held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired.

18. Attorneys' Fees. If any legal proceeding (lawsuit, arbitration, etc.) including an action for declaratory relief, is brought to enforce or interpret the provisions of this Agreement, each party shall bear its own costs.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**CITY**

By: \_\_\_\_\_

**WATERMASTER**

By: \_\_\_\_\_  
Desi Alvarez, CEO

Exhibit A: Form of Promissory Note  
Exhibit B: Form of Security Agreement



**SECURED PROMISSORY NOTE**

1. **Evidence of Obligation.** For value received, this Promissory Note (the “**Note**”) is given by Chino Basin Watermaster (“**Borrower**”) to City of Ontario (“**Lender**”), to evidence that certain obligation by Borrower to pay to Lender a principal amount not to exceed Two Million One Hundred Fifty Thousand Dollars (\$2,150,000.00).
2. **Payment Covenant.** For value received, Borrower promises to pay to Lender at Ontario, California, or at such other place as may be designated in writing by Lender, or to its order, a principal amount not to exceed Two Million One Hundred Fifty Thousand Dollars (\$2,150,000.00) plus Interest (as defined below in Section 3), as provided herein.
3. **Use of Proceeds; Principal Amount.** The principal shall only be used by Borrower to pay invoices from the Inland Empire Utilities Agency (“**IEUA**”) for replenishment water purchased by IEUA from the Metropolitan Water District of Southern California and the Water Facilities Authority for treatment charges. The amount of the principal of this Note shall be determined as follows but shall not exceed \$2,150,000.00: Funds shall be transferred by Lender to Borrower within three (3) days of written demand by Borrower to Lender, provided that such written demand include the invoices received by Borrower from IEUA, and provided further that the amount of the funds transferred by Lender to Borrower shall be an amount equal to the amount of such invoices.
4. **Interest.** Interest on the outstanding principal balance due under this Note shall accrue commencing on the date of this Note at a variable rate equal to the monthly Local Agency Investment Fund interest rate plus One and One-Half Percent (LAIF + 1.5%) simple interest per annum based on a 30-day month and a 360-day year (the “**Interest**”). The Interest shall be paid monthly commencing on \_\_\_\_\_.
5. **Maturity.** The entire amount of unpaid principal, plus all accrued and unpaid Interest and any costs or fees owing under this Note shall be due and payable in full on January 15, 2015.
6. **Prepayment.** Borrower reserves the right at any time, and from time to time, to prepay all or any portion of the amounts outstanding hereunder without penalty or premium.
7. **Default; Acceleration.** If an Event of Default (as defined below) occurs under this Note, then Lender may, at its sole option, declare all sums owing under this Note immediately due and payable, and all amounts owing hereunder shall be automatically due and payable subject to any requirements as specified below.

Each of the following shall constitute an “Event of Default”:

- (a) Failure of Borrower to pay when due principal or accrued interest under this Note within thirty (30) days of any due date;

(b) A custodian, trustee, receiver, or agent is appointed or takes possession of substantially all of the assets of Borrower;

(c) Any attachment, execution, or other writ is levied on all or substantially all of the assets of the Borrower;

(d) Any default under the terms of the Security Agreement executed concurrently herewith by Borrower.

8. **Application of Payments.** Any payment when made shall be credited first on the accrued interest then due, and the remainder on the principal payable under this Note. Interest shall thereupon cease on the amount so credited on the principal sum.

9. **No Waivers.** No previous waiver and no failure or delay by Lender in acting with respect to the terms of this Note shall constitute a waiver of any breach, default, or failure of condition under this Note or the obligations secured thereby. A waiver of any term of this Note or of any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver.

10. **Usury.** All agreements between Borrower and Lender are expressly limited, so that in no event or contingency whatsoever, whether by reason of the advancement of the proceeds of this Note, acceleration of maturity of the unpaid principal balance, or otherwise, shall the amount paid or agreed to be paid to Lender for the use, forbearance, or detention of the money to be advanced under this Note exceed the highest lawful rate permissible under applicable usury laws. If, under any circumstances whatsoever, Lender shall ever receive as interest an amount that exceeds the highest lawful rate, the amount that would be excessive interest shall be applied to the reduction of the unpaid principal balance under this Note and not to the payment of interest, or, if such excessive interest exceeds the unpaid balance of principal under this Note, such excess shall be refunded to Borrower.

11. **Time of the Essence; Dates.** Time is of the essence of this Note. In the event that any date specified in this Note falls on Saturday, Sunday or a public holiday, such date shall be deemed to be the succeeding day on which the public agencies and major banks are open for business.

12. **Governing Law and Venue.** This Note shall be construed and enforced in accordance with the laws of the State of California. The venue for any proceedings under this Note shall be a court of competent jurisdiction in the County of San Bernardino, State of California.

13. **Parties in Interest.** This Note shall bind Borrower and its successors, heirs and assigns. This Note shall not be assigned or transferred by Lender without the express prior written consent of Borrower, except by operation of law.

14. **Severability.** If any provision in this Note is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Note will remain in full

force and effect. Any provision of this Note held invalid or unenforceable only in part or degree will remain in full force and effect the extent not held invalid or unenforceable.

15. **Attorneys' Fees.** If any legal proceeding (lawsuit, arbitration, etc.) including an action for declaratory relief, is brought to enforce or interpret the provisions of this Note, each party shall bear its own costs.

IN WITNESS WHEREOF, Borrower has executed this Note as set forth below.

**BORROWER:**

**Chino Basin Watermaster**

\_\_\_\_\_  
Desi Alvarez, CEO

Address:  
8632 San Bernardino Road  
Cucamonga, CA \_\_\_\_\_



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## SECURITY AGREEMENT

This Security Agreement (“**Agreement**”) is made and entered into on this \_\_\_ day of \_\_\_\_\_, 2011, by and between City of Ontario (the “**City**”) and Chino Basin Watermaster (“**Watermaster**”) (each a “**Party**” and collectively, the “**Parties**”) with reference to the following facts and intentions:

A. Watermaster is the entity appointed by the Court maintaining continuing jurisdiction over the case *Chino Basin Municipal Water District v. City of Chino, San Bernardino Superior Court Case No. RCV 51010* (“**Judgment**”), whose purpose is to administer the terms of the Judgment.

B. City is a Charter city organized under \_\_\_\_\_.

C. The Parties entered into that certain Agreement to Provide Loan dated \_\_\_\_\_, 2011 (the “**Loan Agreement**”), and the approval of the Court as set forth in Section 6 of the Loan Agreement has been obtained.

D. In conjunction with the Secured Promissory Note executed by Watermaster concurrently herewith (the “**Note**”), Watermaster agrees to grant the City a security interest in the assessment revenue received from replenishment assessments levied by Watermaster, as more fully described herein.

**NOW, THEREFORE, in consideration of the mutual promises, covenants, and agreements hereinafter set forth, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), THE PARTIES AGREE AS FOLLOWS:**

1. **Incorporation by Reference; Defined Terms.** The above Recitals and Exhibits hereto are incorporated herein by this reference. Any term used but not defined in this Agreement shall have the meaning given such term in the Loan Agreement or the Note.

2. **Grant of Security Interest.** Watermaster grants to the District a security interest in the assessment revenue received by Watermaster from replenishment assessments levied by Watermaster (the “**Pledged Revenues**”), to secure performance and payment by Watermaster to the District under the Note.

3. **Representations, Warranties and Covenants.** Watermaster represents, warrants and covenants that it will execute documents and take such other actions and do such other things, all as the District may from reasonably require from time to time, to establish, perfect and maintain a valid security interest and lien in the Pledged Revenues;

4. **Events of Default.** Watermaster will be in default on the occurrence of any one of the following events or conditions (each, an “**Event of Default**”):

a. Watermaster’s failure to perform any of the obligations, covenants, terms or conditions contained or referred to in this Agreement or the Note;

b. Watermaster's breach of any warranty, representation or statement contained or referred to in this Agreement or the Note.

5. **Remedies of the City.** When an Event of Default occurs, the City shall provide written notice to Watermaster of the Event of Default and the reasons therefore ("Notice of Default"). Watermaster may object in writing within five (5) days of receipt of Notice of Default, and the parties shall meet and confer in good faith to resolve any dispute. If the parties are unable to resolve such dispute within 30 days then the dispute will be resolved by motion to the Court maintaining continuing jurisdiction over the Judgment. The rights, powers and remedies of the City in this Agreement shall be in addition to all rights, powers and remedies given by law and are cumulative. The exercise of any one or more of the rights, powers and remedies provided in this Agreement shall not be construed as a waiver of any other rights, powers and remedies of the District.

6. **Termination of Agreement.** This Agreement, and Watermaster's duties and obligations under this Agreement, will continue in effect and only terminate when Watermaster completes performance of the obligations and duties under the terms and conditions of the Note.

7. **General Provisions.**

a. **Recitals.** The recitals set forth at the beginning of this Agreement of any matters or facts shall be conclusive proof of their truthfulness and the terms and conditions stated in the recitals, if any, shall be deemed a part of this Agreement.

b. **Other Instruments.** The parties shall, whenever and as often as reasonably requested by the other party, execute, acknowledge and deliver or cause to be executed, acknowledged and delivered any and all documents and instruments as may be necessary, expedient or proper in the reasonable opinion of the requesting party to carry out the intent and purposes of this Agreement, provided that the requesting party shall pay the cost and expense of the further instruments or documents (except that each party shall pay its own attorneys' fees).

c. **Construction.** The provisions of this Agreement should be liberally construed to effectuate its purposes. The language of this Agreement shall be construed simply according to its plain meaning and shall not be construed for or against either party, as each party has participated in the drafting of this Agreement and had the opportunity to have their counsel review it.

d. **Date and Delivery of Agreement.** Notwithstanding anything to the contrary contained in this Agreement, the Parties intend that this Agreement shall be deemed effective, executed, and delivered for all purposes under this Agreement as of the date stated on the first page of this Agreement.

e. **Captions, Headings, Exhibits and Abbreviations.** The captions and headings of this Agreement are for convenience only and have no force or effect in the interpretation or construction of this Agreement. Words indicated in parenthesis signify an abbreviation for the previous set of words or terms, so that when the abbreviation is used within the Agreement, it shall have the same meaning as a full restatement of the words or terms. All

recitals first stated above and all exhibits attached to this Agreement are incorporated by this reference as though fully stated in this Agreement.

f. **Severability.** If any term, provision, covenant or condition of this Agreement shall be or become illegal, null, void or against public policy, or shall be held by any court of competent jurisdiction to be illegal, null or void or against public policy, shall be modified or changed by the parties to the extent possible to carry out the intentions and directives stated in this Agreement. The remaining provisions of this Agreement shall remain in full force and effect and shall not be affected, impaired or invalidated thereby.

g. **Counterparts.** This agreement may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

h. **Successors and Assigns.** This Agreement shall be binding on and shall inure to the benefit of the parties and their respective heirs, legal representatives, successors and permitted assigns, except as restricted by this Agreement.

i. **No Assignment.** Watermaster shall not voluntarily or by operation of law assign, hypothecate, give, transfer, mortgage, sublet, license, or otherwise transfer or encumber all or any part of its rights, duties, or other interests in this Agreement without the City's prior written consent. Any attempt to do so in violation of this provision shall be a material default under this Agreement and shall be null and void.

j. **Waiver.** No waiver of any provision or consent to any action shall constitute a waiver of any other provision or consent to any other action, whether or not similar. No waiver or consent shall constitute a continuing waiver or consent or commit a party to provide a waiver in the future except to the extent specifically stated in writing. Any waiver given by a party shall be null and void if the party requesting such waiver has not provided a full and complete disclosure of all material facts relevant to the waiver requested. No waiver shall be binding unless executed in writing by the party making the waiver.

k. **Governing Law, Jurisdiction and Venue.** The validity and interpretation of this Agreement and any ancillary documents shall be governed by the laws of the State of California without giving effect to the principles of conflict of laws. The parties agree that any state court located in San Bernardino County shall have personal jurisdiction over the parties hereto and over any case or controversy related in any manner this Agreement and shall be the exclusive forum in which to adjudicate such case or controversy. Any final judgment rendered against a party in any action or proceeding shall be conclusive as to the subject of such final judgment and may be enforced in other jurisdictions in any manner provided by law.

l. **Notices.** Formal notices, demands and communications between Watermaster and the District shall be sufficiently given and shall not be deemed given unless dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, to the principal offices of Watermaster and the District as follows:

CITY: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

WATERMASTER: Chino Basin Watermaster  
c/o Mr. Desi Alvarez  
8632 San Bernardino Road  
Cucamonga, CA \_\_\_\_\_

m. **Attorneys' Fees.** If any legal or equitable proceeding (lawsuit, arbitration, etc.), including an action for declaratory relief, related in any manner to this Agreement is brought, each party shall bear its own costs in the resolution of such dispute.

n. **Authorizations.** All individuals executing this and other documents on behalf of the respective parties certify and warrant that they have the capacity and have been duly authorized to so execute the documents on behalf of the entity so indicated. Each signatory shall also indemnify the other parties to this Agreement, and hold them harmless, from any and all damages, costs, attorneys' fees, and other expenses, if the signatory is not so authorized.

o. **Entire Agreement and Amendment.** In conjunction with the matters considered herein, this Agreement contains the entire understanding and agreement of the parties and both parties acknowledge that they have not relied on any promises, representations, agreements, warranties or undertakings by any of the parties, either oral or written, of any character or nature binding except as stated in this Agreement. This Agreement supersedes, and its terms govern, all prior or contemporaneous proposals, agreement or other communications between the parties, oral or written, regarding this subject matter. This Agreement may be altered, amended or modified only by an instrument in writing explicitly referencing this Agreement, executed by the parties to this Agreement and by no other means. Each party waives their right to claim, contest or assert that this Agreement was modified, canceled, superseded or changed by any oral agreement, course of conduct, waiver or estoppel.

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement on the date first above written.

**CITY OF ONTARIO**  
  
By: \_\_\_\_\_  
  
Its: \_\_\_\_\_

**CHINO BASIN WATERMASTER**  
  
By: \_\_\_\_\_  
**Desi Alvarez, CEO**

## AGREEMENT TO PROVIDE LOAN

This Agreement to Provide Loan ("**Agreement**") is made as of this \_\_\_\_ day of July, 2011, by and between Jurupa Community Services District (the "**District**"), and Chino Basin Watermaster (the "**Watermaster**").

### RECITALS

A. Watermaster is the entity appointed by the Court maintaining continuing jurisdiction over the case *Chino Basin Municipal Water District v. City of Chino, San Bernardino Superior Court Case No. RCV 51010* ("**Judgment**"), whose purpose is to administer the terms of the Judgment.

B. District is a Community Services District organized under \_\_\_\_\_.

C. Watermaster desires to purchase replenishment water from the Metropolitan Water District of Southern California ("**MWD**") in order to augment the basin's water supply to satisfy Desalter replenishment obligations of the parties to the Judgment.

D. Under the Judgment, Watermaster collects revenue to purchase replenishment water on a yearly basis based on pumping by parties to the Judgment that incur a replenishment obligation.

E. Watermaster desires to borrow, and District desires to assist Watermaster by lending to Watermaster, an amount in cash not to exceed \$1,000,000 (the "**Loan**") in order to accomplish the purchase of water from MWD.

F. Under Paragraph 24 of the Judgment, "Watermaster may borrow from time to time amounts not exceeding the annual anticipated receipts of Watermaster during such year."

**NOW THEREFORE, IN CONSIDERATION** of the mutual agreements, obligations, and representations, and in further consideration for the making of the Loan, Watermaster and District hereby agree as follows:

1. Loan. Subject to the terms and conditions of this Agreement, District hereby agrees to lend the Watermaster up to One Million Dollars (\$1,000,000.00) at a variable interest rate equivalent to the monthly Local Agency Investment Fund interest rate plus One and One-Half Percent (1.5%) simple interest per annum as more detailed in the attached Promissory Note (the "**Note**", **Exhibit A** to this Agreement). As more fully set forth in the Note, the terms of the Loan shall include the following:

1.1 Interest shall be paid monthly. Interest shall be calculated on the basis of a 30-day month and a 360-day year.

1.2 The Note will provide that all outstanding principal shall be due and payable on January 15, 2015.

2. Security. Subject to the terms and conditions of this Agreement, in conjunction with the Note, Watermaster hereby agrees to pledge assessment revenue received from replenishment assessments levied by Watermaster ("**Pledged Revenues**"), which agreement shall be in the form of the Security Agreement attached hereto as **Exhibit B** (the "**Security Agreement**"), and shall make payments due under the Note from the Pledged Revenues and any other legally available source. Any assessments necessary to pay such Loan shall be levied by Watermaster. Watermaster shall levy replenishment assessments upon every acre-foot of water that incurs a replenishment assessment in an amount sufficient to account for both the principal and interest on money borrowed to purchase that water. If by November 15, 2014, Watermaster has not collected replenishment assessments to meet its commitment for full repayment, then by December 15, 2014, Watermaster will levy a special assessment in an amount sufficient to meet the repayment obligations due on January 15, 2015.

3. Use of Loan Proceeds. Watermaster hereby covenants and agrees that the proceeds from the Loan shall only be used to pay invoices from the Inland Empire Utilities Agency ("**IEUA**") for replenishment water purchased by IEUA from MWD and the Water Facilities Authority for treatment charges.

4. Distribution of Loan Proceeds. Funds will be made available by the District within three days of demand from Watermaster, but shall only be distributed as invoices are received from IEUA for the water and only in the amount of such invoices.

5. Watermaster Records. Watermaster covenants to keep proper books and financial records, in accordance with accepted practices for similar issuers, and to make such books and records available for reasonable inspection by District. Watermaster shall also provide the following financial information and statements in form and content acceptable to District:

5.1 Within 240 days of fiscal year end, a copy of Watermaster's CPA audited financial statement.

5.2 Within 90 days after the end of each interim six-month period (the first six-month period ending on December 31, 2011), a copy of Watermaster's unaudited financial statements for the six months then ended.

5.3 Within 90 days after the beginning of the fiscal year being budgeted, a budget for the new fiscal year.

5.4 Such other financial information as may be reasonably requested by the District from time to time.

6. Court Approval; Deliverables. This Agreement shall be submitted by Watermaster to the San Bernardino Superior Court (the "**Court**") maintaining continuing jurisdiction over the Judgment with a request that the Court find that the Agreement constitutes a legal and binding commitment on Watermaster. Such approval shall act as a condition precedent to the execution by the parties of the Note and the Security Agreement. Within      days of receiving Court approval, the parties shall execute and deliver the Note and the Security Agreement in the forms attached hereto.



7. Representations and Warranties. Watermaster represents and warrants that it knows of no existing or threatened litigation the results of which, if adversely determined, would have a material adverse effect upon Watermaster's ability to fulfill its obligations under this Agreement.

8. Term. This Agreement shall commence on the date set forth above and remain in full force and effect throughout the term of the Loan.

9. Governing Law. This Agreement and any exhibits referenced herein shall be interpreted under and be governed by the laws of the State of California. Any dispute arising under this Agreement shall be subject to the jurisdiction of the Court maintaining continuing jurisdiction over the Judgment.

10. Time. Time is of the essence in this Agreement.

11. Notices. Formal notices, demands and communications between Watermaster and District shall be sufficiently given and shall not be deemed given unless dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, to the principal offices of Watermaster and District as follows:

**DISTRICT:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**WATERMASTER:** Chino Basin Watermaster  
c/o Mr. Desi Alvarez  
8632 San Bernardino Road  
Cucamonga, CA \_\_\_\_\_

12. Relationship of Parties. The relationship of Watermaster and the District under this Agreement is and at all times shall remain solely that of a debtor and a creditor, and shall not be construed as a joint venture, equity venture, partnership, or any other relationship, except as otherwise may be agreed to by the parties. The District neither undertakes nor assumes any responsibility or duty to Watermaster (except as provided for herein) or any third party.

13. Assignment; Binding Nature. This Agreement and the rights granted herein are personal to the District and the Watermaster and may not be exercised or assigned voluntarily or involuntarily by or to any person or entity other than the District and the Watermaster, and shall terminate and be of no further force or effect upon any assignment. All provisions of this Agreement shall be binding upon and inure to the benefit of the administrators, successors-in-interest, transferees, and permitted assigns of each of the parties; provided, however, that except as otherwise permitted in this Agreement, this section does not waive the prohibition on assignment of this Agreement by the District or the Watermaster without the District's or the Watermaster's consent.

14. Waiver. Any waiver by the District of any obligation in this Agreement must be in writing. No waiver will be implied from any delay or failure by the District to take action on any breach or default of Watermaster or to pursue any remedy allowed under the Agreement or applicable law. Any extension of time granted to Watermaster to perform any obligation under this Agreement shall not operate as a waiver or release from any of its obligations under this Agreement. Consent by the District to any act or omission by Watermaster shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for the District's written consent to future waivers.

15. Entire Agreement; Amendment. This Agreement including exhibits referenced herein contain the entire agreement of the parties and supersede any and all prior negotiations with respect to the subject matter hereof. Any amendments or modifications to this Agreement must be in writing, and shall be made only if executed by both Watermaster and the District.

16. Other Agreements. Watermaster represents that it has not entered into any agreements that are inconsistent with the terms of this Agreement. Further, Watermaster shall not enter into any agreements that are inconsistent with the terms of this Agreement without an express waiver by the District in writing.

17. Severability. Every provision of this Agreement is intended to be severable. If any provision of this Agreement shall be held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired.

18. Attorneys' Fees. If any legal proceeding (lawsuit, arbitration, etc.) including an action for declaratory relief, is brought to enforce or interpret the provisions of this Agreement, each party shall bear its own costs.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**DISTRICT**

By: \_\_\_\_\_

**WATERMASTER**

By: \_\_\_\_\_  
Desi Alvarez, CEO

Exhibit A: Form of Promissory Note  
Exhibit B: Form of Security Agreement

**SECURED PROMISSORY NOTE**

1. **Evidence of Obligation.** For value received, this Promissory Note (the “**Note**”) is given by Chino Basin Watermaster (“**Borrower**”) to Jurupa Community Services District (“**Lender**”), to evidence that certain obligation by Borrower to pay to Lender a principal amount not to exceed One Million Dollars (\$1,000,000.00).
2. **Payment Covenant.** For value received, Borrower promises to pay to Lender at Mira Loma, California, or at such other place as may be designated in writing by Lender, or to its order, a principal amount not to exceed One Million Dollars (\$1,000,000.00) plus Interest (as defined below in Section 3), as provided herein.
3. **Use of Proceeds; Principal Amount.** The principal shall only be used by Borrower to pay invoices from the Inland Empire Utilities Agency (“**IEUA**”) for replenishment water purchased by IEUA from the Metropolitan Water District of Southern California and the Water Facilities Authority for treatment charges. The amount of the principal of this Note shall be determined as follows but shall not exceed \$1,000,000.00: Funds shall be transferred by Lender to Borrower within three (3) days of written demand by Borrower to Lender, provided that such written demand include the invoices received by Borrower from IEUA, and provided further that the amount of the funds transferred by Lender to Borrower shall be an amount equal to the amount of such invoices.
4. **Interest.** Interest on the outstanding principal balance due under this Note shall accrue commencing on the date of this Note at a variable rate equal to the monthly Local Agency Investment Fund interest rate plus One and One-Half Percent (LAIF + 1.5%) simple interest per annum based on a 30-day month and a 360-day year (the “**Interest**”). The Interest shall be paid monthly commencing on                     .
5. **Maturity.** The entire amount of unpaid principal, plus all accrued and unpaid Interest and any costs or fees owing under this Note shall be due and payable in full on January 15, 2015.
6. **Prepayment.** Borrower reserves the right at any time, and from time to time, to prepay all or any portion of the amounts outstanding hereunder without penalty or premium.
7. **Default; Acceleration.** If an Event of Default (as defined below) occurs under this Note, then Lender may, at its sole option, declare all sums owing under this Note immediately due and payable, and all amounts owing hereunder shall be automatically due and payable subject to any requirements as specified below.

Each of the following shall constitute an “Event of Default”:

- (a) Failure of Borrower to pay when due principal or accrued interest under this Note within thirty (30) days of any due date;

(b) A custodian, trustee, receiver, or agent is appointed or takes possession of substantially all of the assets of Borrower;

(c) Any attachment, execution, or other writ is levied on all or substantially all of the assets of the Borrower;

(d) Any default under the terms of the Security Agreement executed concurrently herewith by Borrower.

8. **Application of Payments.** Any payment when made shall be credited first on the accrued interest then due, and the remainder on the principal payable under this Note. Interest shall thereupon cease on the amount so credited on the principal sum.

9. **No Waivers.** No previous waiver and no failure or delay by Lender in acting with respect to the terms of this Note shall constitute a waiver of any breach, default, or failure of condition under this Note or the obligations secured thereby. A waiver of any term of this Note or of any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver.

10. **Usury.** All agreements between Borrower and Lender are expressly limited, so that in no event or contingency whatsoever, whether by reason of the advancement of the proceeds of this Note, acceleration of maturity of the unpaid principal balance, or otherwise, shall the amount paid or agreed to be paid to Lender for the use, forbearance, or detention of the money to be advanced under this Note exceed the highest lawful rate permissible under applicable usury laws. If, under any circumstances whatsoever, Lender shall ever receive as interest an amount that exceeds the highest lawful rate, the amount that would be excessive interest shall be applied to the reduction of the unpaid principal balance under this Note and not to the payment of interest, or, if such excessive interest exceeds the unpaid balance of principal under this Note, such excess shall be refunded to Borrower.

11. **Time of the Essence; Dates.** Time is of the essence of this Note. In the event that any date specified in this Note falls on Saturday, Sunday or a public holiday, such date shall be deemed to be the succeeding day on which the public agencies and major banks are open for business.

12. **Governing Law and Venue.** This Note shall be construed and enforced in accordance with the laws of the State of California. The venue for any proceedings under this Note shall be a court of competent jurisdiction in the County of San Bernardino, State of California.

13. **Parties in Interest.** This Note shall bind Borrower and its successors, heirs and assigns. This Note shall not be assigned or transferred by Lender without the express prior written consent of Borrower, except by operation of law.

14. **Severability.** If any provision in this Note is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Note will remain in full

force and effect. Any provision of this Note held invalid or unenforceable only in part or degree will remain in full force and effect the extent not held invalid or unenforceable.

15. **Attorneys' Fees.** If any legal proceeding (lawsuit, arbitration, etc.) including an action for declaratory relief, is brought to enforce or interpret the provisions of this Note, each party shall bear its own costs.

IN WITNESS WHEREOF, Borrower has executed this Note as set forth below.

**BORROWER:**

**Chino Basin Watermaster**

\_\_\_\_\_  
Desi Alvarez, CEO

Address:  
8632 San Bernardino Road  
Cucamonga, CA \_\_\_\_\_

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## SECURITY AGREEMENT

This Security Agreement (“**Agreement**”) is made and entered into on this \_\_\_ day of \_\_\_\_\_, 2011, by and between Jurupa Community Services District (the “**District**”) and Chino Basin Watermaster (“**Watermaster**”) (each a “**Party**” and collectively, the “**Parties**”) with reference to the following facts and intentions:

A. Watermaster is the entity appointed by the Court maintaining continuing jurisdiction over the case *Chino Basin Municipal Water District v. City of Chino, San Bernardino Superior Court Case No. RCV 51010* (“**Judgment**”), whose purpose is to administer the terms of the Judgment.

B. District is a California Municipal Services organized under \_\_\_\_\_.

C. The Parties entered into that certain Agreement to Provide Loan dated \_\_\_\_\_, 2011 (the “**Loan Agreement**”), and the approval of the Court as set forth in Section 6 of the Loan Agreement has been obtained.

D. In conjunction with the Secured Promissory Note executed by Watermaster concurrently herewith (the “**Note**”), Watermaster agrees to grant the District a security interest in the assessment revenue received from replenishment assessments levied by Watermaster, as more fully described herein.

**NOW, THEREFORE, in consideration of the mutual promises, covenants, and agreements hereinafter set forth, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), THE PARTIES AGREE AS FOLLOWS:**

1. **Incorporation by Reference; Defined Terms.** The above Recitals and Exhibits hereto are incorporated herein by this reference. Any term used but not defined in this Agreement shall have the meaning given such term in the Loan Agreement or the Note.

2. **Grant of Security Interest.** Watermaster grants to the District a security interest in the assessment revenue received by Watermaster from replenishment assessments levied by Watermaster (the “**Pledged Revenues**”), to secure performance and payment by Watermaster to the District under the Note.

3. **Representations, Warranties and Covenants.** Watermaster represents, warrants and covenants that it will execute documents and take such other actions and do such other things, all as the District may from reasonably require from time to time, to establish, perfect and maintain a valid security interest and lien in the Pledged Revenues;

4. **Events of Default.** Watermaster will be in default on the occurrence of any one of the following events or conditions (each, an “**Event of Default**”):

a. Watermaster’s failure to perform any of the obligations, covenants, terms or conditions contained or referred to in this Agreement or the Note;

b. Watermaster's breach of any warranty, representation or statement contained or referred to in this Agreement or the Note.

5. **Remedies of the District.** When an Event of Default occurs, the District shall provide written notice to Watermaster of the Event of Default and the reasons therefore ("Notice of Default"). Watermaster may object in writing within five (5) days of receipt of Notice of Default, and the parties shall meet and confer in good faith to resolve any dispute. If the parties are unable to resolve such dispute within 30 days then the dispute will be resolved by motion to the Court maintaining continuing jurisdiction over the Judgment. The rights, powers and remedies of the District in this Agreement shall be in addition to all rights, powers and remedies given by law and are cumulative. The exercise of any one or more of the rights, powers and remedies provided in this Agreement shall not be construed as a waiver of any other rights, powers and remedies of the District.

6. **Termination of Agreement.** This Agreement, and Watermaster's duties and obligations under this Agreement, will continue in effect and only terminate when Watermaster completes performance of the obligations and duties under the terms and conditions of the Note.

7. **General Provisions.**

a. **Recitals.** The recitals set forth at the beginning of this Agreement of any matters or facts shall be conclusive proof of their truthfulness and the terms and conditions stated in the recitals, if any, shall be deemed a part of this Agreement.

b. **Other Instruments.** The parties shall, whenever and as often as reasonably requested by the other party, execute, acknowledge and deliver or cause to be executed, acknowledged and delivered any and all documents and instruments as may be necessary, expedient or proper in the reasonable opinion of the requesting party to carry out the intent and purposes of this Agreement, provided that the requesting party shall pay the cost and expense of the further instruments or documents (except that each party shall pay its own attorneys' fees).

c. **Construction.** The provisions of this Agreement should be liberally construed to effectuate its purposes. The language of this Agreement shall be construed simply according to its plain meaning and shall not be construed for or against either party, as each party has participated in the drafting of this Agreement and had the opportunity to have their counsel review it.

d. **Date and Delivery of Agreement.** Notwithstanding anything to the contrary contained in this Agreement, the Parties intend that this Agreement shall be deemed effective, executed, and delivered for all purposes under this Agreement as of the date stated on the first page of this Agreement.

e. **Captions, Headings, Exhibits and Abbreviations.** The captions and headings of this Agreement are for convenience only and have no force or effect in the interpretation or construction of this Agreement. Words indicated in parenthesis signify an abbreviation for the previous set of words or terms, so that when the abbreviation is used within the Agreement, it shall have the same meaning as a full restatement of the words or terms. All

recitals first stated above and all exhibits attached to this Agreement are incorporated by this reference as though fully stated in this Agreement.

**f. Severability.** If any term, provision, covenant or condition of this Agreement shall be or become illegal, null, void or against public policy, or shall be held by any court of competent jurisdiction to be illegal, null or void or against public policy, shall be modified or changed by the parties to the extent possible to carry out the intentions and directives stated in this Agreement. The remaining provisions of this Agreement shall remain in full force and effect and shall not be affected, impaired or invalidated thereby.

**g. Counterparts.** This agreement may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

**h. Successors and Assigns.** This Agreement shall be binding on and shall inure to the benefit of the parties and their respective heirs, legal representatives, successors and permitted assigns, except as restricted by this Agreement.

**i. No Assignment.** Watermaster shall not voluntarily or by operation of law assign, hypothecate, give, transfer, mortgage, sublet, license, or otherwise transfer or encumber all or any part of its rights, duties, or other interests in this Agreement without the District's prior written consent. Any attempt to do so in violation of this provision shall be a material default under this Agreement and shall be null and void.

**j. Waiver.** No waiver of any provision or consent to any action shall constitute a waiver of any other provision or consent to any other action, whether or not similar. No waiver or consent shall constitute a continuing waiver or consent or commit a party to provide a waiver in the future except to the extent specifically stated in writing. Any waiver given by a party shall be null and void if the party requesting such waiver has not provided a full and complete disclosure of all material facts relevant to the waiver requested. No waiver shall be binding unless executed in writing by the party making the waiver.

**k. Governing Law, Jurisdiction and Venue.** The validity and interpretation of this Agreement and any ancillary documents shall be governed by the laws of the State of California without giving effect to the principles of conflict of laws. The parties agree that any state court located in San Bernardino County shall have personal jurisdiction over the parties hereto and over any case or controversy related in any manner this Agreement and shall be the exclusive forum in which to adjudicate such case or controversy. Any final judgment rendered against a party in any action or proceeding shall be conclusive as to the subject of such final judgment and may be enforced in other jurisdictions in any manner provided by law.

**l. Notices.** Formal notices, demands and communications between Watermaster and the District shall be sufficiently given and shall not be deemed given unless dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, to the principal offices of Watermaster and the District as follows:

DISTRICT: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

WATERMASTER: Chino Basin Watermaster  
c/o Mr. Desi Alvarez  
8632 San Bernardino Road  
Cucamonga, CA \_\_\_\_\_

**m. Attorneys' Fees.** If any legal or equitable proceeding (lawsuit, arbitration, etc.), including an action for declaratory relief, related in any manner to this Agreement is brought, each party shall bear its own costs in the resolution of such dispute.

**n. Authorizations.** All individuals executing this and other documents on behalf of the respective parties certify and warrant that they have the capacity and have been duly authorized to so execute the documents on behalf of the entity so indicated. Each signatory shall also indemnify the other parties to this Agreement, and hold them harmless, from any and all damages, costs, attorneys' fees, and other expenses, if the signatory is not so authorized.

**o. Entire Agreement and Amendment.** In conjunction with the matters considered herein, this Agreement contains the entire understanding and agreement of the parties and both parties acknowledge that they have not relied on any promises, representations, agreements, warranties or undertakings by any of the parties, either oral or written, of any character or nature binding except as stated in this Agreement. This Agreement supersedes, and its terms govern, all prior or contemporaneous proposals, agreement or other communications between the parties, oral or written, regarding this subject matter. This Agreement may be altered, amended or modified only by an instrument in writing explicitly referencing this Agreement, executed by the parties to this Agreement and by no other means. Each party waives their right to claim, contest or assert that this Agreement was modified, canceled, superseded or changed by any oral agreement, course of conduct, waiver or estoppel.

**IN WITNESS WHEREOF**, the parties hereto have executed this Security Agreement on the date first above written.

**JURUPA COMMUNITY SERVICES  
DISTRICT**

**CHINO BASIN WATERMASTER**

By: \_\_\_\_\_

By: \_\_\_\_\_

**Desi Alvarez, CEO**

Its: \_\_\_\_\_



# CHINO BASIN WATERMASTER

## II. BUSINESS ITEM (App & Ag Pool)

- C. STORAGE AGREEMENT WITH INLAND EMPIRE UTILITIES AGENCY AND THREE VALLEYS MUNICIPAL WATER DISTRICT

## I. BUSINESS ITEM (Non-Ag Pool)

- F. STORAGE AGREEMENT WITH INLAND EMPIRE UTILITIES AGENCY AND THREE VALLEYS MUNICIPAL WATER DISTRICT





# CHINO BASIN WATERMASTER

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

DESI ALVAREZ, P.E.  
Chief Executive Officer

## STAFF REPORT

**DATE:** August 11, 2011  
**TO:** Pool Members  
**SUBJECT:** Storage Agreement for Desalter Replenishment Water

### SUMMARY

**Recommendations** – 1) Authorize the CEO to Execute a Storage Agreement with Inland Empire Utilities Agency (IEUA) and with Three Valleys Municipal Water District (TVMWD) and 2) Request the Watermaster Board Waive the Thirty Day Notice Period (Watermaster Rules & Regulations Section 10.10) and the Twenty-One Day Consideration Period (Watermaster Rules & Regulations Section 10.11) for Applications for Local Storage Agreements with IEUA and TVMWD to Store Desalter Replenishment Water. This Request is sought With the Express Acknowledgment that it Does Not Create Precedent for Future Applications.

### Discussion:

With Metropolitan Water District's making imported replenishment water available for the first time in four years, Watermaster ordered 50,000 acre-feet to augment the Chino Groundwater Basin. The acquisition of this water was unplanned and therefore unbudgeted. However, financing arrangements have been made that will cover the acquisition cost. The agreements include loans, purchase of the water by Appropriators which lack water rights in the Basin to be held in preemptive replenishment accounts, and purchase of the water by regional water wholesalers to be held in storage accounts for future Desalter Replenishment.

IEUA and TVMWD, two of the regional water wholesalers that provide imported water to Chino Basin, have offered to assist in financing a portion of the replenishment water. Since Watermaster has only identified financing for approximately 45,000 acre-feet of water, there is a potential for these agencies to assist in financing the remainder of the imported replenishment water. Both agencies will be acquiring the imported replenishment water in their names which require that the water be stored in dedicated Storage Accounts.

The Storage Accounts will be restricted so that the water stored will only be used for future Desalter Replenishment, a key need and priority of the Basin. The exact quantities of water to be stored is still to be determined but is estimated between 5 and 10 thousand acre-feet. Following is a description of the proposed terms for the Storage Agreements.



Inland Empire Utilities Agency (IEUA) and/or Three Valleys Municipal Water District (TVMWD) will acquire replenishment water the use of which is strictly limited for preemptive Desalter replenishment obligations at Watermaster's request. The acquisition cost of the water is \$409.00 per acre-foot, plus \$2 per acre-foot for water taken through the Orange County Water District's turnout, plus \$12.00 per acre-foot for the IEUA surcharge, plus a treatment charge of \$42.00 per acre-foot for the water stored through direct injection distributed over the total quantity of replenishment water taken.

The water acquired and stored by Inland Empire Utilities Agency (IEUA) and/or Three Valleys Municipal Water District will only be used to meet future Desalter Replenishment obligations and cannot be sold, traded or otherwise transferred.

Water stored under this Agreement shall be made available to Watermaster upon Watermaster requests for the water. Watermaster will pay IEUA or TVMWD for the water at the time it calls for the water. Watermaster agrees to pay a reasonable price for the water that at a minimum will cover 100% of the acquisition cost plus financing costs (accrual cost) but no more than the published MWD replenishment rate at the time of the call. Any surplus resulting from a difference between the revenue from the sale of the replenishment water and the actual cost to IEUA and/or TVMWD will be used solely for investments in the Chino Basin to be mutually agreed between Watermaster and IEUA or TVMWD.

**Cost:**

The estimated cost of this water to Watermaster if as anticipated is used in 2014 will run between \$473.62 and \$515.00 per acre-foot. The lower estimate is based on an acquisition cost of \$424.34 per acre-foot to which is added financing cost assumed to be limited to interest at a rate of 2% per annum plus the 2% annual loss. However, the actual cost of water may differ depending on the financing cost agreed to at the time the Storage Agreements are finalized. The higher amount is the estimated MWD replenishment rate for 2014.

**Actions:**

**August 11, 2011 Appropriative Pool –**  
**August 11, 2011 Non-Agricultural Pool –**  
**August 11, 2011 Agricultural Pool –**  
**August 18, 2011 Advisory Committee –**  
**August 25, 2011 Watermaster Board –**



# CHINO BASIN WATERMASTER

## III. / IV. INFORMATION

1. Cash Disbursements for July 2011



CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of

Type	Date	Num	Name	July 2011	Memo	Account	Paid Amount
Bill Pmt -Check	07/05/2011	15201	ARROWHEAD MOUNTAIN SPRING WATER	0023230253	Office Water Bottle - June 2011	1012 · Bank of America Gen'l Ckg 6031.7 · Other Office Supplies	26.91
Bill	06/28/2011	0023230253					26.91
TOTAL							
Bill Pmt -Check	07/05/2011	15202	DIRECTV	019447404	Monthly Service 6/19/11-7/18/11	1012 · Bank of America Gen'l Ckg 6031.7 · Other Office Supplies	86.99
Bill	06/28/2011	019447404					86.99
TOTAL							
Bill Pmt -Check	07/05/2011	15203	ELIE, STEVEN		6/23/11 Board Meeting	1012 · Bank of America Gen'l Ckg 6311 · Board Member Compensation	125.00
Bill	06/23/2011	6/23 Board Mtg					125.00
Bill	06/28/2011	6/28 Admin Mtg			6/28/11 Administrative Meeting	6311 · Board Member Compensation	250.00
TOTAL							
Bill Pmt -Check	07/05/2011	15204	GUARANTEED JANITORIAL SERVICE, INC.	28522	Janitorial Service - June 2011	1012 · Bank of America Gen'l Ckg 6024 · Building Repair & Maintenance	865.00
Bill	06/16/2011	28522					865.00
TOTAL							
Bill Pmt -Check	07/05/2011	15205	HAUGHEY, TOM		6/23/2011 Board Meeting	1012 · Bank of America Gen'l Ckg 6311 · Board Member Compensation	125.00
Bill	06/23/2011	6/23 Board Mtg					125.00
TOTAL							
Bill Pmt -Check	07/05/2011	15206	HOGAN LOVELLS	1973415	Non-Ag Legal Services May 2011	1012 · Bank of America Gen'l Ckg 8667 · Non-Ag Legal Service	2,521.96
Bill	06/01/2011	1973415					2,521.96
TOTAL							
Bill Pmt -Check	07/05/2011	15207	KUHN, BOB		6/02/11 Appropriate Pool Meeting	1012 · Bank of America Gen'l Ckg 6311 · Board Member Compensation	125.00
Bill	06/02/2011	6/02 Appro Pool Mtg					125.00
Bill	06/16/2011	6/16 Advisory Comm			6/16/11 Advisory Committee Meeting	6311 · Board Member Compensation	125.00
Bill	06/23/2011	6/23 Board Mtg			6/23/11 Board Meeting	6311 · Board Member Compensation	125.00
Bill	06/24/2011	6/24 Admin Mtg			6/24/11 Administrative Meeting	6311 · Board Member Compensation	500.00
TOTAL							
Bill Pmt -Check	07/05/2011	15208	LANTZ, PAULA		6/23/2011 Board Meeting	1012 · Bank of America Gen'l Ckg 6311 · Board Member Compensation	125.00
Bill	06/23/2011	6/23 Board Mtg					125.00
TOTAL							
Bill Pmt -Check	07/05/2011	15209	LARRY W. WARD, ASSESSOR	9801	parcel owner data	1012 · Bank of America Gen'l Ckg 7101.5 · Prod Monitor-Sup&Repair	49.38
Bill	06/23/2011	9801					49.38
TOTAL							
Bill Pmt -Check	07/05/2011	15210	NORDBAK'S PROMOTIONAL PRODUCTS	061711	Jackets, work shirts for staff	1012 · Bank of America Gen'l Ckg 6154 · Uniforms	152.98
Bill	06/28/2011	061711					152.98
TOTAL							

TOTAL P108

CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of

Type	Date	Num	Name	July 2011	Memo	Account	Paid Amount
Bill Pmt -Check	07/05/2011	15211	PUMP CHECK			1012 - Bank of America Gen'l Ckg	
Bill	06/28/2011	4301		4301	In-line Meter-Computer	7102.5 - In-line Meter-Computer	112.50
				4301	In-line Meter-Callib & Test	7102.8 - In-line Meter-Callib & Test	190.00
Bill	06/28/2011	4302		4302	In-line Meter-Computer	7102.5 - In-line Meter-Computer	158.54
				4302	In-line Meter-Callib & Test	7102.8 - In-line Meter-Callib & Test	190.00
Bill	06/28/2011	4303		4303	In-line Meter-Computer	7102.5 - In-line Meter-Computer	158.54
				4303	In-line Meter-Callib & Test	7102.8 - In-line Meter-Callib & Test	190.00
Bill	06/28/2011	4304		4304	In-line Meter-Computer	7102.5 - In-line Meter-Computer	158.54
				4304	In-line Meter-Callib & Test	7102.8 - In-line Meter-Callib & Test	190.00
TOTAL							1,348.12
Bill Pmt -Check	07/05/2011	15212	PURCHASE POWER			1012 - Bank of America Gen'l Ckg	
Bill	06/28/2011	8000909000168851		8000909000168851	fed ex shipments/postage	6042 - Postage - General	2,336.40
TOTAL							2,336.40
Bill Pmt -Check	07/05/2011	15213	SAN BERNARDINO COUNTY ASSESSOR			1012 - Bank of America Gen'l Ckg	
Bill	06/28/2011				parcel owner data (fixed) & (per parcel)	7101.5 - Prod Monitor-Sup&Repair	261.49
TOTAL							261.49
Bill Pmt -Check	07/05/2011	15214	SANTA ANA WATERSHED PROJECT AUTHORITY 8601			1012 - Bank of America Gen'l Ckg	
Bill	06/16/2011	8601			Middle Santa Ana River Pathogen TMDL Task Force 8471 - Ag Pool Expense		10,342.00
TOTAL							10,342.00
Bill Pmt -Check	07/05/2011	15215	STAPLES BUSINESS ADVANTAGE			1012 - Bank of America Gen'l Ckg	
Bill	06/22/2011	8018839736			Copy paper	6031.1 - Copy Paper	191.36
Bill	06/28/2011	8018897700			12 pk disposable duster	6031.7 - Other Office Supplies	91.30
TOTAL							282.66
Bill Pmt -Check	07/05/2011	15216	THE LAWTON GROUP			1012 - Bank of America Gen'l Ckg	
Bill	06/28/2011	1VC070000017165			Week Ending 6/19/2011	6017 - Temporary Services	824.00
TOTAL							824.00
Bill Pmt -Check	07/05/2011	15217	UNITED HEALTHCARE			1012 - Bank of America Gen'l Ckg	
Bill	06/16/2011	C0024488961			Dental insurance premium	60182.2 - Dental & Vision Ins	486.89
TOTAL							486.89
Bill Pmt -Check	07/05/2011	15218	VANDEN HEUVEL, GEOFFREY			1012 - Bank of America Gen'l Ckg	
Bill	06/23/2011	6/23 Board Mtg			6/23/11 Board Meeting	6311 - Board Member-Compensation	125.00
TOTAL							125.00
Bill Pmt -Check	07/05/2011	15219	VISION SERVICE PLAN			1012 - Bank of America Gen'l Ckg	
Bill	07/01/2011	001017890001			Vision Insurance Premium - July 2011	60182.2 - Dental & Vision Ins	52.93
TOTAL							52.93
Bill Pmt -Check	07/05/2011	15220	WILLIS, KENNETH			1012 - Bank of America Gen'l Ckg	

CHINO BASIN WATERMASTER

Cash Disbursements For The Month of

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	06/22/2011	6/22 Admin Mtg		6/22/11 Administrative Meeting	6311 - Board Member Compensation	125.00
Bill	06/23/2011	6/23 Board Mtg		6/23/11 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						250.00
Bill Pmt -Check	07/05/2011	15221	JESKE, KEN	6/23/2011 Board Meeting	1012 - Bank of America Gen'l Ckg	125.00
Bill	06/23/2011	6/23 Board Mtg		6/23/2011 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						250.00
Bill Pmt -Check	07/05/2011	15222	PARK PLACE COMPUTER SOLUTIONS, INC.	452	1012 - Bank of America Gen'l Ckg	3,075.00
Bill	06/30/2011	452		IT Contracted Services - June 2011	8052.1 - Park Place Comp Solutn	3,075.00
TOTAL						3,075.00
Bill Pmt -Check	07/08/2011	15223	GRAINGER	9570183120	1012 - Bank of America Gen'l Ckg	13.77
Bill	06/30/2011	9570183120		9570183120	7103.6 - Grdwtr Qual-Supplies	13.77
TOTAL						13.77
Bill Pmt -Check	07/08/2011	15224	POWERS ELECTRIC PRODUCTS CO.	7103.5	1012 - Bank of America Gen'l Ckg	1,898.60
Bill	06/30/2011	40324		40324	7104.6 - Grdwtr Level-Supplies	1,898.60
TOTAL						1,898.60
Bill Pmt -Check	07/08/2011	15225	VERIZON	012518116950792103	1012 - Bank of America Gen'l Ckg	472.83
Bill	06/30/2011	012518116950792103		012518116950792103	6022 - Telephone	472.83
Bill	06/30/2011	012561121521714508		012561121521714508	7405 - PE4-Other Expense	171.72
TOTAL						644.55
General Journal	07/09/2011	07/09/2011	Payroll and Taxes for 06/26/11-07/09/11	Payroll and Taxes for 06/26/11-07/09/11	1012 - Bank of America Gen'l Ckg	7,469.45
General Journal	06/25/2011	06/25/2011	Payroll Taxes for 06/26/11-07/09/11	Payroll Taxes for 06/26/11-07/09/11	1014 - Bank of America P/R Ckg	15,679.99
General Journal	06/25/2011	06/25/2011	Direct Deposits for 06/26/11-07/09/11	Direct Deposits for 06/26/11-07/09/11	1014 - Bank of America P/R Ckg	5,963.82
General Journal	06/25/2011	06/25/2011	Checks for 06/26/11-07/09/11	Checks for 06/26/11-07/09/11	1014 - Bank of America P/R Ckg	29,133.26
TOTAL						1,863.30
General Journal	06/25/2011	06/25/2011	Payroll and Taxes for 06/12/11-06/25/11	457 Employee Deductions for 06/12/11-06/25/11	2000 - Accounts Payable	1,863.30
TOTAL						1,863.30
Bill Pmt -Check	07/13/2011	15227	COMPUTER NETWORK	81714	1012 - Bank of America Gen'l Ckg	783.00
Bill	06/30/2011	81714		External hard drive	6055 - Computer Hardware	783.00
TOTAL						783.00
Bill Pmt -Check	07/13/2011	15228	DE BOOM, NATHAN	AG Pool Member Meeting Compensation	1012 - Bank of America Gen'l Ckg	25.00
Bill	06/30/2011	5/12 Ag Pool Meeting		5/12/2011 Ag Pool Meeting	8411 - Compensation	100.00
Bill	06/30/2011	5/12 Ag Pool Meeting		AG Pool Member Meeting Compensation	8470 - Ag Meeting Attend -Special	125.00
TOTAL						250.00
Bill Pmt -Check	07/13/2011	15229	DURRINGTON, GLEN		1012 - Bank of America Gen'l Ckg	

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Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	06/30/2011	4/14 Ag Pool Meeting		4/14/11 Ag Pool Meeting	8411 - Compensation	25.00
Bill	06/30/2011	5/12 Ag Pool Mtg		AG Pool Member Meeting Compensation	8470 - Ag Meeting Attend -Special	100.00
Bill	06/30/2011	6/09 Ag Pool Mtg		AG Pool Member Meeting Compensation	8411 - Compensation	25.00
Bill	06/30/2011	6/09 Ag Pool Mtg		AG Pool Member Meeting Compensation	8470 - Ag Meeting Attend -Special	100.00
Bill	06/30/2011	6/09 Ag Pool Mtg		AG Pool Member Meeting Compensation	8411 - Compensation	25.00
Bill	06/30/2011	6/09 Ag Pool Mtg		AG Pool Member Meeting Compensation	8470 - Ag Meeting Attend -Special	100.00
TOTAL						375.00
Bill Pmt -Check	07/13/2011	15230	FEENSTRA, BOB		1012 - Bank of America Gen'l Ckg	
Bill	06/30/2011	4/12 Budget Wkshp		4/12/11 Budget Workshop	8470 - Ag Meeting Attend -Special	125.00
Bill	06/30/2011	4/14 Ag Pool Mtg		4/14/11 Ag Pool Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	06/30/2011	4/28 Board Mtg		4/28/11 Board Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	06/30/2011	5/12 Ag Pool Mtg		5/12/11 Ag Pool Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	06/30/2011	5/19 Advisory Comm		5/19/11 Advisory Committee Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	06/30/2011	5/19 Budget Wkshp		5/19/11 Budget Workshop	8470 - Ag Meeting Attend -Special	125.00
Bill	06/30/2011	5/26 Board Meeting		5/26/11 Board Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	06/30/2011	5/09 Admin Mtg		5/09/11 Administrative Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	06/30/2011	6/09 Ag Pool Mtg		6/09/11 Ag Pool Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	06/30/2011	6/16 Advisory Comm		6/16/11 Advisory Committee Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	06/30/2011	6/23 Board Mtg		6/23/11 Board Meeting	8470 - Ag Meeting Attend -Special	125.00
TOTAL						1,375.00
Bill Pmt -Check	07/13/2011	15231	GREAT AMERICA LEASING CORP.		1012 - Bank of America Gen'l Ckg	
Bill	06/30/2011	11081251		Invoice	6043.1 - Ricoh Lease Fee	2,768.53
Bill	06/30/2011	11081251		Usage for Black Copies	6043.2 - Ricoh Usage & Maintenance Fee	282.14
Bill	06/30/2011	11081251		Usage for Color Copies	6043.2 - Ricoh Usage & Maintenance Fee	321.64
TOTAL						3,392.31
Bill Pmt -Check	07/13/2011	15232	GROOMAN'S PUMP & WELL DRILLING, INC.		1012 - Bank of America Gen'l Ckg	
Bill	06/30/2011	12789		12789	7102.7 - In-line Meter	440.71
TOTAL						440.71
Bill Pmt -Check	07/13/2011	15233	HOGAN LOVELLS		1012 - Bank of America Gen'l Ckg	
Bill	06/30/2011	1979943		Non-Ag Legal Services - June 2011	8587 - Non-Ag Legal Service	2,926.38
TOTAL						2,926.38
Bill Pmt -Check	07/13/2011	15234	HUTTSING, JOHN		1012 - Bank of America Gen'l Ckg	
Bill	06/30/2011	4/14 Ag Pool Mtg		4/14/2011 Ag Pool Meeting	8411 - Compensation	25.00
Bill	06/30/2011	5/12 Ag Pool Mtg		Ag Pool Member Compensation	8470 - Ag Meeting Attend -Special	100.00
Bill	06/30/2011	5/12 Ag Pool Mtg		Ag Pool Member Compensation	8411 - Compensation	25.00
Bill	06/30/2011	6/09 Ag Pool Mtg		Ag Pool Member Compensation	8470 - Ag Meeting Attend -Special	100.00
Bill	06/30/2011	6/09 Ag Pool Mtg		Ag Pool Member Compensation	8411 - Compensation	25.00
Bill	06/30/2011	6/09 Ag Pool Mtg		Ag Pool Member Compensation	8470 - Ag Meeting Attend -Special	100.00
TOTAL						375.00



CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	07/13/2011	15235	JAMES JOHNSTON	235	1012 - Bank of America Gen'l Ckg	810.00
Bill	06/30/2011	235		Website Services - June 2011	6052.3 - Website Consulting	810.00
TOTAL						
Bill Pmt -Check	07/13/2011	15236	KOOPMAN, GENE	4/14/2011 Ag Pool Meeting	1012 - Bank of America Gen'l Ckg	25.00
Bill	06/30/2011	4/14 Ag Pool Mtg		AG Pool Member Meeting Compensation	8411 - Compensation	100.00
Bill	06/30/2011	5/12 Ag Pool Mtg		5/12/2011 Ag Pool Meeting	8470 - Ag Meeting Attend -Special	25.00
Bill	06/30/2011	6/09 Ag Pool Mtg		AG Pool Member Meeting Compensation	8411 - Compensation	100.00
Bill	06/30/2011			6/09/2011 Ag Pool Meeting	8411 - Compensation	25.00
Bill	06/30/2011			AG Pool Member Meeting Compensation	8470 - Ag Meeting Attend -Special	100.00
TOTAL						
Bill Pmt -Check	07/13/2011	15237	PIERSON, JEFFREY	4/14/11 Ag Pool Meeting	1012 - Bank of America Gen'l Ckg	25.00
Bill	06/30/2011	4/14 Ag Pool Mtg		4/14/11 Ag Pool Meeting	8411 - Compensation	100.00
Bill	06/30/2011	4/21 Advisory Comm		4/21/11 Advisory Committee Meeting	8470 - Ag Meeting Attend -Special	25.00
Bill	06/30/2011	5/12 Ag Pool Mtg		4/21/11 Advisory Committee Meeting	8411 - Compensation	100.00
Bill	06/30/2011	5/19 Advisory Comm		5/12/11 Ag Pool Meeting	8411 - Compensation	25.00
Bill	06/30/2011	5/19 Advisory Comm		5/12/11 Ag Pool Meeting	8470 - Ag Meeting Attend -Special	100.00
Bill	06/30/2011	5/19 Budget Wkshp		5/19/11 Advisory Committee Meeting	8411 - Compensation	25.00
Bill	06/30/2011	5/26 Board Mtg		5/19/11 Budget Workshop	8470 - Ag Meeting Attend -Special	100.00
Bill	06/30/2011	6/09 Ag Pool Mtg		5/26/11 Board Meeting	8411 - Compensation	25.00
Bill	06/30/2011	6/16 Advisory Comm		5/26/11 Board Meeting	8470 - Ag Meeting Attend -Special	100.00
Bill	06/30/2011	6/23 Board Mtg		6/09/11 Ag Pool Meeting	8411 - Compensation	25.00
Bill	06/30/2011			6/09/11 Ag Pool Meeting	8470 - Ag Meeting Attend -Special	100.00
Bill	06/30/2011			6/16/11 Advisory Committee Meeting	8411 - Compensation	25.00
Bill	06/30/2011			6/16/11 Advisory Committee Meeting	8470 - Ag Meeting Attend -Special	100.00
Bill	06/30/2011			6/23/11 Board Meeting	8411 - Compensation	25.00
Bill	06/30/2011			6/23/11 Board Meeting	8470 - Ag Meeting Attend -Special	100.00
TOTAL						
Bill Pmt -Check	07/13/2011	15238	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	Payor #3493	1012 - Bank of America Gen'l Ckg	7,577.59
General Journal	06/25/2011	06/25/2011		CalPERS retirement for 06/12/11-06/25/11	2000 - Accounts Payable	7,577.59
TOTAL						
Bill Pmt -Check	07/13/2011	15239	STAPLES BUSINESS ADVANTAGE	8018954522	1012 - Bank of America Gen'l Ckg	643.84
Bill	06/30/2011	8018954522		Copy paper	6031.1 - Copy Paper	81.41
Bill	06/30/2011			Misc. supplies, white out, glue	6031.7 - Other Office Supplies	725.25
TOTAL						
Bill Pmt -Check	07/13/2011	15240	THE LAWTON GROUP	6017	1012 - Bank of America Gen'l Ckg	824.00
Bill	06/30/2011	1VC070000017193		Week Ending 6/26/2011	6017 - Temporary Services	824.00

CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of  
July 2011

Type	Date	Num	Name	Memo	Account	Paid Amount
TOTAL						824.00
Bill Pmt -Check	07/13/2011	15241	VANDEN HEUVEL, ROB		1012 - Bank of America Gen'l Ckg	
Bill	06/30/2011	4/14 Ag Pool Mtg		4/14/2011 Ag Pool Meeting	8411 - Compensation	25.00
Bill	06/30/2011	5/12 Ag Pool Mtg		AG Pool Member Meeting Compensation	8470 - Ag Meeting Attend -Special	100.00
Bill	06/30/2011	6/09 Ag Pool Mtg		AG Pool Member Meeting Compensation	8411 - Compensation	25.00
Bill	06/30/2011	6/16 Advisory Comm		AG Pool Member Meeting Compensation	8470 - Ag Meeting Attend -Special	100.00
Bill	06/30/2011	6/16 Advisory Comm		6/16/11 Advisory Committee Meeting	8411 - Compensation	25.00
Bill	06/30/2011	6/16 Advisory Comm		AG Pool Member Meeting Compensation	8470 - Ag Meeting Attend -Special	100.00
TOTAL						500.00
Bill Pmt -Check	07/13/2011	15242	AMERICAN WATER WORKS ASSOCIATION		1012 - Bank of America Gen'l Ckg	
Bill	07/12/2011	7000357554		7000357554 membership dues - D. Maurizio (9/01/11-8/31/12)	6111 - Membership Dues	231.00
TOTAL						231.00
Bill Pmt -Check	07/13/2011	15243	APPLIED COMPUTER TECHNOLOGIES		1012 - Bank of America Gen'l Ckg	
Bill	06/30/2011	2016		2016 Database Services - June 2011	6052.2 - Applied Computer Technol	1,728.70
TOTAL						1,728.70
Bill Pmt -Check	07/13/2011	15244	COMPUTER NETWORK		1012 - Bank of America Gen'l Ckg	
Bill	07/07/2011	81779		81779 Replace hard drive for Senior Engineer laptop	6055 - Computer Hardware	134.69
TOTAL						134.69
Bill Pmt -Check	07/13/2011	15245	HSBC BUSINESS SOLUTIONS		1012 - Bank of America Gen'l Ckg	
Bill	06/30/2011	7003730910002744A		7003-7309-1000-2744A Miscellaneous office and meeting supplies	6031.7 - Other Office Supplies	377.74
TOTAL						377.74
Bill Pmt -Check	07/13/2011	15246	MIJAC ALARM		1012 - Bank of America Gen'l Ckg	
Bill	07/01/2011	302876		302876 Alarm monitoring from 7/01/11-9/30/11	6026 - Security Services	147.00
TOTAL						147.00
Bill Pmt -Check	07/13/2011	15247	PAYCHEX		1012 - Bank of America Gen'l Ckg	
Bill	06/30/2011	2011063000		Payroll Services - June 2011	6012 - Payroll Services	251.12
Bill	06/30/2011	2011063000		Payroll Services - July 2011	6012 - Payroll Services	124.06
TOTAL						375.18
Bill Pmt -Check	07/13/2011	15248	PREMIERE GLOBAL SERVICES		1012 - Bank of America Gen'l Ckg	
Bill	06/30/2011	08123490		08123490 Monthly fee	6022 - Telephone	14.95
Bill	06/30/2011	08123490		Non-Ag meeting call	8512 - Meeting Expense	169.30
Bill	06/30/2011	08123490		Service fee	6022 - Telephone	4.75
TOTAL						189.00
Bill Pmt -Check	07/13/2011	15249	SAFEGUARD DENTAL & VISION		1012 - Bank of America Gen'l Ckg	
Bill	07/13/2011	3816296		3816296		

CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	07/01/2011	3816296		Dental insurance premium - July 2011	60182.2 - Dental & Vision Ins	7.91
TOTAL						7.91
Bill Pmt -Check	07/13/2011	15250	SANTA ANA WATERSHED PROJECT AUTHORITY 9012		1012 - Bank of America Gen'l Ckg	11,955.00
Bill	07/01/2011	9012		FY11/12 Basin Monitoring Program Task Force	6903 - OBMP SAWPA Group	11,955.00
TOTAL						201.60
Bill Pmt -Check	07/13/2011	15251	SPAM SOAP, INC		1012 - Bank of America Gen'l Ckg	201.60
Bill	07/01/2011	55981		Semi-annual billing-spam software licenses	6054 - Computer Software	201.60
TOTAL						494.40
Bill Pmt -Check	07/13/2011	15252	THE LAWTON GROUP		1012 - Bank of America Gen'l Ckg	164.80
Bill	06/30/2011	1VC070000017220		Week of 6/30/11 (3 days paid-June 27, 29 & 30)	6017 - Temporary Services	164.80
Bill	07/01/2011	1VC070000017220		Week of 7/01/11 - 1 day paid, July 1st	6017 - Temporary Services	659.20
TOTAL						283.79
Bill Pmt -Check	07/13/2011	15253	UNION 76		1012 - Bank of America Gen'l Ckg	283.79
Bill	06/30/2011	300732989		Fuel - June 2011	6175 - Vehicle Fuel	283.79
TOTAL						19.95
Bill Pmt -Check	07/13/2011	15254	VERIZON BUSINESS		1012 - Bank of America Gen'l Ckg	1,517.90
Bill	06/30/2011	07144471		Internet dialed charges service 6/01/11-6/30/11	6053 - Internet Expense	1,517.90
Bill	07/15/2011	07144471		Service period 8/01/11-8/31/11	6053 - Internet Expense	1,537.85
TOTAL						28.88
Bill Pmt -Check	07/13/2011	15255	WESTERN DENTAL SERVICES, INC.		1012 - Bank of America Gen'l Ckg	28.88
Bill	07/12/2011	002483		Dental insurance premium - August 2011	60182.2 - Dental & Vision Ins	28.88
TOTAL						142.88
Bill Pmt -Check	07/13/2011	15256	YUKON DISPOSAL SERVICE		1012 - Bank of America Gen'l Ckg	142.88
Bill	07/01/2011	08-k2-213649		Service for July 2011	6024 - Building Repair & Maintenance	142.88
TOTAL						50.00
Bill Pmt -Check	07/14/2011	15257	CUCAIMONGA VALLEY IAAP		1012 - Bank of America Gen'l Ckg	50.00
Bill	07/13/2011			July 20, 2011 Cucamonga Valley IAAP Chapter Mtg	6192 - Training & Seminars	50.00
TOTAL						20.07
Bill Pmt -Check	07/14/2011	15258	GRAINGER		1012 - Bank of America Gen'l Ckg	20.07
Bill	06/30/2011	9573776821		9573776821	7103.6 - Grdwtr Qual-Supplies	48.21
Bill	06/30/2011	9573776839		9573776839	7103.6 - Grdwtr Qual-Supplies	68.28
TOTAL						65.07
Bill Pmt -Check	07/14/2011	15259	PETTY CASH		1012 - Bank of America Gen'l Ckg	65.07
Bill	06/30/2011			Breakfast for new CEO meeting	6141.3 - Admin Meetings	288.29
				Conf. reimbursement-Molino, travel-Avarez to WA	6191 - Conferences - General	

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Type	Date	Nbr	Name	Memo	Account	Paid Amount
Bill	05/31/2011	2011209		2011209 - PE4-Engineering	7402 - PE4-Engineering	3,300.00
Bill	05/31/2011	2011210		2011210 - PE4-Engineering	7402 - PE4-Engineering	1,500.00
Bill	05/31/2011	2011211		2011211 - PE6&7-Engineering	7502 - PE6&7-Engineering	987.50
Bill	05/31/2011	2011212		2011212 - OBMP - Watermaster Model Update	6906.1 - OBMP - Watermaster Model Update	18,086.00
Bill	05/31/2011	2011213		2011213 - OBMP - Watermaster Model Update	6906.1 - OBMP - Watermaster Model Update	36,725.00
Bill	05/31/2011	2011214		2011214 - OBMP - Watermaster Model Update	6906.1 - OBMP - Watermaster Model Update	8,387.50
<b>TOTAL</b>						<b>177,936.55</b>
<b>Bill Pmt -Check</b>	<b>07/20/2011</b>	<b>15262</b>	<b>BANK OF AMERICA</b>	<b>XXXX-XXXX-XXXX-9341</b>	<b>1012 - Bank of America Gen'l Ckg</b>	<b>1,613.79</b>
Bill	06/30/2011	XXXX-XXXX-XXXX-9341		Travel expenses for D. Alvarez to Wash. D.C.	6191 - Conferences - General	1,458.31
				Truck ramps, turbidometer & buffer solution	7103.6 - Grdwtr Qual-Supplies	643.43
				Work shirts, jackets for staff	6154 - Uniforms	118.43
				Tech support	6057 - Computer Maintenance	328.00
				Lunch for 6/23 Board meeting	6312 - Meeting Expenses	4,161.96
<b>TOTAL</b>						<b>302.50</b>
<b>Bill Pmt -Check</b>	<b>07/20/2011</b>	<b>15263</b>	<b>REID &amp; HELLYER</b>	<b>175929</b>	<b>1012 - Bank of America Gen'l Ckg</b>	<b>302.50</b>
Bill	06/30/2011	175929		175929 - Ag Pool Legal Services	8467.1 - Frank B. & Associates	
<b>TOTAL</b>						<b>302.50</b>
<b>Bill Pmt -Check</b>	<b>07/20/2011</b>	<b>15264</b>	<b>CALPERS</b>	<b>1741</b>	<b>1012 - Bank of America Gen'l Ckg</b>	<b>5,431.25</b>
Bill	07/20/2011	1741		CalPERS Medical Premium - August 2011	60162.1 - Medical Insurance	5,431.25
<b>TOTAL</b>						<b>1,893.30</b>
<b>Bill Pmt -Check</b>	<b>07/20/2011</b>	<b>15265</b>	<b>CITISTREET</b>	<b>457</b>	<b>1012 - Bank of America Gen'l Ckg</b>	<b>1,893.30</b>
General Journal	07/09/2011	07/09/2011		Payroll and Taxes for 06/26/11-07/09/11	2000 - Accounts Payable	
				457 Retirement Deductions for 06/26/11-07/09/11		
<b>TOTAL</b>						<b>1,893.30</b>
<b>Bill Pmt -Check</b>	<b>07/20/2011</b>	<b>15266</b>	<b>CORELOGIC INFORMATION SOLUTIONS</b>	<b>80247117</b>	<b>1012 - Bank of America Gen'l Ckg</b>	<b>62.50</b>
Bill	06/30/2011	80247117		80247117	7103.7 - Grdwtr Qual-Computer Svc	62.50
				80247117	7101.4 - Prod Monitor-Computer	125.00
<b>TOTAL</b>						<b>5,844.00</b>
<b>Bill Pmt -Check</b>	<b>07/20/2011</b>	<b>15267</b>	<b>CUCAMONGA VALLEY WATER DISTRICT</b>	<b>Lease Due August 1, 2011</b>	<b>1012 - Bank of America Gen'l Ckg</b>	<b>5,844.00</b>
Bill	07/18/2011			Lease Due August 1, 2011	1422 - Prepaid Rent	5,844.00
<b>TOTAL</b>						<b>2,804.64</b>
<b>Bill Pmt -Check</b>	<b>07/20/2011</b>	<b>15268</b>	<b>ESRI</b>	<b>Quotation #25472736</b>	<b>1012 - Bank of America Gen'l Ckg</b>	<b>2,804.64</b>
Bill	07/20/2011	Quotation #25472736		ESRI maintenance	6054 - Computer Software	2,804.64
<b>TOTAL</b>						<b>865.00</b>
<b>Bill Pmt -Check</b>	<b>07/20/2011</b>	<b>15269</b>	<b>GUARANTEED JANITORIAL SERVICE, INC.</b>	<b>28549</b>	<b>1012 - Bank of America Gen'l Ckg</b>	<b>865.00</b>
Bill	07/20/2011	28549		Janitorial Service - July 2011	6024 - Building Repair & Maintenance	865.00
<b>TOTAL</b>						<b>865.00</b>

CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of

Type	Date	Num	Name	July 2011	Memo	Account	Paid Amount
Bill Pmt -Check	07/20/2011	15270	PAK, BEN	100	Engineering Consulting Services	1012 - Bank of America Gen'l Ckg	10,000.00
Bill	07/20/2011	100				6901 - Wm Staff Salaries	10,000.00
TOTAL							
Bill Pmt -Check	07/20/2011	15271	PITNEY BOWES CREDIT CORPORATION	6684246	Lease charges	1012 - Bank of America Gen'l Ckg	551.37
Bill	07/15/2011	6684246				6044 - Postage Meter Lease	551.37
TOTAL							
Bill Pmt -Check	07/20/2011	15272	PRE-PAID LEGAL SERVICES, INC.	111802	July 2011	1012 - Bank of America Gen'l Ckg	51.80
Bill	07/20/2011	111802				60194 - Other Employee Insurance	51.80
TOTAL							
Bill Pmt -Check	07/20/2011	15273	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	Payor #3493		1012 - Bank of America Gen'l Ckg	6,804.22
General Journal	07/09/2011	07/09/2011	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	CalPERS Retirement for 06/28/11-07/09/11		2000 - Accounts Payable	6,804.22
TOTAL							
Bill Pmt -Check	07/20/2011	15274	STAULA, MARY L			1012 - Bank of America Gen'l Ckg	136.61
Bill	07/31/2011					60182.4 - Retiree Medical	136.61
TOTAL							
Bill Pmt -Check	07/20/2011	15275	THE LAWTON GROUP	6017	Week Ending 7/10/11	1012 - Bank of America Gen'l Ckg	659.20
Bill	07/20/2011	1VC070000017247				6017 - Temporary Services	659.20
TOTAL							
Bill Pmt -Check	07/20/2011	15276	VERIZON WIRELESS	0992015645	Monthly service	1012 - Bank of America Gen'l Ckg	344.54
Bill	07/20/2011	0992015645				6022 - Telephone	344.54
TOTAL							
General Journal	07/23/2011	07/23/2011	Payroll and Taxes for 07/10/11-07/23/11			1012 - Bank of America Gen'l Ckg	7,746.79
			Payroll Taxes for 07/10/11-07/23/11			1014 - Bank of America P/R Ckg	-14.30
			Payroll Taxes for 07/10/11-07/23/11			1014 - Bank of America P/R Ckg	347.86
			Payroll Taxes for 07/10/11-07/23/11			1014 - Bank of America P/R Ckg	214.65
			Checks for 07/10/11-07/23/11			1014 - Bank of America P/R Ckg	5,972.71
			Direct Deposits for 07/10/11-07/23/11			1014 - Bank of America P/R Ckg	17,733.69
TOTAL							32,001.40
Bill Pmt -Check	07/25/2011	15277	BROWN & CALDWELL	19264	Place ad for Senior Environmental Engineer	1012 - Bank of America Gen'l Ckg	200.00
Bill	07/15/2011	19264				6016 - New Employee Search Costs	200.00
TOTAL							
Bill Pmt -Check	07/25/2011	15278	DGO AUTO DETAILING		Wash 3 trucks	1012 - Bank of America Gen'l Ckg	75.00
Bill	06/30/2011				Wash 3 trucks	6177 - Vehicle Repairs & Maintenance	75.00
Bill	07/20/2011					6177 - Vehicle Repairs & Maintenance	150.00
TOTAL							



CHINO BASIN WATERMASTER

Cash Disbursements For The Month of

July 2011

Type	Date	Num	Name	Memo	Account	Paid Amount	
Bill Pmt -Check	07/26/2011	15279	HALL, PETE		1012 - Bank of America Gen'l Ckg		
Bill	06/30/2011	1/13 Ag Pool Mtg		1/13/11 Ag Pool Meeting	8411 - Compensation	25.00	
Bill	06/30/2011	1/20 Advisory Comm		AG Pool Member Meeting Compensation	8470 - Ag Meeting Attend -Special	100.00	
Bill	06/30/2011	1/27 Board Meeting		1/20/11 Advisory Committee Meeting	8411 - Compensation	25.00	
Bill	06/30/2011	2/10 Ag Pool Mtg		AG Pool Member Meeting Compensation	8470 - Ag Meeting Attend -Special	100.00	
Bill	06/30/2011	3/10 Ag Pool Mtg		1/27/11 Board Meeting	8411 - Compensation	25.00	
Bill	06/30/2011	4/14 Ag Pool Mtg		AG Pool Member Meeting Compensation	8470 - Ag Meeting Attend -Special	100.00	
Bill	06/30/2011	6/16 Advisory Comm		2/10/11 Ag Pool Meeting	8411 - Compensation	25.00	
Bill	06/30/2011			AG Pool Member Meeting Compensation	8470 - Ag Meeting Attend -Special	100.00	
Bill	06/30/2011			3/10/11 Ag Pool Meeting	8411 - Compensation	25.00	
Bill	06/30/2011			AG Pool Member Meeting Compensation	8470 - Ag Meeting Attend -Special	100.00	
Bill	06/30/2011			4/14/11 Ag Pool Meeting	8411 - Compensation	25.00	
Bill	06/30/2011			AG Pool Member Meeting Compensation	8470 - Ag Meeting Attend -Special	100.00	
Bill	06/30/2011			6/16/11 Advisory Committee Meeting	8411 - Compensation	25.00	
Bill	06/30/2011			AG Pool Member Meeting Compensation	8470 - Ag Meeting Attend -Special	100.00	
TOTAL							875.00
Bill Pmt -Check	07/25/2011	15280	MWH LABORATORIES		1012 - Bank of America Gen'l Ckg		
Bill	06/30/2011	L0057385		L0057385 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	1,525.00	
Bill	06/30/2011	L0057717		L0057717 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	2,065.00	
Bill	06/30/2011	L0057715		L0057715 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	2,065.00	
Bill	06/30/2011	L0057714		L0057714 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	615.00	
Bill	06/30/2011	L0058714		L0058714 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	2,065.00	
Bill	06/30/2011	L0059710		L0059710 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	615.00	
Bill	06/30/2011	L0061247		L0061247 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	2,065.00	
Bill	06/30/2011	L0061246		L0061246 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	2,065.00	
Bill	06/30/2011	L0059727		L0059727 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	1,525.00	
Bill	06/30/2011	L0059728		L0059728 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	615.00	
Bill	06/30/2011	L0057716		L0057716 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	2,065.00	
Bill	06/30/2011	L0060253		L0060253 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	1,532.00	
Bill	06/30/2011	L0060252		L0060252 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	2,065.00	
Bill	06/30/2011	L0061266		L0061266 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	1,770.00	
Bill	06/30/2011	L0061267		L0061267 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	1,830.00	
Bill	06/30/2011	L0061268		L0061268 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	1,770.00	
Bill	06/30/2011	L0061272		L0061272 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	1,830.00	
Bill	06/30/2011	L0061250		L0061250 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	1,532.00	
Bill	06/30/2011	Folder 368920		Folder 368920 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	615.00	
Bill	06/30/2011	Folder 368919		Folder 368919 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	2,065.00	
Bill	06/30/2011	Folder 369049		Folder 369049 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	1,770.00	
Bill	06/30/2011	Folder 369158		Folder 369158 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	1,830.00	
TOTAL							34,444.00
Bill Pmt -Check	07/29/2011	15281	ARROWHEAD MOUNTAIN SPRING WATER		1012 - Bank of America Gen'l Ckg		
Bill	07/26/2011	0023230253		Office Water Bottle - July 2011	6031.7 - Other Office Supplies	11.95	

Type	Date	Num	Name	Memo	Account	Paid Amount
TOTAL						11.95
Bill Pmt -Check	07/29/2011	15282	COMPUTER NETWORK	81892	1012 - Bank of America Gen'l Ckg	
Bill	07/26/2011	81892		Service and labor to repair color printer 1TB Server Hard Drive	6057 - Computer Maintenance 6055 - Computer Hardware	89.00 398.68 497.68
TOTAL						3,509.60
Bill Pmt -Check	07/29/2011	15283	DC LAW	13175	1012 - Bank of America Gen'l Ckg	
Bill	06/30/2011	13175		13175 - Ag Pool Legal Services	8487 - Ag Legat & Technical Services	3,509.60
TOTAL						86.99
Bill Pmt -Check	07/29/2011	15284	DIRECTV	019447404	1012 - Bank of America Gen'l Ckg	
Bill	07/26/2011	019447404		Monthly service for 7/19/11-8/18/11	6031.7 - Other Office Supplies	86.99
TOTAL						196.71
Bill Pmt -Check	07/29/2011	15285	GLOBAL PRESENTER.COM	52589	1012 - Bank of America Gen'l Ckg	
Bill	07/26/2011	52589		Polycorn Power Supply - spare parts	6055 - Computer Hardware	196.71
TOTAL						2,099.25
Bill Pmt -Check	07/29/2011	15286	INLAND EMPIRE UTILITIES AGENCY	1800001924	1012 - Bank of America Gen'l Ckg	
Bill	06/30/2011	1800001924		Support services for Turner Basin/Guasti Park	7202 - Comp Recharge-Engineering	2,099.25
TOTAL						793.10
Bill Pmt -Check	07/29/2011	15287	THE LAWTON GROUP	6017	1012 - Bank of America Gen'l Ckg	
Bill	07/26/2011	1VC070000017272		Week Ending 7/17/11	6017 - Temporary Services	793.10
TOTAL						399.10
Bill Pmt -Check	07/29/2011	15288	UNITED HEALTHCARE	0024802914	1012 - Bank of America Gen'l Ckg	
Bill	07/26/2011	0024802914		Dental insurance premium - August 2011	60182.2 - Dental & Vision Ins	399.10
TOTAL						55.05
Bill Pmt -Check	07/29/2011	15289	VISION SERVICE PLAN	00-101789-0001	1012 - Bank of America Gen'l Ckg	
Bill	07/26/2011	001017890001		Vision insurance premium - August 2011	60182.2 - Dental & Vision Ins	55.05
TOTAL						14,723.03
Bill Pmt -Check	07/29/2011	15290	INLAND EMPIRE UTILITIES AGENCY	1800001928	1012 - Bank of America Gen'l Ckg	
Bill	06/30/2011	1800001928		Supp. Env. Project (SEP) Cost Share-Water Softener	6909 - OBMP Other Expenses	14,723.03
TOTAL						225.00
Bill Pmt -Check	07/29/2011	15291	PUMP CHECK	4311	1012 - Bank of America Gen'l Ckg	
Bill	07/11/2011	4311			7102.5 - In-line Meter-Computer 7102.8 - In-line Meter-Calib & Test	225.00 1,900.00 2,125.00
TOTAL						
General Journal	07/31/2011	07/31/2011	Wage Works Direct Debits for July 2011	Wage Works Direct Debits for July 2011	1012 - Bank of America Gen'l Ckg	

CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of

Type	Date	Num	Name	Memo	Account	Paid Amount
				Wage Works Direct Debits for July 2011	1012 - Bank of America Gen'l Ckg	495.40
				Wage Works Direct Debits for July 2011	1012 - Bank of America Gen'l Ckg	76.25
						571.65

Total Disbursements:

409,013.74

TOTAL

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# CHINO BASIN WATERMASTER

## III. / IV. INFORMATION

### 2. Newspaper Articles



latimes.com/news/local/la-me-water-chromium-20110730,0,6945706.story

**latimes.com**

## California sets goal for limiting drinking water pollutant

**It is the nation's first public health goal for hexavalent chromium, made infamous in 'Erin Brockovich.' The goal isn't an enforceable standard but will help develop one, an official says.**

By Molly Hennessy-Fiske, Los Angeles Times

July 30, 2011

The California Environmental Protection Agency [has issued](#) the nation's [first public health goal](#) for [hexavalent chromium](#), the cancer-causing heavy metal made infamous after [activist Erin Brockovich](#) sued in 1993 over [contaminated groundwater](#) in the Mojave Desert town of Hinkley, about 100 miles northeast of Los Angeles.

At that time, the average hexavalent chromium level in Hinkley's water was 1.19 parts per billion (ppb). The new state goal was set Wednesday at 0.02 ppb, the level of the element that does not pose a significant health risk in drinking water, according to state officials.

That means for every million people who drink tap water with that level of hexavalent chromium every day for 70 years, there would likely be one additional case of cancer attributable to exposure to the metal, state officials said.

The new goal is not an enforceable standard, but "will be an important tool that the Department of Public Health will use" to develop one, said George Alexeeff, acting director of the department's Office of Environmental Health Hazard Assessment.

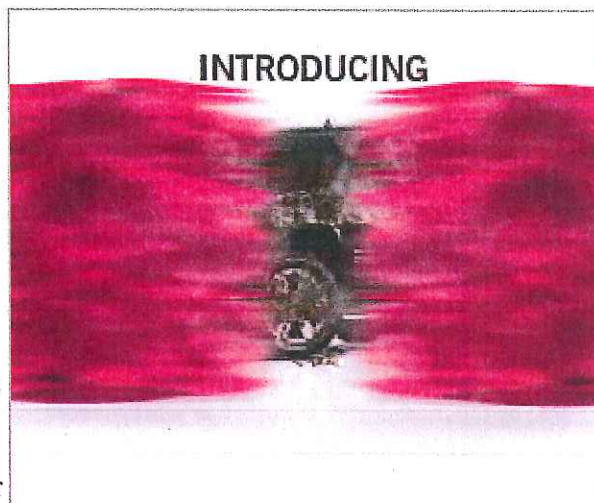
Other state environmental officials offered reassurances that the new goal did not indicate any increased threats from hexavalent chromium, also known as chromium 6.

California environmental officials [have detected hexavalent chromium](#) in the drinking water of an estimated 13 million people in 52 of the state's 58 counties, including Los Angeles.

At least 74 million Americans in 42 states drink chromium-polluted tap water, much of it probably [tainted with hexavalent chromium](#), according to studies by the nonprofit Oakland-based Environmental Working Group. They also found chromium 6 in tap water from 31 of 35 cities [tested last year](#), with some of the highest levels in Riverside (1.69 ppb) and San Jose (1.34 ppb).

Chromium 6 occurs naturally in some drinking water, and many people don't even know they are

advertisement





drinking it. More often, it enters the water supply from industrial contamination, leaching from sites such as the former disposal ponds of Pacific Gas & Electric's Topock Compressor Station in Hinkley, near Barstow. It can be removed using expensive reverse osmosis filters.

State officials said the new goal reflected recent research suggesting that young children could be more susceptible to health risks from exposure to chromium 6. Mice and rats that drank water containing high levels of the element developed gastrointestinal tumors, according to a 2007 study by the National Toxicology Program.

Environmentalists [praised the new state goal](#), saying they hoped it would pressure state and federal officials to set enforceable standards for the metal and other drinking water contaminants. After California regulated another such contaminant, [perchlorate](#), other states followed suit and [the U.S. Environmental Protection Agency has reconsidered its standard](#).

"It's better to know than not to know," said Dr. Gina Solomon of the San Francisco-based Natural Resources Defense Council of chromium 6 levels in drinking water. "We want to know about it so that water utilities can deal with it and get the levels down."

California lawmakers passed legislation in 2001 requiring an enforceable drinking water standard for chromium 6 by 2004. State public health officials [are still working on that standard](#). It will take at least 18 months to propose and 2 1/2 years to approve, according to Mike Sicilia, a spokesman for the state Department of Public Health.

California environmental officials cautioned that until the standard is set, the state goal is "not a regulatory level for cleanup of groundwater or surface water contamination" and cannot be used to justify investigations where residents suspect their water is making them sick, [such as in Hinkley or the San Joaquin Valley's Kettleman City](#).

The national drinking water limit for chromium is 100 ppb, but water system monitors [are not required to distinguish](#) what percentage of that is chromium 6 versus other less harmful ions such as chromium 3. But U.S. EPA officials [recommended in January](#) that water systems start testing for chromium 6, and EPA Administrator Lisa Jackson has said the agency will [probably revise its standards](#) soon.


[molly.hennessy-fiske@latimes.com](mailto:molly.hennessy-fiske@latimes.com)

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# Chromium-6 in Drinking Water Sources: Sampling Results

Last Update: July 27, 2011


## Recent Monitoring and Analytical Information

**US EPA Recommendations:** US EPA's [January 2011 recommendations for enhanced chromium-6 monitoring](#) refer public water systems to California laboratories, specifically to CDPH's [Environmental Laboratory Accreditation Program \(ELAP\)](#) and its [list of certified laboratories \(Excel\)](#) .

US EPA mentions that laboratories identified under "FOT 103" (Field of Testing 103) can be contacted and asked if they are certified for CA CDPH subgroup code 103.310, which is specific to EPA Method 218.6 for chromium-6.

To assist public water systems that may seek California laboratories, ELAP has provided a list of [laboratories certified for subgroup code 103.310 \(Excel\)](#) .

**Detection Limit for Purposes of Reporting:** California currently uses a 1-ppb detection limit for purposes of reporting ([DLR](#)) for monitoring chromium-6 in drinking water. However, analytical results at concentrations below the DLR may be submitted to CDPH when laboratories have associated quality assurance data for their results. Any future modification to the current DLR will be part of an MCL evaluation and development process.

**Holding Times and Sample Preservation:** CDPH concurs with US EPA's temporary extension of the maximum holding time for properly preserved drinking water samples from 24 hours to 5 days. At this time, CDPH recommends that samples be preserved in the field with a [borate-carbonate buffer \(PDF\)](#) . Alternately, samples may also be preserved in the field with an ammonium sulfate/hydroxide buffer, as referenced in [US EPA's recommendations for enhanced chromium-6 monitoring](#). This recommendation may be revised once US EPA finalizes the re-evaluation of its hexavalent chromium analytical method for drinking water samples.

## Sampling Results

CDPH (then the California Department of Health Services, DHS) adopted a regulation in 2001 that added chromium-6 to the list of [unregulated chemicals for which requiring monitoring is required \(UCMR\)](#). The analytical methods associated with the UCMR are [here](#).

Of the ~4,400 community systems and non-transient non-community systems that have ~12,000 drinking water sources, those that are vulnerable to contamination are subject to UCMR regulations. Systems with fewer than 150 service connections may be exempted from the monitoring requirement. Results of UCMR monitoring from over 7,000 drinking water sources showed chromium-6 at or above the 1-µg/L detection limit for purposes of reporting (DLR) in about one-third of them.

The monitoring data that were collected as a result of the UCMR regulation will enable us to determine the extent to which chromium-6 exists within drinking water supplies, and at what concentrations it exists. This information is needed in order to evaluate the costs of treatment of drinking water containing chromium-6 when developing a chromium-6 [maximum contaminant level \(i.e., drinking water standard\)](#).


The monitoring for chromium-6 under the UCMR regulations was to have been completed by December 31, 2002, and the regulations were repealed in October 2007. However, some water systems have continued to monitor, and more recent findings are included in the [monitoring results \(Excel, 1.4MB\)](#) . An overview of findings is presented in Table 1.



Table 1. Chromium-6 in drinking water sources 1997 through 2008 (Active and Standby Sources)  
(See notes 1, 2, and 3 )

Peak level (µg/L)	No. of Sources	% of Detections
> 50	6	0.3
41 - 50	5	0.2
31 - 40	14	0.6
21 - 30	61	2.8
11 - 20	231	10.5
6 - 10	456	20.7
1 - 5	1,434	64.9
TOTAL	2,207	100

1. Data are extracted from [monitoring results \(Excel, 1.4MB\)](#) through January 2009. They will change with subsequent updates and should be considered draft.
2. "Sources" are active, standby, and pending sources reporting more than a single detection of chromium-6. Data may include both raw and treated sources, distribution systems, blending reservoirs, and other sampled entities. This table does not include inactive sources, abandoned or destroyed wells, agricultural wells, monitoring wells, or more than one representation of the same source (e.g., a source with both raw and treated entries is counted a single source).
3. For UCMR sampling, a number of sources may have been [screened using a 1-µg/L reporting limit for total chromium \(PDF\)](#). If total chromium was below the screening level, specific analysis for chromium-6 was not required.

## Early Sampling

Drinking water sources have monitored total chromium since the 1970s, and the results of monitoring have been maintained in the Drinking Water Program's database since 1984. Of 11,785 sources sampled for total chromium through 2001, detections were reported for 1,311 sources (1,227 ground water and 84 surface water sources). The detection level for purposes of reporting (DLR) for total chromium is 10 µg/L.

Until DHS required monitoring for chromium-6 under the UCMR, little information was available about the presence of chromium-6 in drinking water supplies. DHS performed limited analyses from 1997-2000 to determine the fraction of total chromium that is chromium-6, with the following results. For these samples, not detected (ND) indicates chromium-6 at <0.5 µg/L.

- In 1997-98, DHS sampled 10 wells in Merced County. Total chromium was 18.8-33.5 µg/L, and chromium-6, 16.8-33.0 µg/L (68-100% of total chromium).
- In 1998, DHS sampled three wells in Los Angeles County. Total chromium was 3.4-10.3 µg/L, was chromium-6, ND-5.1 µg/L (<14-54% of total chromium).
- Also in 1998, DHS sampled one well in Contra Costa County. Total chromium was 18.7 µg/L and chromium-6, 1.5 µg/L (8% of total chromium).
- In 1999, a water agency's consultant sampled nine wells in Los Angeles County. Total chromium was 5.3-15 µg/L, and chromium-6, 3.6-11 µg/L (58-100% of total chromium).
- In 2000, DHS sampled eight wells in San Mateo County. Total chromium was 11-28 µg/L, and chromium-6, 7.4-28 µg/L (64-100% of total chromium).
- In 2000, DHS sampled three wells in Yolo County. Total chromium was 31-54 µg/L, and chromium-6, 24-35 µg/L (44-97% of total chromium).
- In 2000, DHS took four samples from a surface water source in Solano County. Total chromium was 0.5-8.9 µg/L, and chromium-6 was ND.

**Additional Information on Chromium-6 from CDPH**

[Current Status of the Chromium-6 MCL](#)

[Timeline of CDPH's Activities Related to Chromium-6](#)

**Other Helpful Sites**

[More Information for Water Systems](#)

[Drinking Water Program](#)

[Division of Drinking Water and Environmental Management](#)

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# Office of Environmental Health Hazard Assessment



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Edmund G. Brown Jr.  
Governor

## OEHHA Adopts First-in-the-Nation Public Health Goal For Hexavalent Chromium in Drinking Water

July 27, 2011  
FOR IMMEDIATE RELEASE

CONTACT: SAM DELSON (916) 324-0955 (office)  
(916) 764-0955 (mobile)

SACRAMENTO – The California Environmental Protection Agency’s Office of Environmental Health Hazard Assessment (OEHHA) today published the nation’s first public health goal (PHG) for hexavalent chromium in drinking water.

The final PHG for hexavalent chromium, also known as chromium 6, is set at 0.02 parts per billion (ppb), which is the same level as the draft that was released for public comment in December 2010.

“This final public health goal is the culmination of years of study and research on the health effects of this chemical,” said Dr. George Alexeeff, OEHHA’s Acting Director. “As the nation’s first official goal for this contaminant, it will be an important tool that the Department of Public Health will use to develop a regulatory standard that will protect Californians from the health risks of chromium 6 in drinking water.”

“Adoption of the PHG is an important step in the process of ensuring high-quality drinking water for Californians,” said Dr. Alexeeff. “The PHG reflects the most recent and definitive scientific research and demonstrates OEHHA’s commitment to fully assessing the health risks of hexavalent chromium.”

A PHG is the level of a contaminant in drinking water that does not pose a significant health risk. It is not a regulatory level for cleanup of groundwater or surface water contamination.

The public health goal for chromium 6 is not a maximum “safe” level for exposure to the chemical. Rather, it serves as an assessment of the health risk posed by drinking water that contains chromium 6, based on an estimated “one in one million” lifetime cancer risk level. For every million people who drink tap water with that level of chromium 6 each day for 70 years, there is likely to be one additional case of cancer from exposure to the chemical.

State law requires OEHHA to set PHGs to provide scientific guidance to the California Department of Public Health (CDPH) in developing enforceable drinking water standards. By law, CDPH must set the eventual standard as close to the PHG as economically and technically feasible.

**California Environmental Protection Agency**

*The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption.*

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The PHG for chromium 6 reflects new research documenting that young children and other sensitive subpopulations are more susceptible than the general population to health risks from exposure to carcinogens. It is based on a study published by the National Toxicology Program in 2007 in which laboratory rats and mice were given drinking water containing high levels of chromium 6. Some of the laboratory animals developed gastrointestinal tumors. OEHHA, CDPH and other organizations requested the research to provide data needed to develop a chromium 6 PHG and drinking water standard.

Chromium 6 occurs naturally in some drinking water. The metal is also used in a number of industrial applications and has entered some water supplies as a result of past waste-disposal practices.

OEHHA is the primary state entity for the assessment of risks posed by chemical contaminants in the environment. Its mission is to protect and enhance public health and the environment by scientific evaluation of risks posed by hazardous substances.

OEHHA, which is part of the California Environmental Protection Agency, issued original and revised draft versions of the PHG for public comment in August 2009 and December 2010, respectively. The University of California also oversaw two separate external scientific peer reviews of the PHG. The final PHG document includes responses to both the peer reviewers' comments and to the extensive number of comments received from the public.

A copy of the newly finalized PHG document may be viewed or downloaded from OEHHA's web site at [www.oehha.ca.gov](http://www.oehha.ca.gov).

# Carcinogen limit in water advances

**HEXAVALENT CHROMIUM:**  
Many drinking supplies in  
the Inland area have levels  
exceeding the goal.

THE ASSOCIATED PRESS

**LOS ANGELES** — State environmental regulators said Wednesday they have settled on an acceptable level for the carcinogen hexavalent chromium in drinking water, the first step in protecting the public.

The state Environmental Protection Agency announced that the amount of hexavalent chromium, also known as chromium-6, that can be present in drinking water without posing a significant health risk is .02 parts per billion. This means for every million people who drink tap water with that level of chromium every day for 70 years, there is likely to be one case of cancer.

State law requires the agency to provide scientific guidance so the state Department of Public Health can develop enforceable drinking water standards.

The dangers of chromium contamination in water were publicized in the Oscar-winning movie "Erin Brockovich," which detailed the discovery of high levels of the chemical in wells used by residents of the rural San Bernardino County community of Hinkley, a few miles west of Barstow.

Many drinking water supplies in the Inland area and across the nation have hexavalent chromium levels above the health goal.

The cities of Riverside and Redlands and the Riverside-based Western Municipal Water District were among Inland providers who last year reported levels of hexavalent chromium higher than the new health goal.

Riverside, Redlands, Western Municipal and other local water suppliers meet the current state limit of 50 parts per billion for "total chromium," which includes hexavalent chromium and other less-toxic forms of the metal.

Staff writer David Danelski contributed to this report.

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This article was printed from the Local Stories section of the *Sacramento News & Review*, originally published August 4, 2011.

This article may be read online at:

<http://www.newsreview.com/sacramento/content?oid=3083806>

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## The thirst

### Can the region shift its long-standing thinking about how to handle water?

By [Hugh Biggar](#)

California's struggle to better manage its water is about as old as the state itself (there are California water acts dating to the 1860s). California, with its large population and agricultural economy, has also consistently been the top state in overall water use since 1950, according to the U.S. Geological Survey. In recent decades the state has attempted to get a better handle on this open faucet of use, and its efforts have recently included the 2004 requirement that water districts use meters and the 2009 state plan for cities to reduce their water use by 20 percent by 2020.

In the Sacramento area, the larger cities and municipal water districts say they are on board with these efforts, though many of them have also had to shift long-standing thinking about how they handle water.

The city of Sacramento, for instance, has had to significantly change its approach to water in the face of the new state requirements.

"A lot of [Sacramento's] infrastructure was set up at a time when water was abundant and the consumer simply paid a flat fee," Ellen Hanak, a natural resources economist for the Public Policy Institute of California, said. "The flat-fee system wasn't a crazy idea at one time."

With this in mind, and the high cost of installing meters and other retrofits, Sacramento pushed back unsuccessfully against the water-meter requirement. The city, which draws 85 percent of its



The biggest water hog in the city operations of Sacramento is the 160-acre William Land Park, which used about 92 million gallons of water in 2010.

Photo By kayleigh mccoillum

water supply from the Sacramento and American rivers, is now phasing in new water meters and taking a more cautious approach to its long-term water use.

“It’s been the case in the Sacramento area that there has been less pressure to implement conservation compared to Southern California or even the Bay Area, because people in Sacramento live so close to abundant sources of water,” Hanak said.

Now, however, Sacramento, despite its previous reluctance, is moving toward conservation programs similar to those used by communities in drier areas.

“The city is implementing a number of conservation measures to help us meet our goals,” Jessica Hess, a spokeswoman for Sacramento’s Department of Utilities, explained to SN&R. “In 2009, for example, we passed a revitalized water-conservation ordinance that sets watering days and times to limit evaporation and other overwatering.”

Hess also listed Sacramento’s public education programs, building and plumbing retrofits, and water-education volunteers as other ways the city is aiming to conserve.

“We are concerned with water availability and water quality ... and we are focused on addressing these concerns providing a safe water supply,” she said.

Sacramento County and other large cities in the area also share Sacramento’s more conservative approach and focus on shifting old approaches to water use.

“Roseville maintains a robust water efficiency division that is about changing water demands ... through green building codes and water efficient landscape ordinances,” Ed Kriz, Roseville’s water utility manager, said in an email. “The primary focus is on customer education and information and changing behaviors over time.”

Some of these districts are also working cooperatively, through such groups as the California Urban Water Conservation Council.

That group, a coalition of water utilities and environmental organizations, has committed to an 18 percent reduction in water use by 2018.

“We are trending toward [these goals],” said Don Smith, Folsom’s water management coordinator. Folsom is a part of the CUWCC. “We are doing a couple of things, such as installing meters at all of our connections, and expect to finish that by January 2013. Outdoor water use [through landscaping] is also typically the biggest use and we’re basically attacking that.”

With studies showing about 12 percent of indoor use comes from leaks, Smith also said Folsom is offering rebates for customers who cut consumption and a popular program that sends a technician out to assess the water efficiency of homeowners. In addition, Folsom is installing a daily water-meter-reading system rather than monthly readings. This allows the city to better troubleshoot water problems and respond more proactively. It also helps consumers better understand how they are using water.

“People are surprised when we show them how much water they are using and are responsive,” Smith said.



In Davis, however, residents have been ahead of the curve when it comes to awareness.

“One reason we have had low per-capita consumption rates compared to other cities is we have had water meters in place for quite some time, and that provides a good basis for water management,” Jacques DeBra, the city’s utilities manager, said. DeBra added that as part of Davis’ 20 by 2020 goals, the city aims to average 167 gallons per capita. The city’s use has ranged from 157 to 180 gallons in recent years. The city, which will consider raising rates in September, also aims to improve its water quality by switching from ground water to surface water from the Sacramento River by 2016.

Meanwhile, Sacramento County Water Agency’s Diane Margetts said her agency too is working toward more sustainability, but water availability is a “nonissue.”

“We use 85 percent well water and we have a water supply for decades,” she told SN&R. “But we also know it is not infinite and there is more water during wetter years. So we are encouraging conservation and also use a lot of water meters.”

Similarly in Elk Grove, which grew rapidly in the last 10 years, the city remains confident it will be able to meet its demands, even if development picks up again.

Though the Elk Grove Water District’s Mark Madison cautioned, “Water availability and quality are two issues that we expend tremendous effort to stay on top of.”

Overall, Folsom’s Smith described these municipal approaches as “economies of scale.”

“Cooperating regionally has had a lot of success, especially if you are part of regional rationing effort,” he said.

### Conservation taking hold



Ellen Hanak is a natural resources economist and policy fellow for the Public Policy Institute of California.

There’s no doubt that local water consumption has gone down in the last few years. This dovetails with findings from the Public Policy Institute of California that urban water use in California (which makes up about 20 percent of the state’s consumption) has diminished somewhat.

Given the state push to make better use of its water resources, these findings are a good indication the conservation message is being heard. But overall California is still splashing in the shallow end of better managing its water, and experts say there is still much that needs to be done.

“If you compare places with similar climate and levels of development, Australia or Israel, for example, California still has a long ways to go,” Hanak explained to SN&R.

In one example, and a concern shared by others, Hanak pointed to the state’s aging infrastructure as one factor that will continue to handicap California’s conservation efforts.



PHOTO courtesy OF ellen  
hanak/ppic

“Just maintaining the system is going to be a big challenge, and in the future an increasing question is going to be how to pay for it,” Maureen Hodgins, a research manager at the

Water Research Foundation, said.

Her colleague, Shonnie Cline, added that nationally as well as in California, much of the water infrastructure, such as pipes, were built roughly 60 years ago. As that system ages, it becomes more vulnerable to costly—both moneywise and waterwise—leaks and other malfunctions.

“The [Environmental Protection Agency] has estimated that \$335 billion is needed [nationally] to just maintain all the drinking-water infrastructure,” Cline said. “As these systems fade, there are a lot of buried assets out there put in around World War II [and] there is going to be more and more focus in the future on simply supporting them.”

More locally, Sacramento’s Water Education Foundation points out on its website, Aquaformia, that California’s water systems haven’t seen state and federal upgrades since 1973.

At the same time, the landscape and society in place when this infrastructure was set up is now also rapidly changing.

“[California is] at the point where we have a water system in place and have spent a lot of money on developing resources for water supply and delivery, but we have started to run into limits,” Hanak said. “So we need to make adjustments for more population and increasing urbanization, especially since much high-energy water use is in the urban core.”

She also cautioned there is not a one-size-fits-all approach to water conservation, particularly in a state with wide-ranging landscapes and climates. In evaluating water use, Hanak noted it is important to distinguish between residential customers, public services and industrial users.

“And you have to look at how many jobs are in the area, which are important for economic prosperity, the climate, urban vs. rural populations, and such things as lot sizes,” Hanak said. “San Francisco, for example, has tiny yards compared to Sacramento.”

These factors also help explain Sacramento’s higher-than-average per-capita daily water consumption compared to other cities in the state.

“Sometimes there are legitimate reasons for consumers using too much,” Hanak said. “But when you have places importing a lot of water, and diverting Northern California’s water, then you need to start to think about conservation, in some cases, replacing [what is taken out], better practices, pricing incentives and storage facilities. Communities are also going to have work on improving water quality [since] there are still too many chemicals in the water, from agricultural residue, polluted runoff from urban areas and [flushed] pharmaceuticals.”

And as Hodgins and others point out, making these fixes is also going to come with a price tag.

In the meantime, the Sacramento area’s cities and water districts are making sometimes aggressive and sometimes tentative progress towards these goals. But there is clearly much work to be done.

“Most of the Sacramento Valley [historically] hasn’t had to think about how much water it uses,” Smith said. “So, culturally, just changing people’s mindset is going to have a big impact.”

# Los Angeles Times | ENVIRONMENT



## Greenspace

ENVIRONMENTAL NEWS FROM CALIFORNIA AND BEYOND

### DWP's solar program to relaunch in September with lower

August 3, 2011 | 6:34 pm

Latimes Photo Commercial Photo



The Los Angeles Department of Water and Power gave the go-ahead Tuesday to relaunch the [Solar Incentive](#) accepted starting Sept. 1 at 10 a.m.

The revised program is doubling its budget from \$30 million to \$60 million for the next three years and lowering rebates for residential, government, nonprofit and commercial buildings.

Funding was increased by using long-term bond financing and by decreasing incentives, which the DWP said would be available in existing solar markets. Residential rebates went down from \$3.24 per watt to \$2.20 per watt. Officials said the allowance available for solar systems.

"Now that significant tax incentives are being offered by the federal government, we have an opportunity to re-market pricing, which should give more customers the opportunity to build solar and increase the amount of said Aram Benyamin, DWP's senior assistant general manager.

Ethan Sprague, spokesman for solar power leasing company SunRun, said "if the new rebate levels remain as will not be able to go solar."

"The rebate reduction DWP approved doesn't reduce the overall SIP budget, but rather makes it smaller on an impact the less affluent," Sprague said.

The program, funded through ratepayers, offers rebates to businesses and homeowners who generate their own "Million Solar Roofs" legislation, which requires the DWP to spend \$313 million through the end of 2016.

The program was suspended in April as the demand for incentives, hovering around \$112 million in rebate re-hiatus the department was able to catch up with a backlog of applications and identify alternative financing options.

Under the revised program, the solar program will automatically be suspended until the next fiscal year, when ensure it stays within its budget.

Since the program began in August 2006, DWP customers have installed 35 MW under SB 1 and the department installed during the current fiscal year.

#### **RELATED:**

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-- Ashlie Rodriguez

*Photo: Business Week*

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## California redistricting panel got earful about draft maps

**Passionate input from across California amounted to an extended conversation about what makes a community and what unites and divides the state's residents. The commission votes Friday.**

By John Hoeffel, Los Angeles Times

July 29, 2011

Reporting from Fremont, Calif. -- Residents and civic leaders in Fremont, which sprawls from San Francisco Bay to the golden-seared folds of Sunol Ridge, say their desert-hued bedroom community should be in a congressional district with its neighbors, Newark and Union City.

The three cities, they explained, share such interests as planning, transportation, policing, healthcare, water, education and jobs. And they also offered a more unusual argument.

"Our Tri-Cities is a community of many people: Caucasians, Indian Americans, Chinese Americans, Laotians, Afghanan, and so many people," Yogi Chugh, the chairman of Fremont's planning commission, told the California Citizens Redistricting Commission. After boasting that Fremont residents speak scores of languages, he said, "We humbly ask for your consideration in ensuring that you can protect our community of interest."

The assertion that Fremont is a community because it has embraced its diversity highlights a question the commissioners have debated for months: How do Californians define their communities? Or, as Cynthia Dai, a commissioner from San Francisco, put it more bluntly at one hearing: "The question is: Who do you want to be placed with and who do you absolutely not want to be placed with?"

On Friday, Californians will get the commission's verdict when it votes on the maps for 53 congressional districts, 120 legislative districts and four for the State Board of Equalization. The commission will take a final vote Aug. 15, but Californians can challenge the districts in court or by referendum.

Thanks to voter-approved initiatives, the state's election-district mapmakers are no longer politicians aiming to protect incumbents, but 14 Californians charged with keeping counties, cities, neighborhoods and communities of interest together as much as possible. In 34 hearings from Redding to San Diego, more than 2,700 Californians offered advice as diverse as their state. More than 20,000 emails and letters were submitted by an array of people that included nuns, Mayflower descendants, politicians and

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neighborhood activists.

The result was an extended conversation — all archived on the commission's website — about what unites and divides the more than 37 million people who live in the nation's most populous state.

Californians talked passionately, often poetically, about the communities created by the state's complexity: winding roads and interstates; coast, flatlands, foothills and mountains; cities, suburbs and small towns; vineyards and orchards; shopping centers and school districts; and, of course, race and ethnicity.

After draft maps came out early last month, the conversation became rather less lofty. Californians were suddenly a lot surer who they absolutely did not want to be placed with. One San Leandro resident emailed the commission to say his city wanted no part of any district with Oakland in it: "They don't want us to even have plastic bags to carry our food home from the store. These are crazy people."

And, as the fallout for the political parties and incumbents became clearer, form-letter campaigns kicked off, partisan advocates masqueraded as community-minded residents, and organizations representing ethnic groups, environmentalists, business owners and regions stepped up their lobbying.

The intense jockeying by ethnic groups led Santa Clara County Supervisor George Shirakawa to joke, "Since I'm Asian and Latino and even European American, any map works for me."

In Fremont, the aspirations of some of the state's newest immigrants played a pivotal role in the city's hope not to be divided between congressional districts. The 2010 census found that the city is now slightly majority Asian. "It's really the one place in the entire state, perhaps the country, that has a strong, cohesive South Asian voice," Anil Godhwani, a high-tech entrepreneur and community activist, told the commission.

Michelle Park Steel, who serves on the Board of Equalization, asked the commission not to splinter Korean Americans in Los Angeles and Asian Americans in the San Gabriel Valley. Orthodox Jews noted they have more than 25 synagogues in the West Los Angeles area. Latinos pressed for districts in urban areas, such as the east side of San Jose. An East Bakersfield resident, speaking to the commission in Spanish, said, "The majority of my neighbors are not sure who Buck Owens is, but they do know who Vicente Fernandez is."

Black voters in Los Angeles County, however, pleaded with the commission not to be "packed" in districts, saying that would dilute their power. "It places yet another undue stress on an already over-extended community," Blair H. Taylor, president of the Los Angeles Urban League, wrote.

At one of the earliest hearings, in Marysville, speakers who were mostly white noticed something odd: no Latino, Sikh or Hmong speakers. So they returned to the microphone and spoke for them. One noted that the Hmong have strong families, which he called "really a plus for us." Another said of the Sikhs: "Super, super group of people. Definitely need to be part of the whole issue that you guys are working on."

Residents also debated how geography defined them. Some, for example, suggested that a single congressional district at the top of the state could bring an end to the feud between salmon fishermen and potato farmers over the water in the Klamath River. But David Bitts, a fisherman from Eureka, urged the commission to draw a north-south line through the mountains, severing fishermen from farmers.

"However you slice it, the North Coast is going to be the tail of its congressional district just because of population," he said. "I think, speaking for the tail of the dog, I'd rather be wagged by a breed that I at least recognize."

In San Luis Obispo County, residents said that if they had to be divided, the place to do it was Cuesta Grade, a steep incline on U.S. 101. "We're about evenly split between Dodgers fans and Giants fans around here," said Steve Devencenzi, the planning director for the county Council of Governments.

For many, agriculture remains the central issue. Robert Bernosky said San Benito County should not be connected to San Jose. "We are cowboys. We are growers. We do not have any wafer fabs or any large hotels," he said.

But leaders in Indio in Riverside County asked not to be hooked to Imperial County because their economy now depends not on date palms but such things as the Coachella Valley Music & Arts Festival.

The first drafts of the maps sharpened the debate over lines that many believe will create new identities.

When one resident saw that Santa Cruz might be split and part of it put with a few rich San Francisco Peninsula cities, she wrote the commission that it was like "wearing tennis shoes with a tuxedo."

American Canyon in Napa County urged that it not be yoked to a Solano County district. "We suffer from an identity crisis, most definitely. People refer to us as North Vallejo. If you draw us out of the districts, they will continue to call us North Vallejo," fretted Belia Bennett, a councilwoman.

The most agonized cries came from Simi Valley in Ventura County and La Habra in Orange County, where residents feared being included in districts with Los Angeles County voters. A Ventura County resident said she had "concrete aversion," while a La Habra resident issued an ultimatum: "L.A. is a corrupt cesspool of Democrat politicians and there is no way you are going to do this!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!"

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## Chromium 6 limit in water goal set by Calif. EPA

Wyatt Buchanan, Chronicle Sacramento Bureau  
Thursday, July 28, 2011

### Sacramento --

The California Environmental Protection Agency on Wednesday released the nation's first standard for limiting a cancer-causing chemical in drinking water.

The agency set a public health goal for hexavalent chromium, also known as chromium 6, that will be used by the state's Department of Public Health to help create a legally enforceable limit on the chemical in drinking water. The agency set the goal at .02 parts per billion.

Chromium 6 gained national infamy after a toxic plume contaminated water in the Mojave Desert town of Hinkley (San Bernardino County) - leading to a \$333 million settlement from the Pacific Gas and Electric Co. - and was dramatized in the film "Erin Brockovich."

Dr. George Alexeef, acting director of the agency's Office of Environmental Health Hazard Assessment, said the goal "is the culmination of years of study and research on the health effects of this chemical. As the nation's first official goal for this contaminant, it will be an important tool" to develop a regulatory standard.

The Department of Public Health will consider the goal, along with the costs and feasibility of reaching it, in creating a final regulatory standard. That could take several years. The goal is equivalent to a likelihood of one person in a million developing cancer after drinking tap water with that level of the chemical every day for 70 years.

The Legislature called for a standard to be in place by 2004, but there have been a host of delays, including proving scientifically that the chemical is dangerous if ingested. The harmful effects of inhaling it already were established.

Dr. Gina Solomon, a senior scientist at the Natural Resources Defense Council, praised the level of the public health goal and said she expected some water agencies would begin reducing the level of the chemical - if it exists in their supply - to that standard even before the state makes a final regulation.



"I expect there will be a few places where there will be problems that need to be addressed and a lot of areas where won't it be very difficult to achieve," Solomon said. The group has called on the federal government to take similar action.

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<http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2011/07/28/BA811KFUGE.DTL>

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## Editorial

### Science and salmon

**Eight senators from salmon-fishing states warn the Food and Drug Administration against spending money to study whether genetically modified salmon are safe. There's plenty to debate, but squelching scientific inquiry isn't the answer.**

August 2, 2011

People tend to respect and believe in science — until it tells them something they didn't want to hear. Thus President George W. Bush clung to his billion-dollar-a-year [Reading First](#) program even after a study by his administration showed that it wasn't improving students' reading. Senators from states where the gray wolf was reintroduced successfully pushed for legislation delisting it as an endangered species; it didn't matter what the Interior Department had determined.

Now eight senators from salmon-fishing states are [warning](#) the Food and Drug Administration that they will pursue legislation — already passed in the House — to keep the FDA from using any of its funding to study whether genetically modified salmon are safe for the environment and consumers. There's plenty to question when it comes to genetically engineered salmon, but squelching scientific inquiry isn't the answer.

The salmon have been tinkered with by AquaBounty Technologies Inc. to grow twice as fast, making them cheaper to raise and bring to market. The FDA appears to have been on a fast track to approve the salmon for human consumption despite some sketchily designed studies on consumer safety. But the bigger worries about the salmon concern the environment — and the valid issue raised by the wild-salmon fisheries about whether the genetically modified fish could escape and pollute the gene pool.

AquaBounty has outlined various safety precautions it would take to prevent that. The fish would be raised in tanks on land — mostly in the Panama highlands — rather than in the ocean pens used by the salmon-farming industry. The company would render the fish sterile and reverse the gender of the males so that all the fish in the tanks would be female. Should any fish manage to escape into the river adjacent to the fish farm, they would have a hard time surviving warmer waters downstream.

None of these are perfect safeguards, though. For example, up to 5% of the fish would not be successfully made sterile. Some might be able to survive in the river. Another concern is how the United States could police activities in Panama to make sure procedures were being followed, or how it could prevent less exacting facilities from being constructed in the future.

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Although the FDA lacks the expertise to examine all these issues on its own, it is in the midst of its environmental review right now. What the senators — none from California — should be demanding is not an end to that study, but more research in the form of a joint study by the Environmental Protection Agency, the Fish and Wildlife Service and the National Marine Fisheries Service. Without their analysis, we have no way of knowing whether this new fish poses a risk. The answer lies in more science, not less.

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Tuesday, August 2 2011

## Power thirsty



Truck trailers holding "fracking" fluid sit parked next to a Western natural gas well in 2008. The energy sector is the fastest-growing water consumer in the United States, and finding water to meet the energy industry's growing demand is only going to get tougher as climate change alters hydrological cycles in the arid West. Photo © Ted Wood.

Aug 1, 2011

**Power and water are more interconnected than you might think, and that has serious consequences for a changing world, especially the American West.**

By **Daniel Glick**

For the Daily Climate

Energy and water are as intertwined as the hydrogen and oxygen atoms in a bottle of Evian.

California likes to think of itself as being ahead of the curve. So when the state set out to reduce greenhouse gas emissions, regulators did all the right things - stringent tailpipe standards for cars, tighter codes for buildings, higher renewable energy standards for utilities. Then they took one of the most aggressive energy-saving steps of all.

They started a campaign to save water.





The link between energy and water is not always apparent, but the two are as intertwined as the hydrogen and oxygen atoms in a bottle of Evian.

By now, everyone knows you save energy by turning out lights. And you conserve water by taking shorter showers. But it's just as true that saving water may be one of the most effective ways to save energy - and vice versa. "It's a 'buy one, get one free' deal," said Douglas Kenney, a professor at the University of Colorado Law School and the editor of an upcoming book that explores the nexus of water and energy.

In California today, just *delivering* water accounts for 20 percent of the state's energy consumption. It takes power to gather water, purify water, and distribute water, especially in places like southern California where water is piped hundreds of miles to supply Los Angeles' sprawling demands.

Nationally, energy production sucks more water from freshwater sources than any other sector except agriculture. It takes water to create the power we use to drive our cars, transport our groceries, and run our toaster ovens. Virtually every source of electricity in a typical American home or manufacturing plant - whether it comes from hydroelectricity, coal, natural gas, nuclear, biofuels, or even concentrated solar -- also requires water. Lots of water.

One reason for this problem is that electricity, as we've chosen to produce it, is pretty wet stuff.

That's a growing problem, because in many places, finding water for energy isn't easy - and it's bound to get tougher as energy demands soar and climate change alters hydrological cycles in already arid regions. The energy sector is the fastest-growing water consumer in the United States, according to a January 2011 Congressional Research Service report [\[pdf\]](#).

Nationally, that's a challenge, but regionally it could be a calamity. As the Congressional Research report notes, "much of the growth in the energy sector's water demand is concentrated in regions with already intense competition over water."

### Giant plug of concrete

The connection between energy and water - and the precariousness of that link in the western United States - is exemplified in a gigantic plug of concrete stopping the muddy Colorado River above Las Vegas, otherwise known as Hoover Dam. At the ceremony inaugurating the Depression-era public works project in 1935, then-Interior Secretary Harold Ickes noted proudly, "no better understanding of man cooperating with nature can be found anywhere."

Hoover Dam provided the two key ingredients - water and power - that freed the Southwest and southern California to go on a 75-year growth spurt. Lake Mead now supplies water to more than 22 million people, and it produces more than four billion kilowatts of electricity per year.





But Ickes likely never imagined how quickly man's cooperation with nature would disintegrate in the 21st century. In the American West, a burgeoning population created a double-whammy of surging power demands and dwindling freshwater supplies. The Colorado River, lifeblood of seven western states, is already as overdrawn as the federal treasury. Drought conditions during most of the 21st century have forced water managers to plan for a day when the region's vast system of dams and reservoirs no longer have enough water to store. Already, utilities have to scramble to respond on days when everybody in Phoenix, Las Vegas and Los Angeles wants to crank their air conditioners during the same heat wave.

Sustained drought and insatiable upstream water demand have drained Lake Mead to the point that experts are predicting it may soon be shallow enough to be in deep trouble. Despite near record snowfalls and runoff this year that raised its level from historic lows in January, Lake Mead is still [113 feet below "full pool"](#) - and is filled to less than 50 percent of its capacity.

Three years ago researchers at Scripps Institution of Oceanography warned Lake Mead has a 50-50 chance of running dry by 2021 and that the reservoir's water level could dip low enough to reduce or stop electricity production as early as 2013. Although this year's run-off probably forestalled this dramatic assertion, utilities around the country have already been forced to reduce or stop electrical production because of water issues. According to a survey done in California's 2009 Water Plan Update [\[pdf\]](#), states from Virginia to Nevada and Texas to North Dakota have all curtailed energy development projects because of water quality or quantity concerns.

### Wet stuff

One reason for this problem is that electricity, as we've chosen to produce it, is pretty wet stuff. Plug an appliance into an outlet and you might as well open a faucet as well. Running an average refrigerator all day uses about as much water as a ten-minute shower (without a low-flow showerhead). According to the U.S. Geological Survey, electric power generation accounts for nearly half of the nation's water usage [\[pdf\]](#); it takes on average 21 gallons of water to produce one kilowatt hour of electricity. In the arid West, those numbers add up. A report by Western Resource Advocates [\[pdf\]](#) notes that "thermoelectric power plants in Arizona, Colorado, New Mexico, Nevada, and Utah consumed an estimated 292 million gallons of water a day in 2005 - approximately equal to the water consumed by Denver, Phoenix, and Albuquerque, combined."

If oil shale energy does become commercially viable, it will be a huge new water drain.

- Dan Luecke, hydrologist

Pretty much every step of energy production requires water, from mining to refining, processing to generation. Some of this water is "consumed" - evaporated as steam. Some of it is returned to watersheds in altered forms - like water heated during coal-fired electrical production and stored in cooling towers or ponds before being released - at higher temperatures - back into rivers. "Produced" water from coal-bed methane extraction releases underground water with high mineral content into watersheds. Deep drilling for seams of underground gas deposits rely on chemicals used in "fracking fluids," which contaminate water sources when they leak.

Other potential fossil fuel energy sources, like oil shale, require so much water during its production cycle that energy companies in Colorado have stealthily acquired rights to develop hundreds of thousands of acre feet of water, even before they've invented a viable technology to turn that rock into oil. An acre foot of water is 325,851 gallons, or enough to cover an acre of flat farmland with water a foot deep.

That's enough water to escalate the state's already intense water disputes into open warfare. "If oil shale energy does become commercially viable, it will be a huge new water drain," says Dan Luecke, a Colorado-based hydrologist and Western water consultant.

Virtually every time you lower the carbon footprint in industrial energy production, 'you end up with a bigger water footprint.'

- Mike Hightower, Sandia National Laboratory

Many current energy debates have focused on the massive carbon footprint of fossil fuels like oil, coal and natural gas. But many renewable sources of energy, like corn-based ethanol, have a huge and potentially troubling "water footprint." Corn ethanol made from



irrigated crops, for example, can use more than 1,000 times more water than oil refining, according to calculations by Sandia National Laboratory. Industrial concentrated solar arrays can require 800 gallons of water to produce a single megawatt hour. Mike Hightower, a senior researcher at Sandia National Laboratories in New Mexico, cautions that reducing carbon emissions, while crucial, is just one part of the energy equation: Virtually every time you lower the carbon footprint in industrial energy production, he says, "you end up with a bigger water footprint."

As planners look to the future, they have to grapple with some tough trends: the more energy we need, the more water we need. But the availability of fresh water has already reached crisis proportions in many parts of the world, and some experts warn we should be more worried about "peak freshwater" than "peak oil." According to Peter Gleick and Meena Palaniappan, writing in the [Proceedings of the National Academy of Sciences](#), water availability is a growing global problem, especially in regions like the Western U.S. where "almost all major rivers and aquifers are already tapped out." Unlike oil, they write in dry, understated concern, water is absolutely essential for life. "For many uses," they conclude, "it has no substitutes."

### Ever-more precarious balance

Climate change is only going to make the water-energy balance more precarious.

Arid mid-latitude regions like the West are warming nearly twice as fast as the global average, according to the Rocky Mountain Climate Organization [\[pdf\]](#). As the West warms, residents will need more energy to cool living spaces and make desert cities like Tucson and Scottsdale inhabitable - and will likely have less water to make enough electricity to do that.

The collision of water, energy and climate change will reverberate through public policy decisions for decades to come, with unintended consequences at each step. Congress effectively encouraged a giant sucking sound from Midwestern aquifers and rivers by creating massive subsidies for corn ethanol. Concentrated solar projects, which have received "fast-track" authority from the Obama administration, may run into water problems before the first watts are generated. Citizen opposition to new coal-fired power plants in places like Nevada and Montana has focused as much on water concerns as greenhouse gas emissions.

Global climate models predict that arid regions of the world will become more arid as a result of rising greenhouse gas emissions. According to the U.S. Global Change Research Program's report, [Global Climate Change Impacts in the United States](#), a one percent decrease in precipitation leads to a two to three percent drop in stream flow. Every percentage point that stream flows drop means a three percent decline in electricity generation. The report's conclusion is as obvious as it is ominous: "Water and energy are tightly interconnected."

Some energy sources, like rooftop photovoltaics and most wind power, are not water hogs, but experts say they are not likely to fill the nation's growing power needs by themselves. Conservation - both of water and of energy, are undeniably going to be part of any future plan, as are technological improvements in wastewater treatment and reclamation. "People are beginning to understand that if you save water, you save energy," says Sandia National Laboratory's Hightower.

They also need to also understand that if they save energy, they'll save water as well. Which, in the long run, may be an even more important thing to conserve.

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Daniel Glick, a former Newsweek correspondent, is co-founder of the Story Group (<http://thestorygroup.org/>) with photographer Ted Wood. DailyClimate.org is a nonprofit news service covering climate change.

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**THE SACRAMENTO BEE** [sacbee.com](http://sacbee.com)

## Surplus water flowing to state's farms, reservoirs

[mweiser@sacbee.com](mailto:mweiser@sacbee.com)

**Published Sunday, Jul. 31, 2011**

California water agencies, after suffering three years of drought, are now enjoying an unusual benefit: a tide of cheap water declared "surplus" after a bountiful winter.

State and federal agencies made the water available this year, under special contract terms, for the first time since 2006. The aim is to find a productive use, in cities and on crops, for the weather anomaly that brought more water than state dams can hold.

The water is refilling reservoirs and aquifers all over the state, and putting thousands of acres of farmland back into production.

At times, there literally has been no place to put all the water nature brought to California this year. The surplus sales aim to find new places for that abundance. By dropping the price, state and federal water managers hope an urban water agency might decide to fill its local reservoirs, or that a farm irrigator will be tempted to temporarily flood some land to recharge groundwater.

To that end, they offer this water for a song, relatively speaking. In some cases, surplus water flowing through the Sacramento-San Joaquin Delta this spring was sold by the federal government for as little as \$9 an acre-foot, or about 75 percent off already low agricultural rates.

State and federal agencies together have sold more than 660,000 acre-feet of surplus water this year, all at steep discounts. That is about equal to the total annual demand of Los Angeles, the nation's second-largest city, with 3.8 million residents.

The abundant water has dramatically changed the fortunes of the San Joaquin Valley farm economy.

Shawn Coburn, a farmer near Firebaugh, planted processing tomatoes this year on 500 acres that had been fallowed the last two years due to water shortages.

This will yield about 40,000 tons of a relatively high-value crop, which also required a substantial investment on his part, including the purchase of a new tractor and harvesting equipment.

"In essence, it's another \$2 million that I'm going to spend (on equipment) that I wouldn't spend if I didn't have the water," said Coburn, who also grows almonds and wine grapes. "It's definitely a year where it's pretty easy to convince us that water equals prosperity, and not just for the farmer but the overall farm economy."

The surplus water also acts as a buffer against the next drought. For example, the Kern County Water Agency, which provides irrigation to a vast, arid farm region, is using the bonus water to recharge its groundwater banking aquifer, which was drawn down during the drought.

The agency purchased 245,000 acre-feet of surplus water this year, or about a third of all the surplus water sold.

"This is an extremely important supply for the water users in Kern County and, frankly, for all the water users throughout the state," said Jim Beck, general manager of the water agency.

Westlands Water District has used the surplus for its immediate irrigation needs, allowing some of the water purchased under its regular contracts – at full price – to be stored in reserve at San Luis Reservoir in case of dry conditions next year, said general manager Tom Birmingham.

### **Native fish still at risk**

Yet some of the arguments over water that play out in dry years continue to resonate amid abundance.

Conservation groups agree that capturing excess flows in wet years is important to help the state endure droughts.

But some express concern that this water may not be truly "surplus" to the needs of the environment, especially amid an unresolved population decline of numerous fish species in the Sacramento-San Joaquin Delta. They assert the state simply hasn't done the research to know.

About three-fourths of the surplus water this year was pumped out of the Delta. The rest came via Friant Dam on the San Joaquin River and did not pass through the Delta.

"If you look at the population graphs for just about any fish species over the past 30 years, it looks like a pretty continuous decline," said Jon Rosenfield, a conservation biologist at the Bay Institute. "That's because when times are tight, we really hammer them. And when times are good, we don't let them get off the mat."

Bill Kier, a fisheries consultant and former assistant secretary of the state Resources Agency, noted surplus pumping this year contributed to shockingly large fish kills at the state and federal water diversion systems in the Delta.

According to data from the U.S. Fish and Wildlife Service, the pumps "salvaged" or killed 8.9 million Sacramento splittail from Oct. 1, 2010, to July 17 this year. Nearly 37,000 chinook salmon and 90 sturgeon also met their demise.

All are native species whose survival remains a subject of ongoing concern.

"Are we really taking an ecosystem advantage of an abundant water year, or are we simply pouncing on that water to meet out-of-stream demands?" said Kier. "I don't doubt for one minute that we are missing the opportunity to do some substantial rebuilding (of fish populations)."

Peter Moyle, a fisheries biologist at the University of California, Davis, said the large numbers of fish killed at the Delta pumps this year don't necessarily indicate danger to the species. Rather, they indicate larger populations, another result of ample river flows.

This is especially true for those 8.9 million splittail deaths, Moyle said. He called the splittail a "very resilient" species that tends to surge in population in wet years when it can access floodplains, like the Yolo Bypass, for breeding and feeding activity.

"It's a big number, but it's not a big deal to splittail," Moyle said. "Basically, the number of splittail salvaged at the pumps is a direct reflection on the success of spawning."

### **Record year for pumping**

The U.S. Bureau of Reclamation manages the federal surplus program, while the state program is managed by the Department of Water Resources. Both agencies hold legal contracts with water buyers.

Those buyers include farm and urban water agencies, small and large, that collectively serve 25 million Californians and more than 1 million acres of farmland.

After Kern County, the biggest buyers this year are the Metropolitan Water District of Southern California, which serves the Los Angeles and San Diego metro areas; and Westlands, which serves farms in a huge swath of the San Joaquin Valley.

In addition to surplus sales, water agencies are also taking delivery of more water under regular contracts than they have seen in several years.

Spreck Rosekrans, an economic analyst at the Environmental Defense Fund, estimates total Delta water pumping will set an all-time record this year of 6.6 million acre-feet.

That compares to levels near 4 million acre-feet over the past three years, mostly a result of drought.

The terms of each surplus program are different, as are the discounts available.

The state program is offered only to existing state water contractors, which include the Kern County and Metropolitan agencies. These contractors pay only the energy cost required to move surplus water. They pay nothing for the water itself, and none of the capital costs of the diversion system, which are covered by payments under their regular contracts.

Kern County pays about \$12 per acre-foot for the surplus water. Its regular contract water costs \$57. Metropolitan, which must pay the stiff cost of pumping over the Tehachapi Mountains, purchased surplus water at \$100 an acre-foot, compared with its normal contract price of \$281.

The federal program is offered first to current contractors, such as Westlands, and then to non-contractors only if there is an extraordinary amount of water available. This was one of those years.

The Bureau of Reclamation also offered special deals on limited amounts of Delta water. Westlands was able to buy nearly 18,000 acre-feet of Delta diversions at just \$9.34 an acre-foot. That is almost 80 percent off its regular contract rate.

Two other agencies, the San Benito County Water District and the Santa Clara Valley Water District, got similar deals.

"There was so much water hitting our system, we wanted to move it out," said Valerie Curley, chief of the contracts branch in the bureau's San Joaquin Valley unit. "We offer it to more and more people, and if that still doesn't help us, then we start adjusting the price scheme."

Rosekrans objects to such deep discounts. Customers of the bureau's Central Valley Project, he said, still owe federal taxpayers more than \$900 million from the subsidy that built the system, which occurred mostly in the 1950s and '60s.



A portion of their regular water contract rates go toward repaying this debt. The cheaper surplus water rates discount this capital repayment charge.

This year, during April and May, the Bureau of Reclamation went even further and eliminated the capital charge to boost sales from Friant Dam on the San Joaquin River, which was literally overflowing with storm runoff.

Birmingham defended the discounts, noting their important dual benefit: a relief valve for water officials during rare high flows, and a buffer for farmers in case next winter is not so grand.

"We have to take advantage of every opportunity we can," he said.

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# The Mercury News

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## "Patch and pray" time for Delta levees

By Mike Taugher  
Contra Costa Times

Posted: 08/02/2011 10:24:09 AM PDT

Updated: 08/02/2011 12:54:49 PM PDT

Karen Cunningham's cows were resting in the pasture below while muscled-up power boats raced back and forth 10 to 15 feet above them on the other side of the levee.

Should the levee break, the pasture would fill like a giant bowl and destroy, at least temporarily, Cunningham's ranch on Bradford Island -- a remote spot accessible only by ferry on the edge of east Contra Costa County. It also could have an outsized effect on water supplies in California.

Cunningham isn't worried about a levee break, which she considers highly unlikely. It is the fix being worked up to protect water supplies that is the bigger threat, she said.

"This whole system as it is will be destroyed," she predicted.

The tension between landowners such as Cunningham, who want to preserve the Delta as it is, and outside experts, who warn that the state faces a potential catastrophe in the Delta, is heading toward a standoff of sorts. It is a standoff that, while welcome to those who think things are headed in the wrong direction, is causing some experts to worry that whatever slow progress has been made in addressing the region's fragile levees could be further stalled or delayed.

"If the locals simply refuse to believe the experts from around the world, you're set up for a stalemate, which is bad for everybody. Nature will be in charge of planning in the Delta," said Jeff Mount, a geologist at UC Davis who earned the nickname "Dr. Doom" several years ago for

his prediction that an earthquake would inevitably break numerous Delta levees.

Mount said he doesn't blame Delta residents for rejecting such forecasts because it's their lifestyles at stake.

However, he is convinced that they are mistaken and that a flooding risk in the Delta is severe.

"Eventually, you're going to have a major issue in there," he said.

The plan that worries Cunningham centers on tunnels that would be driven through the Delta to divert Sacramento River water directly to pumps near Tracy that send the water south. That would permit brackish water from the saltier San Joaquin River and the San Francisco Bay to penetrate deeper into the Delta, which Cunningham fears could degrade her green pastures.

Once the tunnels go in, there is also considerable fear that the state will cut spending to maintain levees now channeling fresh water to the pumps.

That would leave island landowners less protected from flooding and more vulnerable to plans to convert their properties to wetlands, she said.

For years, a procession of outside experts has warned that the Delta's network of levees are so unstable and of such critical statewide importance that California could face a catastrophe taking lives, endangering water supplies and disrupting transportation, energy and communications links.

Landowners such as Cunningham say much of the scary talk is intended to grease the skids for the



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tunnels.

No earthquake has ever collapsed a Delta levee, they note, and the threat of storms overtopping levees has been greatly reduced as the most vulnerable levees have been raised in recent decades.

Still, big water agencies in Southern California and the San Joaquin Valley are pursuing the Bay Delta Conservation Plan that would, if built, likely rely on a \$13 billion set of tunnels for water supply and a mosaic of new wetlands to improve habitat.

Cunningham and others have already sued, with limited success, to block studies on their properties that are needed for the plan. More lawsuits from Delta landowners are certain if it continues to move forward.

However, outside experts say more than just agriculture and a water supply are at stake.

The Delta is an infrastructure choke point where the lives of millions could be disrupted if a levee failure takes out the electrical transmission lines, natural gas pipelines, telecommunications, railroad tracks, state highways or the aqueduct that carries water to 1.4 million East Bay Municipal Utility District customers.

One prominent expert on levees and engineering failures around the world has said the Delta is the biggest mess he has ever seen.

Bob Bea, a professor of civil and environmental engineering at UC Berkeley, has been working with students and others to develop ways, as he says, "not to abandon the Delta, but begin to migrate the infrastructure in the Delta to something that is resistant and resilient."

A lack of clear answers and leadership, Bea said, is leading to inertia.

"It's patch and pray time," he said.

Are we doomed to a catastrophe?

"It looks like it," he said.

First built by Chinese laborers after the Gold Rush, the levees turned a vast tidal marsh into a network of channels and sunken "islands."

Over time, the soft peat on the islands sank so that some islands are now as much as 25 feet below sea level. Even though many no longer are subsiding, the sea level continues to rise.

That combination of sinking land and rising water increases pressure on the levees, scientists say.

More than 1,000 miles of levees protect more than 60 such islands.

Bradford Island, where Cunningham's ranch is located, is one of a handful of key islands because they are in an area of the western Delta that, should it flood at the wrong time, could draw brackish water toward the Tracy pumps that send drinking water as far away as San Diego.

Scientists also have become concerned that simultaneous levee failures in an earthquake could cause a catastrophic flood of salty water that might take weeks to years to flush out, depending largely on when the earthquake occurs.

Throw into the mix of threats burrowing rodents, which are thought to have caused the Delta's last major levee failure in 2004.

Still, a stalemate is OK with Ron Baldwin, a recently retired top emergency response official in San Joaquin County.

He is seeking funding for flood protection in the five counties with land in the Delta to bring maps up to date, improve funding for basic levee maintenance, improve communications among

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emergency responders and increase stockpiles of material to fight floods.

The intense focus on protecting statewide water supplies from catastrophic floods has sapped resources from preparations that could be made for smaller, more likely floods, he said. And, as preparedness and levee maintenance is allowed to slip, floods can become more likely and more dangerous than they need to be.

To many in the Delta, that feels like a self-fulfilling prophecy.

The fight over water security is overwhelming common sense, Baldwin said.

"Let's get prepared for the flood we know will happen," he said.

"I'm not saying you don't prepare for earthquakes. But let's start with what we do know."



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# Fish and Game releases Delta conservation plan

Published: Wednesday, Aug. 3, 2011 - 12:00 am | Page 2B

A new restoration plan for the Sacramento-San Joaquin Delta aims to help guide conservation efforts as state and federal officials ponder new water and habitat projects.

The plan by the California Department of Fish and Game wears the unwieldy title "Draft Ecosystem Restoration Program Conservation Strategy."

It offers a menu of options to guide at least two other efforts: The Bay Delta Conservation Plan, which aims to improve water conveyance in the estuary, and the Delta Plan, which seeks to coordinate government actions in the region.

The Fish and Game plan identifies regions most suitable for restoration, suggests what those projects should be, and lays out performance goals to measure success.

"We're not necessarily telling anybody this is the only thing you can do at a certain site," said Dave Zezulak, Ecosystem Restoration Program manager at Fish and Game. "But it is the department's vision of what are the best opportunities."

The U.S. Fish and Wildlife Service and National Marine Fisheries Services are expected to become signatories to the plan, Zezulak said. Public comments may be submitted by Aug. 22. It is expected to be finalized in December.

To download a copy, visit [dfg.ca.gov/ERP/](http://dfg.ca.gov/ERP/). For more information, contact Chad Dibble at (916) 445-1202 or [cdibble@dfg.ca.gov](mailto:cdibble@dfg.ca.gov).

– Matt Weiser

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**Governor Signs Bill to Advance Upgrades to Septic and Sewer Systems**

Submitted by Sarah Langford on Wed, 07/27/2011 - 3:25pm in [State Legislation Water News](#)

Legislation aimed at making it easier for property owners to pay for converting or upgrading their sewer systems was signed into law by Gov. Edmund G. Brown Jr. this week.

Authored by Assembly Member Jared Huffman (D-San Rafael), AB 741 allows public wastewater agencies to offer voluntary liens to private property owners to finance sewer lateral replacements and repairs as well as conversions from septic to sewer systems. The new law takes effect on Jan. 1, 2012.



Damaged sewer laterals can contribute to groundwater contamination and can negatively affect local water supplies. This legislation will help private property owners finance the costs of converting from a septic system to a community sewer system and replacing damaged sewer laterals.

The measure was co-sponsored by Irvine Ranch Water District and supported by ACWA.

"We are continually striving to find ways to further protect public health, water quality and the environment," said IRWD Board President Steve LaMar. "AB 741 does just this and will be a valuable tool as communities within our service area and throughout the state consider converting from septic tanks to community sewer systems."

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# SWITCHBOARD

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## Why We Work to Protect California's Bay-Delta Estuary



Posted July 7, 2011 in [Living Sustainably](#), [U.S. Law and Policy](#)

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Over the past several years, fights have raged in the Courts and Congress over protections for salmon and other endangered species in the Bay-Delta estuary. Much of the media coverage has focused on a small set of vocal critics of environmental protection. On Hannity and on signs on I-5, the message is clear – we must choose between fish and people. But we all know that's a false choice, that a healthy economy and a healthy environment go hand-in-hand.

The Bay-Delta is a great example of this; it is a place where farmers, fishermen, and local communities have deep roots and understand that a healthy environment sustains the economy. They know that their past and their future are linked to California's largest aquatic ecosystem.

But few people in California (and even fewer across the country) know where the Bay-Delta is located or are familiar with the communities that live there.

This is why NRDC today released this short film about farmers and salmon fishermen working together to protect California's Bay-Delta estuary.



In the film, farmers and fishermen explain in their own words why protecting the Bay-Delta and its endangered species protects their jobs, and sustains their way of life.

Protecting the Bay-Delta is about protecting our legacy as Californians. The farmers interviewed in the film are only a few of the thousands of family farmers working their fields on the islands in the Delta, as they have for generations. Likewise, the fishermen interviewed in the film are only a few of the thousands of fishing jobs in California that depend on healthy salmon runs, and of the hundreds of thousands of families that want to again feel the thrill of a salmon on their fishing line, or enjoy grilling a salmon with friends and family. Protecting the Delta and ensuring sustainable water withdrawals protects their family farms, their fishing jobs, and ensures that future generations can enjoy wild salmon, steelhead, and a healthy environment. That's one reason why a [growing chorus](#) is speaking up in opposition to efforts to sacrifice the Delta ecosystem and thousands of jobs for the benefit of a few.



But protecting the Bay-Delta is also about protecting the future of California, because much of the state depends on the Delta for part of its water supply, and because the struggle over scarce water resources in the Delta will also play out across the West in coming decades, as climate change and population growth increase the stress on our rivers and wildlife. Finding sustainable water solutions is a challenge we must meet.

Working together, we can sustain our fisheries, farming, cities and the environment. The first step is to meaningfully reduce our reliance on water exports from the Delta by investing in proven, cost-effective improvements in water supply: groundwater, water efficiency, stormwater capture, and water recycling. Taking more water from the Delta, or worsening water quality in the Delta, is not the answer for the environment or for our economy.

But don't take my word on it – watch the film and see for yourself. Talk with fishermen, or farmers in the Delta. Their livelihoods depend on the future of the Delta. Let's join them, and help protect the legacy – and the future – of California.

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## Comments

**Captain Mike** — [Jul 8 2011 12:23 PM](#)

Hey - excellent video!!!

Except there are NO seiners in California - NO fishermen in the ocean who use nets to catch fish.. Our salmon fisheries in CA are 100% hook and line and very selective. I hate when folks get the idea that we use giant nets to indiscriminately catch anything that swims into them. Otherwise I totally love your production, good job.

**Ross Borba** — [Jul 8 2011 02:44 PM](#)

Unfortunately once again you've focused entirely on the export of water running through the Delta as the only issue there. You make no mention of the introduction of non-native fish species to the Delta, which both eat native fish and their food sources. You also ignore the dumping of sewage into the Delta by Sacramento, Stockton and other communities adjacent to the Delta, which has been cited by others in the know as probably the most injurious condition negatively impacting the Delta ecosystem. And, finally, not one of the fishermen in your film make mention of the "make-whole" payments they received from the federal government in return for their not fishing in the Delta for a time. Your professed unbiased desire to cure the problems of the Delta would be much enhanced by a more comprehensive reporting of the facts involved there.

**Captain Mike** — [Jul 8 2011 04:13 PM](#)

Ross,

why is it that farmers have such a hard time with the fact that some or most of our salmon fishermen got some disaster relief payments? A lot of farmers get crop subsidies every year - and those are just that: Subsidies. We had a serious disaster, a total shut down of our fishery that we depend on to pay our mortgages and support our families.

Where's your beef? (pun not intended, but as far as puns go, it'll work.....)

*Comments are closed for this post.*

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## Warming climate expected to harm water supplies

David Perlman, Chronicle Science Editor  
Wednesday, July 27, 2011

American cities will face severe problems in coming decades as the world's warming climate hits the coasts with rising sea levels, causes huge floods and storms in the Midwest, and triggers water shortages in the Southwest, according to a national environment organization.

The Natural Resources Defense Council, noted both for its science and its advocacy, released a 128-page report Tuesday on what its experts see as the impact of global warming on water supplies in a dozen America cities, including San Francisco.

The report concluded that "while there may be some uncertainty as to the rate of warming or sea level rise, there is no uncertainty that these changes are taking place, and that they are taking place in our backyards."

Many cities, including San Francisco, have made significant efforts to assess potential threats from climate change and plan for them, but others are lagging far behind, the report said. Los Angeles, for example, "currently lacks a local or regional vulnerability assessment," the report said.

"Some of the most serious impacts will be water-related, such as flooding of critical infrastructure due to rising seas, and longer droughts due to less snowpack and less rain," the report said.

San Francisco, according to the researchers, will be challenged on a number of fronts. Sea levels will rise; there will be more land erosion and increased saltwater intrusion; early snowmelt will create water supply issues as will an increase in droughts; flooding will increase even as annual precipitation decreases; fisheries will be affected; and more frequent and intense storm events will occur.

The assessment is based largely on reports from Pacific Institute, a nonpartisan think tank in Oakland that focuses on environment and economic policy. Climate change consequences - like a projected 55-inch average sea level rise estimated for the coming century around the Bay Area - stem from the most recent estimates by the United Nation's Intergovernmental Panel on Climate Change.



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On the plus side, the report said that San Francisco is preparing itself well. It has created an interagency task force to develop policies dealing with sea level rise. Also, the city's Public Utilities Commission is working with government agencies and other cities to plan for potential water shortages, and is "pursuing regulatory reforms to support the use of gray water, storm water, rainwater and recycled water," the report said.

"San Francisco has developed several commendable initiatives to address climate change's impact on water, providing a positive example for others to look to," Steve Fleischli, the council's senior water attorney, said in a statement.

E-mail David Perlman at [dperlman@sfchronicle.com](mailto:dperlman@sfchronicle.com).

<http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2011/07/27/MN5U1KFBGM.DTL>

This article appeared on page **A - 10** of the San Francisco Chronicle

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July 26, 2011

# Storing Water for a Dry Day Leads to Suits

By **FELICITY BARRINGER**

BAKERSFIELD, Calif. — Peter Key knew something was strange when the water levels in his tropical fish tank began to go down last summer. Then the washing machine took 40 minutes to fill, and the toilets would not flush.

But even as Mr. Key and neighbors spent \$14,000 to deepen their community well here, they had identified a likely culprit.

They blamed water banking, a system in which water-rights holders — mostly in the rural West — store water in underground reservoirs either for their own future use or for leasing to fast-growing urban areas.

So the neighbors' small local water utility has gone to state court to challenge the wealthy farming interests that dominate two of the country's largest water banks.

Viewed as test cases for the size and scope of water-banking operations, the lawsuits claim that enormous withdrawals of water by the banks lowered the water table, causing geological damage, service disruptions and costly repairs.

Water managers and the farmers they serve have long been major political players here in Kern County, a center of conservative political power. But even inside these tight circles, there is increasing friction as governments, businesses — especially agriculture — and a population that has swelled by 26 percent in a decade all compete for water. Even a trendy fruit, the pomegranate, plays a role in these water wars.

A memorandum of understanding between the small local utility that brought the suit, Rosedale-Rio Bravo Water Storage District, which serves 20,000 customers, and the **Kern County Water Agency**, which operates one of the water banks, stipulated that any problems resulting from its bank would be the agency's responsibility.

But the agency said it was not to blame, and made no effort to cover costs.

“For two years, we asked them to do it and they didn’t,” said Eric Averett, general manager of the district.

Instead, the smaller districts and the City of Bakersfield had to pay to deepen wells. The two water-banking operations, one public and one quasi public, have denied responsibility.

Water remains a contentious subject. Everyone’s complaining, said Mr. Key, a horse trainer, who had to borrow from his neighbor to water the horses he boards.

Water banking has been widely embraced as a tool for making water supplies reliable, sustainable and marketable. Groups traditionally at odds — environmentalists seeking full rivers for fish and farmers tending pistachio or pomegranate trees — agree that water banking is a useful strategy for managing a vital resource. A consulting group based in Idaho, WestWater Research, estimates there are up to 30 working water banks in the West.

As climate change produces earlier snowmelts, sending too much of the water into reservoirs in the spring and too little in summer, the need for storage grows.

“Water banking is a way of dealing with the volatility,” said Bruce Aylward, an expert in water economics who founded **Ecosystem Economics** in Oregon.

The economic concept is simple. Farmers, through the water districts that they control, have acquired land entitling them to use water, or have contracted for water supplies flowing to their region. Municipal and industrial water users also have rights.

While some districts limit sales to distant urban areas, others allow them. One Kern County district, **Berrenda Mesa**, sold part of its state entitlement for a one-shot payment of \$3,000 an acre-foot — about 90 percent higher than its costs. The buyers were water districts supplying homes and golf courses in Palm Springs.

The value in banking lies in the certainty that water will be available when it is needed. In wet years, excess water recharges the depleted aquifer, a hedge against a prolonged drought.

The porous soil below the gravel and sand here, which are carried here from the Sierra Nevada by the Kern River, is ideal for the purpose. “It’s a huge bucket,” said Florn Core, the former water resources manager for the City of Bakersfield, which is located in a natural desert where rainfall averages 5.7 inches annually.

Yet with its local supplies and water deliveries from the state and federal governments, Kern County is an agricultural paradise of carrots, citrus, pomegranates and pistachios.



Changes in the agricultural economy over the last 15 years, including the rising popularity of pomegranates and pistachios, prompted many farmers to switch to permanent crops, taking away the option of letting fields lie fallow in dry years. So water banking expanded.

Since 1978, when water banking started here, 5.7 million acre-feet — about a third of the annual flow of the Colorado River — has been stored in the two largest banks, said James M. Beck, the general manager of the Kern County Water Agency, which regulates local use. The two banks' combined storage capacity is about 2 million acre feet.

Pumping out huge amounts of stored water in dry years was thought to have little impact on the underground geology — at least until Mr. Key's shower head sputtered. Now engineers believe it reversed the area's underground hydraulic gradient, turning a hill-shaped water table, accessible by shallow wells, into a valley. The trigger for the huge withdrawals was a drought that began in 2007. Kern County's allocation of water from Northern California was cut. Then, in the 40 months beginning in March 2007, roughly half the banks' capacity was pumped out to keep fruit and nut trees alive.

"I don't think anyone fully appreciated the magnitude of the impact they would have," said Mr. Averett of the Rosedale-Rio Bravo Water Storage District.

**POM Wonderful**, part of the fruit-drink empire owned by Stewart and Lynda Resnick, makes its profits from pomegranate trees kept green by the Kern Water Bank Authority. The authority, technically a public agency, is controlled by the Paramount Farming Company, which like POM, is a subsidiary of **Roll Global**, a company owned by the billionaire Resnicks.

Ernest Conant, a lawyer for the Kern Water Bank, disagrees with the lawsuit's main contentions — that the rapid pumping caused the well problems in west Bakersfield and that environmental reviews, in failing to anticipate the problem, were inadequate.

"You have the right to bank water and take it out, but you have to do it in a manner that does not cause significant harm to others," Mr. Conant said. "We think our program accomplishes that."

Mr. Beck, whose agency manages the Pioneer Water Bank and who is the defendant in the other suit, said, "We haven't seen enough data to indicate that our operations are the cause of the decline."

Because so much is at stake, many people expect a settlement before a judge can decide the issues. The water problems have eased, and some contend the aquifer healed itself — although Mr. Averett said the water tables were still lower than before. A separate suit filed

by environmentalists a year ago challenges the 1990s deal that transferred the Kern Water Bank from the state to a group of water suppliers controlled by the Resnicks.

All three lawsuits could have broad consequences.

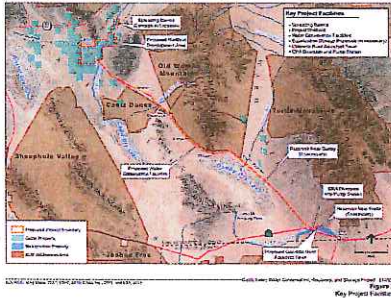
“Everybody wants to bank and sell. Everybody,” Mr. Core said. “If a lawsuit like Rosedale-Rio Bravo’s is successful, someone may be working on a banking project and it could come to a screeching halt — after they’ve started counting the money.”



## Water storage project to create 6,000 jobs

[KRISTINE MCGOWAN](#), Special to the Daily Press

2011-07-26 17:28:36



**CADIZ** • A massive water delivery and storage system in the works for eastern San Bernardino County is projected to create nearly 6,000 jobs and spur more than \$878 million in economic activity.

Roughly halfway between Barstow and Needles, in the tiny unincorporated community of Cadiz, Los Angeles-based renewable resources company Cadiz Inc. plans to drill a series of wells and build a pipeline to the Colorado River Aqueduct. The company also aims to construct an underground storage system that will allow the agricultural community to conserve groundwater that would otherwise evaporate, bolstering the local water supply.

According to economist John E. Husing, the project's construction phase alone would generate nearly 6,000 direct, indirect and induced jobs, drawing from San Bernardino County's broad labor supply and providing job opportunities for those in the High Desert.

Gary Stokes with Northwest Pipe Company in Adelanto said in a statement that the project would provide nearly a full year of production for his employees and local supply partners.

With time, Cadiz's project should also increase annual tax revenue to the county by \$5.4 million. And as the project's vendors and workers spend their earnings locally, Husing predicted additional employment opportunities would be generated in surrounding communities, creating a cumulative total of more than \$878 million in new economic activity.

The project is still in the environmental review and permitting phase, according to Courtney Degener, vice president of Investor Relations at Cadiz Inc.

For more information, visit [www.CadizInc.com](http://www.CadizInc.com).

*Kristine McGowan is a Daily Press intern.*

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# State looking at regulating private fishing ponds and lakes

07:33 AM PDT on Monday, July 25, 2011

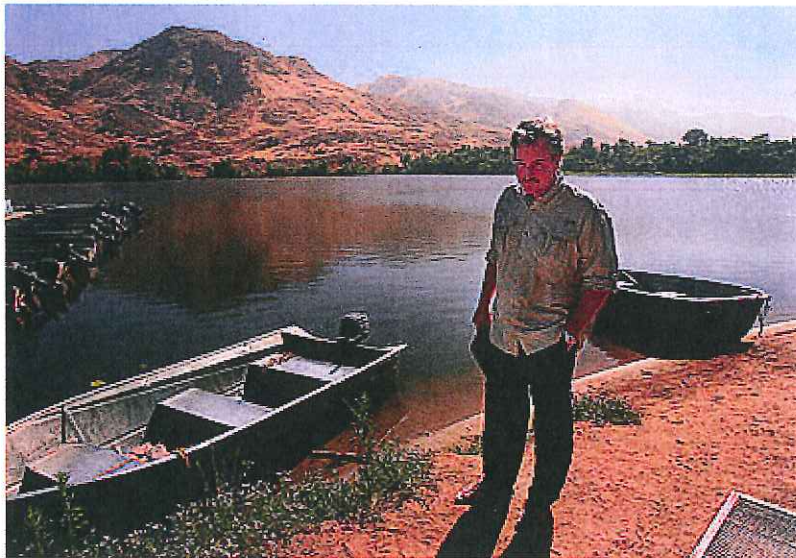
By DAVID DANIELSKI  
The Press-Enterprise



Owners of private pay-to-fish ponds and lakes are stewing over new rules that would require them to conduct environmental reviews to determine whether their operations harm local wildlife.

The private fishing holes usually operate on a slim margin, said Craig Elliott, owner of Corona Lake, which charges \$22 for a day-long chance to catch catfish, trout, crappie or bluegill.

If adopted, he says the rules could force him and other operators out of business.



Mark Zaleski / The Press-Enterprise  
Corona Lake owner Craig Elliott owner of Corona Lake is upset that private fishing sites such as his may soon be subject to costly state wildlife regulations. "These lakes have been stocked for years and years, and if there ever was an environmental impact, it would have happened long ago."

"We are all scratching our heads on this," said Elliott, whose family has owned the acre lake off Interstate 15 south of Corona for about 30 years. "These lakes



stocked for years and years, and if there ever was an environmental impact have happened long ago."

It could cost him as much as \$100,000 to determine how stocking the lake wildlife, he said. Such assessments require detailed wildlife surveys and requalified biologists.

State Fish and Game officials say the rule changes stem from litigation that department to determine the effects of all fish-stocking practices.

The rules are still in the works, and state officials have been meeting with E other pay-to-fish operators to hear their concerns.

Elliott said he fears the state could start requiring his customers to have fish which cost \$43.46 a year for most California residents. The idea has come meetings with Fish and Game officials, he said.

The new regulatory oversight could change the legal status of pay-to-fish o said Marko Mlikotin, executive director of the California Association for Rec Fishing. The operators are now considered "aqua culturists" or fish farmers their produce -- fish -- to the public, he said. If the pay-to-fish operators are considered fish farmers, their customers would have to get licenses in most he said.

The rules could have a wide reach, Mlikotin said. They would apply to about farmers statewide who grow live fish for pond and lake stocking and for res said. In addition, thousands of privately owned ponds and lakes would need permits that require environmental assessments.

"We are talking about backyard, farm, golf course and homeowner associat Mlikotin said.

Stafford Lehr, fish and game's fisheries chief, said the rule-making is in pro expected to be discussed at the Fish and Game Commission's Aug. 3 mee department is not ready to seek approval of the new regulations, he said.



"A lot of people will choose not to fish," Cesar Robles says, if the state begins to charge for licenses to fish in private, stocked ponds and lakes.

## Protecting Natives

The move to increase scrutiny of fishing operations stems from lawsuits filed by environmentalists over the state's century-old practice of stocking fish in public rivers and streams for recreational anglers, Lehr said.

About eight years ago, the Tucson-based Center for Biological Diversity sued the state Game and Fish Department, contending the state's stocking should be subject to a comprehensive environmental study, said Noah Greenwald, endangered species program manager at the center. The group sued the state again last year when it found the subsequent study inadequate.

The center said that stocking lakes and waterways with non-native trout has led to declines of many native species, particularly amphibians such as the mountain yellow-legged frog, Cascades frog and long-toed salamander, which need fishless mountain lakes for survival. Fish feed on the amphibians' eggs and young.

The center also contended that hatchery-raised fish breed with native animals and weaken the native strains.

Greenwald said the litigation wasn't aimed at privately owned lakes and ponds but added, though, that assessing the impacts at such locations has merit.

Lehr said that as the state determines how its stocking practices affect wild fish, it needs to learn the consequences of stocking private waterways with the popular species -- rainbow trout, largemouth bass, crappie, bluegill, tilapia, crappie, and various types of catfish.

"We have no idea what is happening when those eight species are released

Corona resident Cesar Robles, casting his line Thursday morning at Corona, he fears a state crackdown could mean just one thing: "A lot of people will catch fish."

Another fisherman, Ray Santamaria, of Ontario, said he was hoping to hook a few more. New regulations aren't needed for private lakes and ponds, he added.

"It's ridiculous," he said. "If it's public land, no problem. But private land? It's a problem somewhere."

*Reach David Danelski at 951-368-9471 or [ddanelski@PE.com](mailto:ddanelski@PE.com)*





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LAX TO L.A. HERE WE GO!

## County drinking water tests show traces of harmful chemicals at many sites

By Kristin S. Agostoni and Melissa Evans Staff Writers

Posted: 07/19/2011 07:33:24 PM PDT

Updated: 07/19/2011 07:39:52 PM PDT

Drinking water samples collected from nearly 800 Los Angeles County facilities showed traces of metals and harmful chemicals at many sites, while water at four locations contained levels of arsenic and lead that exceeded recommended health standards, a study has found.

Water with the highest concentrations of arsenic was collected from a juvenile probation camp in Lancaster, where levels were measured at roughly seven times the recommended maximum threshold, the report states.

And while the analysis did not find any sites where water samples exceeded the threshold for two forms of chromium, some maintain that public health standards need to be updated so that each form can be evaluated on its own.

The analysis - requested by Supervisor Michael Antonovich to compare contaminant levels in drinking water to those in a similar report 10 years ago - looked at an array of facilities, including parks, libraries, fire stations and offices, including sites in the South Bay.

All are places where county employees work, and which could be open to the general public, said Ken Pellman of the county Department of Agricultural Commissioner/Weights & Measures, which took the water samples from the tap and tested them in its South Gate laboratory.

Many local test locations showed detectable levels of lead, arsenic and chromium, but well below what the state considers harmful to a person's health.

The results were presented Tuesday to the

Board of Supervisors in a 31-page summary that includes a breakdown of facilities by city, along with addresses for the sites where exceedances were discovered.

Antonovich pointed to an increase in the amount of chromium in county water over the past 10 years; in 2001, 14.8 percent of sources showed various levels of chromium, compared to 43.5 percent of sources in 2011.

Based on the report findings, he said it was alarming that "instead of the water getting better, some of our facilities have increased levels of contaminants, not decreased."

Some environmental groups maintain that the state needs to accelerate efforts to set safe drinking water standards for hexavalent chromium (chromium 6), which is believed to pose a greater risk to human health than the other form of the metal measured, trivalent chromium.



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LAX TO L.A. HARBOUR

While the state has an established threshold for total chromium - which includes both forms - it has yet to adopt safe standards for hexavalent chromium, which is believed to cause certain forms of cancer.

The state determines acceptable levels of contaminants by pitting the cost and process of removing contaminants with the human health risk that they pose over an average life span of 70 years, said Angelo Bellomo, director of environmental protection for the County Department of Public Health.

So far, no accepted level has been established for hexavalent chromium, but the county is using 0.25 parts per billion as a threshold.

"It's a conundrum for water agencies right now," said Rebecca Sutton, a senior scientist in the Oakland office of the nonprofit Environmental Working Group. "We know the stuff is bad, but we don't know to what level we need to treat water" because no legal limits have been established.

The effort to set public health guidelines for hexavalent chromium has taken years, and dragged on past a January 2004 deadline established by state legislation three years prior, said Andria Ventura, program manager for Clean Water Action in San Francisco.

Her organization supports a recommendation from the state Office of Environmental Health Hazard Assessment to establish a public health standard of 0.02 parts per billion for hexavalent chromium in drinking water.

"It's time that we move forward to put the health of the people of California first," Ventura said. "It's very hard for communities that are impacted to know what to do."

Bellomo said it's difficult to pin down the exact source of any toxin detected. For example, arsenic is a naturally occurring contaminant that

could have come from a number of different water sources.

And Pellman, the agricultural commissioner's spokesman, said the tap water samples could point to issues with piping in the facilities, not necessarily the groundwater supply. He said individuals concerned about the quality of their water could provide samples to the department's lab and have them tested.

In the report, officials note particularly high levels of arsenic, 70 parts per billion, in the vicinity of Camp Challenger in Lancaster, a juvenile camp run by the county Probation Department. The state and federal standard for drinking water is 10 parts per billion.

The water sampled there also showed high levels of hexavalent chromium, about 12 parts per billion, the report states.

Since the release of that report, two facilities with the highest levels - Challenger and Fire Station 122 - have turned off all their water fountains, and required the use of bottled water for drinking and brushing teeth. Challenger hosts 308 juvenile offenders and 270 staff members.

Antonovich on Tuesday criticized the Department of Agricultural Commissioner/Weights &



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Measures for a delay in releasing the findings.

Agricultural Commissioner Kurt Floren said the results were not released at the time of testing because they were intended for release with all the other results in the larger report.

The county Health Department is also conducting testing of about 200 small well water systems through September.

The board directed the agricultural department to report back in 45 days with additional samples and a side-by-side comparison of contaminant levels from 2001 to 2011.

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Staff writer Christina Villacorte contributed to this article.

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**dailynews.com**

## Agency criticized for lagging on water contamination warning

By Christina Villacorte, Staff Writer

Posted: 07/19/2011 09:20:54 PM PDT

Updated: 07/19/2011 09:23:09 PM PDT

A county agency that detected excessive levels of arsenic and other chemicals in the tap water at four county facilities waited as long as nine months before alerting health officials - and the people at those sites - about the risks.

Supervisor Michael Antonovich criticized the Department of Agricultural Commissioner/Weights and Measures' delay in releasing the findings of its water quality tests.

"That's unacceptable," Antonovich told Agricultural Commissioner Kurt Floren during a Board of Supervisors hearing Tuesday.

The department discovered high levels of arsenic at Fire Station 122 in Lakewood in October and at Challenger Memorial Youth Center in Lancaster in December and January, and at two other sites in March.

The results were not disclosed publicly until a report on testing at 756 county-owned sites was released two weeks ago.

Since the release of that report, two facilities with the highest levels - Challenger and Fire Station 122 - have turned off all their water fountains, and required the use of bottled water for drinking and brushing teeth.

"Unfortunately, we found out that the water at one of the camps within the Challenger Memorial Youth Center group had a very elevated level of toxicity," Probation Department

spokeswoman Kerri Webb said.

"Because we want to absolutely take care of and protect the health of the minors who are in our custody, as well as the staff there - what we're doing is we

have brought in bottled water for the minors and for staff to consume," she added.

Challenger hosts 308 juvenile offenders and 270 staff members.

Angelo Bellomo, environmental health director for the county Department of Public Health, said steps were being taken to investigate the contamination, and clean it up.

He tried to assuage health concerns, saying, "Keep in mind, most of the numbers that we're looking at here, although they're over the 'maximum contaminant level,' they're not quite at the level yet that would produce any near-term hazard."

Agricultural Commissioner Kurt Floren said the results were not released at the time of testing because they were intended for release with all the other results in the larger report.

"In reviewing our actions here, there were delays

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in moving that information to (the Department of ) Public Health," Floren testified to the board.

"... We have developed protocols for moving forward for immediate notification to Public Health."

Challenger's tap water had seven times the state and federal "maximum containment level" for arsenic, and also contained hexavalent chromium, a carcinogen.

Bellomo said more frequent water testing would be conducted at the four county facilities, and suggested the possibility of diluting the contamination with water from nearby wells.

When Antonovich seemed skeptical about such a plan, Bellomo said, "I suppose you could import water, but that would require hauling it in, for example."

Antonovich replied, "If you don't want to glow in the dark, it might be a good alternative."

The report was the first time in 10 years that such an evaluation of water quality at county facilities was undertaken.

Floren said the report was incomplete, because his department was still waiting for the Department of Public Health to provide water samples from county-owned wells.

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## JURUPA VALLEY: Plan eyed to use untreated water for irrigation

10:00 PM PDT on Friday, July 22, 2011

By SANDRA STOKLEY  
The Press-Enterprise

Officials of several Jurupa Valley-based agencies are working with **Riverside** County Supervisor John Tavaglione's office on a plan to use cheaply priced, undrinkable water provided by a private water company to irrigate parks, schools and other large land expanses in the newly formed city.

But the \$1.2 million question is: who would pay to build the pipelines, pumps and other infrastructure to transport water from wells belonging to Empire Water Corp. to the sites that need watering.

The \$1.2 million figure is how much it would cost to add the Jurupa Mountains Discovery Center, The Cove Aquatic Park and Glen Avon Heritage Park to a system that already provides water to Patriot High School and Indian Hills Golf Course, according to a report prepared by engineering consultants Krieger & Stewart.



**Paul Alvarez / Special to The Press-Enterprise**  
Volunteer Carol Morgan waters the iris bed at the Jurupa Mountains Discovery Center on Friday. Officials of several Jurupa Valley agencies are working on a plan to use nonpotable water to irrigate parks, school grounds and other public facilities.

Tavaglione's office has already pledged \$500,000 in redevelopment money to the proposed project.

Where the remaining \$700,000 would come from remains a question mark.

Tavaglione's chief of staff **John Field** said he is working to set up a meeting in early August of stakeholders -- including the Jurupa Community Services District, the Jurupa Area Recreation and Park District and the Jurupa Mountains Discovery Center -- to discuss the Krieger & Stewart report and ways to finance the project.

Although the lingering economic malaise makes even \$700,000 tough to come by, **Field** said the project is crucial to the area.

Water experts have said using cheap recycled or untreated water to irrigate helps public agencies save taxpayer money while conserving precious drinking water in a time of drought.

"We have to pursue recycled and nonpotable sources of water," **Field** said.





Connecting facilities such as the Jurupa Mountains Discovery Center to a supply of cheap water would cost \$1.2 million.

The ongoing discussions are the result of a confluence of events that were triggered when news surfaced in 2008 that the Jurupa park district was in discussions with Empire Water to purchase deeply discounted, untreated water to irrigate Glen Avon Heritage Park, Centennial Park and a trail system.

Empire Water, which had purchased the Jurupa-based West **Riverside** Canal and 350 Inch Water Co. and its water rights, was already providing irrigation water to the Indian Hills Golf Club and Patriot High School on Mission Boulevard.

In spring of 2010, officials of the Jurupa Community Services District announced that the Jurupa Mountains Cultural Center -- which is now the Jurupa Mountains Discovery Center -- would have to start paying for water service.

The nonprofit earth science center had not paid for water for decades and no one could say for sure why.

Mary Burns, the Discovery Center's executive director at the time, reached out to Empire Water as a potential source of cheap water and to Tavaglione's office to provide funding to make the connection.

Field said that initial meeting evolved into the larger plan under discussion now.

Burns, who retired from the Discovery Center this spring, said she has been lobbying local water officials for years to establish a system to use recycled and untreated water to irrigate school campuses, parks and other large expanses of green space.

"To waste money paying for highly treated water to irrigate trees and grass is unconscionable," Burns said.

Reach Sandra Stokley at 951-368-9647 or [sstokley@PE.com](mailto:sstokley@PE.com)

Source: Santa Monica Daily Press

## Buy a whale, save the ocean

by Ashley Archibald

August 03, 2011

SM PIER — Supporting ocean cleanliness got a fresh face Tuesday when the Department of Motor Vehicles and California Coastal Commission joined forces to reveal a redesigned custom license plate, the sale of which will benefit ocean-loving nonprofits all over the state.

Santa Monica was one of three cities chosen to unveil the new design, which shows a fully-extended humpback whale's tail jutting up out of the ocean, framed by puffy white clouds.

The plate, which first debuted in 1997, has been one of the most popular specialty license plates available in the state, and has raised \$60.2 million for environmental conservation efforts.

"We're really thrilled about the launch of the California license plate," said Assemblywoman Julia Brownley (D-Santa Monica), one of several notables that spoke at the event. "When I'm not in Sacramento, not a day goes by that I'm not marveling at the environmental treasure that California has in this coastline."

The original design, by the artist Wyland, shows a foggy day on the ocean, and a whale's tail curved over the surface of the water.

To date, the DMV has sold 198,000 of the original plates.

That design had to be retired on July 1, because Wyland asked for a 20 percent royalty for plate sales, officials said.

"While we are grateful to Wyland for his donation over many years, we opted to retire the plate," said California Coastal Commission Executive Director Peter Douglas. "This presented an exciting opportunity to freshen the look of the plate, inspire new interest and get the public involved."

The California Coastal Commission held a contest asking the public to send in designs for the plate. Over 300 people sent in designs, and the selection committee managed to narrow that cache of ideas to two winners.

Those winners, painter Elizabeth Robinette Tyndall of Bethel Island and graphic designer Bill Atkins of Laguna Beach, collaborated on the new design.

"(The DMV) would like to say job well done," said Christina Harden, who represented the department at the pier event.

Selling the plates has a palpable impact here in Santa Monica.

Of the 433 Whale Tail grants that have been awarded through the program, Santa Monica-based Heal the Bay has benefited to the tune of \$30,000 to fund its beach clean up programs.

The organization organizes between 600 and 900 clean ups every year for the stretch of beach between Cabrillo and Zuma beaches, said Eveline Bravo, the beach programs manager for Heal the Bay.

Whale Tail money pays for approximately 500 of those projects, she said.

"It's the sole reason why the clean ups at Heal the Bay exist," she said.

The license plates both fund the pick-ups and raise awareness, said Amy Smart, actress and board member of Heal the Bay, pointing out that 80 percent of trash found on beaches comes from 60 miles away.

"The Whale Tail plate is an easy way to let people know that we need to protect our sea," she said.

To encourage people to get out and buy the plates, Mayor Scott Schoeffel of the city of Dana Point issued an invitation to other mayors for a Whale Tail Cities Challenge, to see which participating city can claim the most plates sold, as a percentage of population before Sept. 17.

The winning city will get a basket of locally produced foods and beverages from each of the participating cities, to be shared at a community meeting or event.

Sept. 17 marks the endpoint of the competition because it's also the 27th Annual California Coastal Cleanup Day, which is partially funded by the sale of the "Ecoplates."

Over 82,000 volunteers participated in last year's event, and collected 1.2 million pounds of trash.

A coalition of Convention and Visitor's Bureaus from coastal cities including Santa Monica hope to inspire even more this year by giving away a \$1,000 gift certificate to Whole Foods Market and a getaway to a California destination to lucky participants.

Whale Tail Ecoplates can be bought at [www.ecoplates.com](http://www.ecoplates.com) or at one of 168 DMV locations. Plates cost \$50, or \$93 for personalized versions.

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