

**CHINO BASIN WATERMASTER**  
**Case No. RCV 51010**  
**Chino Basin Municipal Water District v. The City of Chino**

**PROOF OF SERVICE**

I declare that:

I am employed in the County of San Bernardino, California. I am over the age of 18 years and not a party to the within action. My business address is Chino Basin Watermaster, 8632 Archibald Avenue, Suite 109, Rancho Cucamonga, California 91730; telephone (909) 484-3888.

On July 23, 2003 I served the following:

**NOTICE OF AVAILABILITY OF CHINO BASIN DRY-YEAR YIELD MODELING REPORT**

BY MAIL: in said cause, by placing a true copy thereof enclosed with postage thereon fully prepaid, for delivery by United States Postal Service mail at Rancho Cucamonga, California, addresses as follows:

**See attached service list:**  
Mailing List 1

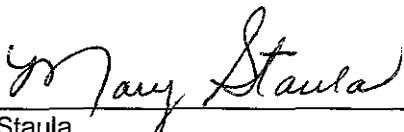
BY PERSONAL SERVICE: I caused such envelope to be delivered by hand to the addressee.

BY FACSIMILE: I transmitted said document by fax transmission from (909) 484-3890 to the fax number(s) indicated. The transmission was reported as complete on the transmission report, which was properly issued by the transmitting fax machine.

BY ELECTRONIC MAIL: I transmitted notice of availability of electronic documents by electronic transmission to the email address indicated. The transmission was reported as complete on the transmission report, which was properly issued by the transmitting electronic mail device.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on July 23, 2003 in Rancho Cucamonga, California.

  
\_\_\_\_\_  
Mary Staula  
Chino Basin Watermaster

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**JOHN V. ROSSI**  
Chief Executive Officer

## **NOTICE OF AVAILABILITY OF CHINO BASIN DRY-YEAR YIELD MODELING REPORT July 23, 2003**

Watermaster is pleased to announce the availability of the Chino Basin Dry-Year Yield Modeling Report prepared by Wildermuth Environmental, Inc. under a subcontract with Black & Veatch Corp. for the Chino Basin Watermaster and the Inland Empire Utilities Agency. This Report constitutes Watermaster's analysis of the potential for Material Physical Injury to be caused to any party or to the Chino Basin from the implementation of the terms of the Groundwater Storage Program Funding Agreement (Agreement No. 49960) ("Funding Agreement") that was executed by IEUA, Three Valleys Municipal Water District, Watermaster and the Metropolitan Water District of Southern California ("Metropolitan") on June 19, 2003.

On April 2, 2003 Inland Empire Utilities Agency ("IEUA") submitted an Application under Article X of the Watermaster Rules and Regulations for a 100,000 acre-foot storage account in Watermaster's Storage and Recovery Program. This storage account will be used to implement the terms of the Funding Agreement. Pursuant to Watermaster's Rules and Regulations § 10.10, Watermaster provided Notice of this Application on April 30, 2003. This Notice included the Application and supporting materials as well as a staff report which summarized the Application, the Article X procedures relative to applications to participate in the Storage and Recovery Program, and a brief summary and analysis of the potential for Material Physical Injury to any person or the Basin due to the 100,000 acre-foot account. This analysis of the potential for Material Physical Injury was based upon the previous CEQA analyses of the project, and a preliminary analysis performed by Wildermuth Environmental.

Both the Application and the Notice of the Application anticipated that a fuller Material Physical Injury analysis would be made available to the parties prior to consideration of the Application by Watermaster. In fact, the Application itself makes prospective reference to reports that were anticipated to be prepared by both Wildermuth Environmental and Black & Veatch.<sup>1</sup> During preparation of the analysis, however, it became apparent that a comprehensive analysis of Basin conditions would be necessary and beneficial not only for the analysis of the 100,000 acre-foot storage account, but also to assess other OBMP activities.

Watermaster's analysis of the potential for Material Physical Injury to be caused to any party or the Basin due to the 100,000 acre-foot account is now available for review by the parties. Because of the voluminous nature of the Report, Watermaster will only be serving this notice of availability to the parties. Copies of the Report are available from Watermaster and will be provided to any party who requests a copy. In order to avoid confusion, Watermaster has also included the original IEUA Application as well as Watermaster's April 30, 2003 summary and analysis with this distribution.

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<sup>1</sup> The facilities design report from Black & Veatch is still under preparation, and should be available to the parties prior to the August pool meetings. However, Black & Veatch participated in the preparation of the Wildermuth Environmental analysis and all of the information from the facilities design report that was required for this analysis was incorporated into section seven of the Wildermuth Environmental report.

The Application and Watermaster's analysis will first be considered by the Pools at their August 14, 2003 meetings. Under the Watermaster Rules and Regulations, consideration by the Advisory Committee and Board cannot occur less than 21 days after consideration by the last pool to consider the Application. Due to the extensive nature of the Material Physical Injury analysis and the fact that none of the parties have previously seen this analysis, Watermaster will provide an extra month for review of the report and agenda final approval of the Application for the October 23, 2003 Advisory Committee and Board meetings.

The nature of the Funding Agreement requires that IEUA is the appropriate entity to act as applicant for the Application. The Funding Agreement broadly articulates the business deal terms by which the Chino Basin parties have committed 100,000 acre-feet of storage space from the Storage and Recovery Program for Metropolitan's use, in exchange for certain financial items of benefit. However, specific terms relating to the delivery of water into storage and the withdrawal of water from storage are primarily governed by the terms of the "Local Agency Agreements" between IEUA, Three Valleys and the local agencies. It is through these Local Agency Agreements that the local agencies have committed to construct the facilities funded through the Funding Agreement. It is also through the Local Agency Agreements that the local agencies have committed to shift their production and extraction upon instruction from IEUA and Three Valleys in such a manner that water deliveries and extractions from the storage account can be accomplished. Metropolitan is not a party to the Local Agency Agreements. Because of this, any conditions that Watermaster may place on approval of the storage account, will necessarily be implemented by the local agencies through IEUA and Three Valleys. For these reasons, IEUA rather than Metropolitan is the appropriate entity to act as the applicant under Article X of the Rules and Regulations.

Under the Funding Agreement, the schedule and location for all storage and extraction to and from the storage account will be formulated on a yearly basis depending on water needs of the parties and availability from Metropolitan through the Annual Operating Plan. (Funding Agreement VI.A.3.a.) Under the Funding Agreement, the Annual Operating Plan must provide sufficient information to allow Watermaster to assess the potential impacts from the operation of the storage account on the Basin and the Judgment parties. (Funding Agreement VI.A.3.b.) Watermaster reserves the right under the Funding Agreement to approve the Annual Operating Plan in accordance with the Judgment and the OBMP and reserves the right to require modification of the Annual Operating Plan if necessary. (Funding Agreement VI.A.3.c-d.)

Because it is not possible at this time to determine the specific nature of water deliveries and withdrawals for each year for the twenty-five year term of the Agreement, Watermaster's current analysis of the potential for Material Physical Injury is framed in terms of the gross deliveries of a maximum of 25,000 acre-feet in put years, and a maximum withdrawal rate of 33,000 acre-feet with shift commitments in particular locations depending on obligations as described in the Local Agency Agreements.

Watermaster's approval of the Application will therefore be conditioned upon a yearly approval of the Annual Operating Plan. By this method Watermaster will be able to ensure that the ongoing implementation of the program does not result in Material Physical Injury to a party or to the Basin. As described above, such yearly approval by Watermaster is explicitly provided for under the Funding Agreement.

If there are no Contests to the Application, then under § 10.17 of the Rules and Regulations, Watermaster may approve or conditionally approve the Application based upon the record as created at the Pools. This record will consist of the Application and supporting material submitted with the Application, the Funding Agreement as well as materials submitted in support of the Funding Agreement, Watermaster staff reports, and Watermaster's full analysis of the potential for Material Physical Injury.





# WE INC.

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July 21, 2003

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Inland Empire Utilities Agency  
Attention: Richard Atwater  
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**Subject: Transmittal of *Optimum Basin Management Program, Chino Basin Dry-Year Yield Program, Modeling Report, July 2003.***

Gentlemen:

The Chino Basin Watermaster (CBWM), the Inland Empire Utilities Agency (IEUA), and the Metropolitan Water District of Southern California (Metropolitan) have developed a groundwater storage and recovery program for the Chino Basin. This effort was consummated in June 2003 with the signing of an agreement among these agencies to implement a 100,000 acre-ft dry-year yield program.

The Black and Veatch Corporation was the lead consultant in the development of the facility and related operating plans for the dry-year yield program. Starting in February of 2002, Black and Veatch developed a series of preliminary dry-year yield plans with the participating water agencies. These plans were subsequently refined through an exhaustive series of meetings and engineering studies. The investigation reported herein is an assessment of the potential groundwater-related impacts from the proposed dry-year yield facility and operating plans. Black and Veatch is preparing a report that describes the facility and operating plans for the CBWM-IEUA-Metropolitan 100,000 acre-ft dry-year yield program. The Black and Veatch report will be available in late July or early August of 2003. Transmitted herewith is our report entitled *Optimum Basin Management Program, Chino Basin Dry-Year Yield Program, Modeling Report, July 2003* that describes the potential impacts of the proposed 100,000 acre-ft dry-year yield program on Chino Basin groundwater resources. The facilities and related operating plans assumed in the Wildermuth Environmental (WEI) investigation were provided by Black and Veatch and will be documented in their forthcoming report. The new groundwater production facilities that could be constructed for the 100,000 acre-ft dry-year yield program are shown and analyzed in Section 7 of this report.

WEI developed and applied a series of simulation models to project the impacts of storing 100,000 acre-ft of water via in-lieu recharge and the subsequent removal of this water from storage. The impacts evaluated in this investigation include groundwater-level impacts during the put, hold, and take periods; the losses of water from increases in groundwater storage; and the change in direction and speed of known water quality anomalies. CBWM requested that WEI determine if the proposed dry-year yield program would cause or threaten material physical injury to a party to the Chino Judgment or to the Chino Basin as is required by the OBMP Peace Agreement. Based on the investigations reported herein, WEI concluded that there will be no physical material injury from the 100,000 acre-ft dry-year yield program to either a party to the Chino Judgment or to the Chino Basin.

July 21, 2003

We appreciate the opportunity to work with the CBWM, IEUA, Metropolitan, and the water purveyors in Chino Basin area on this very important project. Please call me if you have any questions regarding this report or if we can be of further assistance.

Sincerely,

**Wildermuth Environmental, Inc.**

A handwritten signature in black ink, appearing to read "Mark J. Wildermuth". The signature is fluid and cursive, with a large initial "M" and a long, sweeping tail.

Mark J. Wildermuth, MS, PE  
President, Principle Engineer

Cc: Michael Fife, Hatch and Parent  
David Argo, Black and Veatch

Due to the voluminous nature of the Chino Basin Dry-Year Yield Program Modeling Report, the text of the report is not included in this Notice of Availability. Copies of the report are available on request from Watermaster.

***CHINO BASIN WATERMASTER***

**NOTICE**

**OF**

**APPLICATION(S)**

**RECEIVED FOR**

**WATER TRANSACTION – STORAGE ACCOUNT**

Date of Notice:

April 30, 2003

This notice is to advise interested persons that the attached application will come before the Watermaster Board on or after 90 days from the date of this notice.

**NOTICE OF APPLICATION(S) RECEIVED**

Date of Applications: **April 2, 2003**

Date of this notice: **April 30, 2003**

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

- A. Notice of Application for 100,000 acre-feet Storage Account by IEUA on behalf of Metropolitan Water District of Southern California.

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

Agricultural Pool: June 12, 2003

Appropriative Pool: June 12, 2003

Non-Agricultural Pool: June 12, 2003

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

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

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

Watermaster address:

Chino Basin Watermaster  
8632 Archibald Ave., Suite 109  
Rancho Cucamonga, CA 91730

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



# CHINO BASIN WATERMASTER

8632 Archibald Avenue, Suite 109, Rancho Cucamonga, Ca 91730  
Tel: (909) 484.3888 Fax: (909) 484-3890 www.cbwm.org

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**JOHN V. ROSSI**  
Chief Executive Officer

**DATE:** April 30, 2003

**TO:** Active Parties of Chino Basin Watermaster

**SUBJECT:** Summary and Analysis  
Notice of Application for 100,000 acre-feet Storage Account by IEUA on behalf of Metropolitan Water District of Southern California

## I. INTRODUCTION

The Inland Empire Utilities Agency ("IEUA"), on behalf of the Metropolitan Water District of Southern California ("Metropolitan"), has submitted an Application under Article X of the Watermaster Rules and Regulations for a storage account in the amount of 100,000 acre-feet. This Application has been submitted in order to implement the terms of the Groundwater Storage Program Funding Agreement by and among Metropolitan, IEUA, Three Valleys Municipal Water District and the Chino Basin Watermaster (Agreement No. 49960) that was approved by the Watermaster Advisory Committee and Board on March 27, 2003.

## II. ARTICLE X APPLICATION RULES AND PROCEDURES

Under Watermaster's Rules and Regulations § 10.7, any person may request Watermaster's approval of an Agreement to participate in a Storage and Recovery Program by submitting an Application to Watermaster that, at a minimum, includes the following information:

- (a) The identity of the person(s) that will Recharge, Store and Recover the water as well as its ultimate place of use;
- (b) The quantity of water to be Stored and Recovered;
- (c) The proposed schedule for the Recharge of water for storage, if any;
- (d) The proposed schedule and method for Recovery;
- (e) The location of the Recharge facilities through which the Stored Water will be recharged;
- (f) The location of the Production facilities through which the Stored Water will be recovered;
- (g) The water levels and water quality of the Groundwater in the areas likely to be affected by the Storage and Recovery, if known; and
- (h) Any other information that Watermaster requires to be included.

Watermaster shall have no obligation to process incomplete Applications. (Rules § 10.3(a).) Watermaster staff has reviewed the Application and the previously approved Funding Agreement and finds that the information required by the Rules and Regulations has been provided as reasonably required to allow Watermaster to analyze the Application for its potential to cause Material Physical Injury.

Under Rules and Regulations § 8.1(h), each Groundwater Storage Agreement shall include but not be limited to the following components [Judgment Exhibit "I" ¶ 3.]:

- (i) The quantities and the term of the storage right, which shall specifically exclude credit for any return flows;

- (ii) A statement of the priorities of the storage right as against overlying, Safe Yield uses, and other storage rights;
- (iii) The delivery rates, together with schedules and procedures for spreading, injection or in-lieu deliveries of Supplemental Water for direct use;
- (iv) The calculation of storage water losses and annual accounting for water in storage; and
- (v) The establishment and administration of withdrawal schedules, locations and methods.

Under the Rules and Regulations § 8.1(f)(ii), Watermaster may not approve an Application to store and Recover water if it is inconsistent with the terms of the Peace Agreement or will cause any Material Physical Injury to any party to the Judgment or the Basin. Any potential or threatened Material Physical Injury to any party to the Judgment or the Basin caused by the storage and Recovery of water shall be reasonably and fully mitigated as a condition of approval. In the event the Material Physical Injury cannot be mitigated, the request for storage and Recovery must be denied. (Peace Agreement § 5.2 (a) (iii).) Applications for the storage of Supplemental Water shall be processed in accordance with the provisions of Article X.

Compliance with the Peace Agreement § 5.2(c) concerning the broad mutual benefits of the allocation of 100,000 AF to Metropolitan under Agreement No. 49960 has already been the subject of Watermaster review and approval. The Application that has been submitted by IEUA merely implements this previously approved agreement and this Watermaster's review is limited to an analysis of the potential for Material Physical Injury to result from the activities described by the Application.

### III. SUMMARY OF THE APPLICATION

The Application identifies the maximum quantity of the storage account at 100,000 AF. This is within the targeted 500,000 AF identified in the Peace Agreement as the Storage and Recovery Program.

The Application identifies the method of placement of water in storage as in-lieu delivery by Metropolitan. The specific amount of water to be delivered into storage will be determined according to availability by the Operating Committee under Agreement No. 49960. However, the maximum that can be placed into storage in any one year is 25,000 AF.

Recapture from storage will be accomplished by pumping from wells. A list of new wells to be constructed under is provided by the Application and can be found as Exhibit H to Agreement No. 49960. While these new facilities are constructed in order to provide the ability to recapture the water out of storage, it is recognized that the production of water out of the storage account will be determined by the Operating Committee by looking at the gross production from the participating entities and comparing this with past pumping. Under the Application, the maximum amount that can be recaptured from storage in any one year is 33,000 AF.

Specific commitments by the appropriators to take the in lieu deliveries of water and to shift to increased groundwater pumping to accomplish the recapture of water are detailed in the Local Agency Agreements which are in the process of being approved by each of the local agencies. A schedule of the shift performance obligations for each of the participating entities is included with the Application.

As well as Form 6, the Application also includes a Recapture Form 4.

### IV. SUMMARY OF ANALYSIS OF POTENTIAL TO CAUSE MATERIAL PHYSICAL INJURY

In addition to providing a summary of the Application, Watermaster's notice of the Application is required to provide a reasonable preliminary analysis of the potential for the activities described in the Application to result in Material Physical Injury (Rules § 10.10)



In December 2002, Wildermuth Environmental performed an initial review of the proposed project descriptions within the Groundwater Storage Program Funding Agreement, including the facilities and operating plans, to determine consistency with the Chino Basin Optimum Basin Management Program (OBMP) and the OBMP Program Environmental Report (OBMP PEIR), and to answer three specific questions:

Will the proposed project cause groundwater levels to rise unacceptably, causing high groundwater problems to structures?

Will the proposed projects adversely impact groundwater quality?

Will the proposed project adversely impact Santa Ana River quality?

Wildermuth Environmental is currently completing a more detailed report based on more specific information that has been developed since December. This report will be available in advance of consideration of the Application by Watermaster.

The proposed Application would result in a temporary increase in the storage in the Chino Basin by as much as 100,000 acre-ft. Water would be put into storage by taking imported water through surface water treatment plants and reducing groundwater pumping during *put* years. The stored water would be recovered by reducing the use of imported water during dry years and increasing groundwater production.

OBMP PEIR Figure 4.5-51 shows the projected steady state groundwater elevations for full OBMP implementation. The OBMP PEIR Figure 4.5-53 illustrates the change in groundwater levels that is expected to occur in the Chino Basin by implementation of the OBMP. The time frame that this change in groundwater level was projected to occur was over 100s of years. The changes in groundwater levels range from zero just north of the OBMP desalters and increase to about 60 to 80 feet under the Montclair and Fontana areas. The change in storage associated with the OBMP is about 200,000 acre-ft – 100,000 acre-ft greater than the storage described by the Application.

Will the proposed project cause groundwater levels to rise unacceptably high causing high groundwater problems to structures?

No. The modeling work done for the PEIR estimated the cumulative effect of OBMP projects. Based on these model projections (refer to Figure 4.5-53 of OBMP PEIR), it was estimated that implementation of the OBMP could cause groundwater levels to rise: up to 40 to 60 feet throughout the northern half of the basin; up to 60 to 80 feet under the Montclair and Fontana areas; and possibly as much as 200 feet under the Montclair and Upland basins. Under each recharge basin, the depth to groundwater will be 200 feet or greater after implementation of the OBMP. Groundwater levels north of the desalter well fields will remain 100 feet or more below the ground surface with the storage associated with the Application, and in most cases 200 feet or more.

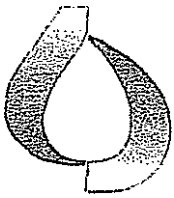
Will the proposed projects adversely impact groundwater quality?

No. The modeling work done for the OBMP PEIR (refer to Figure 4.5-55 of OBMP PEIR) estimated the cumulative changes in direction and speed of groundwater movement from the implementation the OBMP. As mentioned above, the increase in groundwater storage associated with the ultimate OBMP implementation is about 200,000 acre-ft or twice that being proposed in the Application. The modeling results showed that the relative displacement of known water quality anomalies is similar for *with* and *without* OBMP conditions. That is, the storage associated with the Application will not significantly redirect or accelerate the movement of known water quality anomalies.

Water quality degradation from temporary increases in groundwater levels flushing contaminants from the vadose zone was not explicitly investigated in the OBMP PEIR. The safe storage capacity was defined in the OBMP as the unused storage space that can be used without significant water quality impacts and was estimated to be about 500,000 acre-ft (WEI, 1999). The proposed DYYF use of 100,000 acre-ft is well within the safe storage.

Will the proposed project adversely impact Santa Ana River quality?

No, as long as Watermaster conducts recharge operations in the basin as described in the OBMP Peace Agreement, and Watermaster and IEUA implement the OBMP desalter projects that maintain hydraulic control. Groundwater outflow, if allowed to occur, would degrade the Santa Ana River because the groundwater quality in the lower Chino Basin is poorer than the River. Per the Peace Agreement, Watermaster must consider balancing recharge and discharge in each management zone and subarea when making decisions regarding the location and magnitude of artificial recharge. This would apply to all discretionary recharge activities of the Watermaster and other entities that desire to recharge the Chino Basin. One of the goals of the OBMP is to maximize the yield of the Chino Basin by reducing groundwater outflow to the Santa Ana River and, where possible, to maximize recharge of the Santa Ana River into the Chino Basin. The modeling work done for the OBMP PEIR showed that outflow of groundwater from the Chino Basin to the Santa Ana River would decrease with ultimate OBMP implementation. That is, with balancing discretionary recharge and the construction of the OBMP desalters, the outflow of groundwater from the Chino Basin to the Santa Ana River will decrease even though the storage in the basin increases 200,000 acre-ft. This is demonstrated graphically in OBMP PEIR Figure 4.5-51.



# Inland Empire

UTILITIES AGENCY

9400 Cherry Ave., Bldg A • Fontana, CA 92335  
P.O. Box 697 • Rancho Cucamonga, CA 91729  
TEL (909) 993-1600 • FAX (909) 357-3884  
www.ieua.org  
A Municipal Water District

Richard W. Atwater  
Chief Executive Officer  
General Manager

April 2, 2003

Board of Directors

John L. Anderson  
President

Terry Catlin  
Vice President

Angel Santiago  
Secretary/Treasurer

Wyatt L. Troxel  
Director

Gene Koopman  
Director

Mr. John Rossi, Chief Executive Officer  
Chino Basin Watermaster  
8632 Archibald Ave, Suite 109  
Rancho Cucamonga, CA 91730

**Subject: Application for 100,000 AF Storage and Recovery Program with Metropolitan Water District and the local Agency Participants.**

Dear Mr. Rossi:

On behalf of the Metropolitan Water District of Southern California, Three Valleys Municipal Water District, and each local agency participant, the Inland Empire Utilities Agency submits this letter, Form 6 and a copy of "standard" agreement with the local agencies participating in the MWD Dry Year Yield Conjunctive Use Program. IEUA's Board authorized approval of the MWD Dry Year Yield Conjunctive Use (Funding) Agreement No. 49960 on February 5, 2003. IEUA's Board also approved and authorized execution of the local agency participation agreements on March 5, and approved amendments on April 2, 2003.

This application is submitted consistent with the requirements for Regional Storage and Recovery Program Section 5.2 © provisions of the Peace Agreement and the Rules and Regulations Section 8.3. The requirements of Section 10.7 of the Rules and Regulations have been documented and are summarized below.

- (A) Metropolitan Water District of Southern California through its member agencies, IEUA and TVMWD, will provide imported water for storage and recovery via direct replenishment, injection, or in lieu.
- (B) Consistent with the Agreement between MWD, TVMWD, IEUA, and Watermaster the amounts of water placed into storage and recovered will be administered through an Operating Committee.
- (C) The schedule for recharge into the MWD account will be subject of an Annual Operating Plan consistent with the Agreement.
- (D) The recovery of MWD water from the 100,000 storage account will also be consistent with the Agreement and the Annual Operating Plan(s).

Mr. John Rossi, Chino Basin Watermaster

April 2, 2003

Page 2

- (E) The location of recharge is fully described in the CEQA documents and the Watermaster's adopted Recharge Master Plan.
- (F) The locations of new production facilities have been CEQA certified by IEUA and are fully described in the Black and Veatch preliminary design report and Exhibit H of the Agreement.
- (G) Water Level information is documented on the groundwater involving studies funded by the MWD funding agreement (\$1.6 million) by Wildermuth Environmental.

Sincerely,  
INLAND EMPIRE UTILITIES AGENCY



Richard W. Atwater  
Chief Executive Officer  
General Manager

Enc.

APPLICATION BY A PARTY TO THE JUDGMENT  
TO  
PARTICIPATE IN A STORAGE & RECOVERY PROGRAM

APPLICANT

Inland Empire Utilities Agency on behalf of  
Metropolitan Water District of Southern California  
Name

March 1, 2003  
Date Requested

Date Approved

9400 Cherry Avenue, Bldg. A  
Street Address

100.000 Acre-feet  
Amount Requested

Acre-feet  
Amount Approved

Fontana  
City

CA  
State

92335  
Zip Code

Telephone: (909) 993-1740

Facsimile: (909) 428-6164

TYPE OF WATER TO BE PLACED IN STORAGE

Recycled

Imported

Both

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

Recharge (Form 2)

Transfer of Right to Water in Storage (Form 3)

Transfer from another Party to the Judgment (Form 5)

In-lieu pursuant to Metropolitan Funding Agreement

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

Pump from wells (Form 4)

Transfer to another party to the Judgment (Form 3)

FEASIBILITY PLAN TO ACCOMPLISH STORAGE & RECOVERY PROGRAM ATTACHED?

Yes  No  Analyzed through approval process of Funding Agreement.

WATER QUALITY AND WATER LEVELS

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

MATERIAL PHYSICAL INJURY

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

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

CEQA Compliance completed and certified by Applicant

**ADDITIONAL INFORMATION ATTACHED** Yes [ X ] No [ ]

IEUA  
Applicant

**TO BE COMPLETED BY WATERMASTER:**

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: \_\_\_\_\_

DATE OF APPROVAL FROM AGRICULTURAL POOL: \_\_\_\_\_

DATE OF APPROVAL FROM APPROPRIATIVE POOL: \_\_\_\_\_

HEARING DATE, IF ANY: \_\_\_\_\_

DATE OF ADVISORY COMMITTEE APPROVAL: \_\_\_\_\_

DATE OF BOARD APPROVAL: \_\_\_\_\_

APPLICATION OR AMENDMENT TO APPLICATION  
TO

RECAPTURE WATER IN STORAGE

APPLICANT

Inland Empire Utilities Agency on behalf of  
Metropolitan Water District of Southern California  
Name of Party

March 1, 2003  
Date Requested

\_\_\_\_\_  
Date Approved

9400 Cherry Avenue, Bldg. A  
Street Address

100,000 Acre-feet  
Amount Requested

\_\_\_\_\_  
Acre-feet  
Amount Approved

Fontana      CA      92335  
City              State              Zip Code

Max 33,000 AFY  
Projected Rate of  
Recapture

\_\_\_\_\_  
Projected Duration of  
Recapture

Telephone: (909) 993-1740

Facsimile: (909) 428-6164

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

IDENTITY OF PERSON THAT STORED THE WATER: Metropolitan Water District of Southern California

PURPOSE OF RECAPTURE

- Pump when other sources of supply are curtailed
- Pump to meet current or future demand over and above production right
- Pump as necessary to stabilize future assessment amounts
- Other, explain: Pump pursuant to call by Metropolitan of stored water

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

PLACE OF USE OF WATER TO BE RECAPTURED

Within service area of agencies participating in Metropolitan Funding Agreement (see attached shift obligation schedule)

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

Facilities constructed pursuant to Metropolitan Funding Agreement

WATER QUALITY AND WATER LEVELS

What is the existing water quality and what are the existing water levels in the areas that are likely to be affected?  
See Watermaster Summary and Analysis of Application and reports by Wildermuth Environmental

**MATERIAL PHYSICAL INJURY**

**Form 4 (cont'd)**

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

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

ADDITIONAL INFORMATION ATTACHED Yes [X] No [ ]

IEUA  
Applicant

**TO BE COMPLETED BY WATERMASTER:**

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: \_\_\_\_\_

DATE OF APPROVAL FROM AGRICULTURAL POOL: \_\_\_\_\_

DATE OF APPROVAL FROM APPROPRIATIVE POOL: \_\_\_\_\_

HEARING DATE, IF ANY: \_\_\_\_\_

DATE OF ADVISORY COMMITTEE APPROVAL: \_\_\_\_\_

DATE OF BOARD APPROVAL: \_\_\_\_\_ Agreement #: \_\_\_\_\_



Dry Year Yield Project - Allocation of Funding w/ JCSD  
 April 15, 2003

Revised

Agency	Total Increased Yield				Shift Performance Obligation			Funding Allocation (1)(3)			Cost For AF	Wells Treatment		
	Treatment(5)	No. Wells	Well(4)	Total	Treatment	Well(4)	Total	Wells	Treatment(6)	Total		Average	Cost per AF	Cost Per AF
	AFY		AFY	AFY	AFY	AFY		\$	650	\$	925			
Pomona (2)	3,110		-	3,110	2,000	-	2,000			1,700,000	1,700,000	850		850
Monte Vista	1,500	1	2,419	4,019	1,544	2,419	3,963	1,572,561	1,428,200	3,000,761		757	650	925
San Antonio	-		-	-	-	-	-	-	-	-	-			
China	1,201		-	1,201	1,159	-	1,159	-	1,072,043	1,072,043		925		925
Upland	3,110		-	3,110	3,001	-	3,001	-	2,776,064	2,776,064		925		925
Chino Hills	1,500		-	1,500	1,448	-	1,448	-	1,336,938	1,336,938		925		925
CCWD	3,200	3	7,258	10,458	3,088	6,532	9,620	4,245,968	2,655,400	7,102,368		738	850	925
Ontario	1,800	3	7,258	8,058	1,544	6,532	8,076	4,245,968	1,420,200	5,574,168		703	650	925
<b>Subtotal</b>	<b>16,321</b>	<b>7</b>	<b>18,935</b>	<b>32,256</b>	<b>13,784</b>	<b>15,484</b>	<b>29,267</b>	<b>10,064,516</b>	<b>12,599,044</b>	<b>22,664,360</b>		<b>774</b>	<b>650</b>	<b>914</b>
Reserve for Unsubscribed Funds (6)									48,575	48,575				
JCSD (8)					2,000		2,000		1,494,000	1,494,000				
Unsubscribed (6) (7)					1,733		1,733		1,293,065	1,293,065		746		
<b>Total</b>					<b>17,516</b>	<b>15,484</b>	<b>33,000</b>	<b>10,064,516</b>	<b>15,435,484</b>	<b>25,500,000</b>				

Criteria for Allocation of Funding:

- 1) Based Allocation of Grant Funds on two Factors:
  - a) Utilized \$650 per AF of Well Capacity Developed
  - b) Utilize \$925 per AF for Treatment Capacity Developed

2) City of Pomona was allocated \$1,700,000 for 2,000 AF of Shift Obligation per the original proposal to MWD.

3) Funds to be Allocated was reduced to \$25,500,000 (estimated funds available for construction and final design).

Total Funding	27,500,000
CEQA, Pre-Design, Modeling	(2,000,000)
Funding for Construction, Design, etc.	<u>25,500,000</u>

4) 1,500 gpm utilized for estimate of Well Capacity Developed. CCWD and Ontario wpll capacity reduced by 10% to limit shift obligation to amounts requested.

5) Submitted figures used for estimate of Treatment plant Capacity Developed less 3.5% to limit shift obligation to amounts requested.

6) To the extent the total project participant shift obligation is less than the MWD contract amount of 33,000, the unsubscribed funds would not be expended:

Total Program Funding	\$ 27,500,000
Percent Subscribed	89%
Subtotal	24,389,572
Less: CEQA, Pre-Design, etc. @	89% (1,773,787)
Funds to be Expended	<u>22,615,785</u>
Subscribed Amount	<u>22,664,360</u>
Reserve for Under-Subscribing	<u>48,575</u>
Revised Unsubscribed Account	<u>1,293,065</u>
Revised Rate per AF	<u>746</u>

The unsubscribed pool could be reduced now to \$2,330,694 at \$704 per AF. This would eliminate uncertainty with further project changes as to funding.

7) Any further project amendments would be processed on a first come, first serve basis. Funding would come from the unsubscribed balance at the rate of \$704 per AF for treatment capacity developed and \$650 per AF for well capacity developed.

8) JCSD funding allocation:

Desired Participation - Treatment	\$ 2,000
Value per AF	<u>747</u>
Funding Allocated	<u>\$ 1,494,000</u>

LOCAL AGENCY AGREEMENT

Dated as of ~~January~~ April, 2003

By and Among

INLAND EMPIRE UTILITIES AGENCY,

~~CHINO BASIN WATERMASTER~~

and

~~[LOCAL AGENCY], Pomona will also have Three Valleys as signatory~~

And

MONTE VISTA WATER DISTRICT

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EXHIBITS

Exhibit A	<u>Monte Vista Water District - Local Agency Facilities</u> .....	A-1
Exhibit B	<u>Monte Vista Water District - Performance Target</u> .....	B-1

LOCAL AGENCY AGREEMENT

This Agreement is entered into as of ~~January 1~~ \_\_\_\_\_, 2003, by and among the Inland Empire Utilities Agency ("IEUA"), a municipal water district duly organized and existing under the laws of the State of California, ~~Chino Basin Watermaster ("Watermaster" and the Monte Vista Water District ("Local Agency"), a court-created entity existing under the laws a County Water District organized pursuant to County Water District Law, Division 12, Section 30000 et seq. of the State of California, and the Local Agency ("Local Agency"), a \_\_\_\_\_ duly organized and existing under the laws of the State of California of the Water Code.~~

WITNESSETH:

WHEREAS, in March 2000, California voters approved Proposition 13 ("Prop. 13") authorizing the State of California to sell \$1.97 billion in general obligation bonds for water related projects throughout the State. The Governor's Budget Act for 2000, Chapter 52, Statutes of 2000, appropriated to the California Department of Water Resources ("DWR") local assistance grants for groundwater storage and supply reliability projects in the amount of \$161,544,000 by budget item 3860-01-6027, payable from the Interim Reliable Water Supply and Water Quality Infrastructure and Managed Subaccount; and

WHEREAS, Metropolitan was subsequently selected by DWR as a grant recipient for \$45 million (the "Prop. 13 Funds") to be used for groundwater storage projects within its service area. In a letter dated October 13, 2000, DWR set forth the specific terms and conditions of the grant to Metropolitan; and

WHEREAS, on September 20, 2000, Metropolitan sent a letter to its twenty-six member public agencies (consisting of cities, municipal water districts and a county water authority within its 5,155 square-mile service area covering portions of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura Counties), requesting a list of groundwater storage projects to be considered for Prop.-13 Funding. On November 1, 2000, Metropolitan delivered to those member public agencies that indicated an interest in the Prop. 13 groundwater storage programs, a for the Request for Proposals for Participation in Groundwater Storage Programs Using Proposition 13 Funds, RFP No. WRM-2 (the "RFP"); and

WHEREAS, Metropolitan anticipated that programs funded by the Prop. 13 Funds would store water (by various methods) that Metropolitan imports from the State Water Project and the Colorado River. This stored water would be pumped by the member agency (or a sub-agency) with a corresponding reduction in surface water deliveries from Metropolitan. As a result, Metropolitan would have a greater amount of water to distribute within its service area. In addition, such groundwater storage programs are part of a larger effort to meet water supply demands in Southern California, as specifically set forth in the Integrated Water Resources Plan approved by Metropolitan's Board of Directors in 1996, and the Groundwater Storage Principles adopted in connection therewith by Metropolitan's Board of Directors in January 2000; and

WHEREAS, ~~simultaneous with the execution of this Agreement, IEUA is entering has~~ entered into a Groundwater Storage Project Funding Agreement (the "Metropolitan Agreement") with Metropolitan, Three Valleys Municipal Water District and Chino Basin Watermaster whereby, among other things, funding will be provided to finance the Monte Vista Water District facilities listed on Exhibit A hereto (the "Local Agency Facilities") which are necessary to enhance a groundwater storage program in the Chino Basin; and

WHEREAS, IEUA desires to pass through to the Local Agency ~~any amounts funding~~ received by IEUA under the Metropolitan Agreement which are allocable to the Local Agency Facilities for use by the Local Agency to construct the Local Agency Facilities; and

WHEREAS, in exchange for such ~~amounts funding~~, the parties hereto intend that the Local Agency assume all obligations of IEUA under the Metropolitan Agreement and all obligations relating to the Local Agency Facilities, whether such obligations are imposed by Metropolitan, DWR or another entity, such obligations including but not limited to the obligations recited in Sections III, IV, V, VII, X, XI and XII of the Metropolitan Agreement;

NOW THEREFORE, the parties hereto do agree as follows:

Section 1. Definitions. All capitalized terms used herein and not otherwise defined shall have the meanings given in the Metropolitan Agreement.

Section 2. Effective Date; Termination Date. This Agreement shall become effective upon the Effective Date of the Metropolitan Agreement and shall terminate ~~upon 25 years following the termination of the Metropolitan Agreement effective date.~~ upon 25 years following the termination of the Metropolitan Agreement effective date.

Section 3. ~~Funding of Local Agency Facilities. All amounts allocable to the Local Agency Facilities disbursed to IEUA~~ Duties. In exchange for the Local Agency duties and obligations established under Section V of the Metropolitan provisions of this Agreement, IEUA shall ~~be paid~~ reimburse the Local Agency an amount equal to ~~Local Agency fee~~ \$3,107,012 for project related expenditures associated with the construction of one or more of the Local Agency Facilities listed on Exhibit A. IEUA acknowledges and agrees that the Local Agency Facilities shall be comprised of one or more of the facilities listed in Exhibit A. Payment by IEUA to the Local Agency shall be in accordance with the provisions of the Metropolitan Agreement. IEUA further agrees to fund all costs necessary to reactivate that portion of the existing brine disposal system, commonly know as West Edison Non-Reclaimable Waste Line, necessary to permit brine disposal from the joint City of Chino/MVWD Ion Exchange Facility located at the Palo Verde Street and Benson Avenue site to the West Edison Non-Reclaimable Waste Line. IEUA's obligation to fund all costs necessary to reactivate the West Edison Non-Reclaimable Waste Line shall be exclusive of and in addition to IEUA's payment to the Local Agency of the \$3,107,012. IEUA further agrees that it will complete all necessary improvements to permit reactivation of this portion of the West Edison Non-Reclaimable Waste Line by no later than December 2006, or as mutually agreed to by IEUA and the Local Agency.

Section 4. Local Agency Duties Generally. Local Agency hereby accepts and agrees to perform all of IEUA's duties under the Metropolitan Agreement relating to the Local Agency Facilities, it being the intention of IEUA and Local Agency that Local Agency will be directly responsible for all aspects of constructing, operating and maintaining the Local Agency Facilities in accordance with the Metropolitan Agreement. Local Agency shall only be required to increase its

~~overall local groundwater production capacity in an amount equal to that percentage of 4,000 acre feet that equals the percentage of IEUA payment to the Local Agency of the \$3,107,102.~~

Section 5. Illustrative List of Local Agency Duties. Among the duties Local Agency shall perform are those set forth below in this Section. Such duties are merely illustrative of the duties Local Agency shall perform and do not limit Local Agency's responsibilities hereunder.

(a) Construction Duties. Local Agency shall perform all of IEUA's duties with respect to the construction of the Local Agency Facilities which are set forth in the Metropolitan Agreement. Such duties include but are not limited to (i) obtaining the Required Approvals applicable to the Local Agency Facilities pursuant to Section III(C) of the Metropolitan Agreement, (ii) providing for the planning and preconstruction requirements of Section IV(A) of the Metropolitan Agreement which relate to the Local Agency Facilities, (iii) providing for the construction of the Local Agency Facilities in accordance with Section IV(B) of the Metropolitan Agreement, and (iv) completing construction of the Local Agency Facilities in accordance with the timeline set forth in Section IV(B) of the Metropolitan Agreement including retaining and supervising qualified contractors.

(b) Cost Overruns. Local Agency agrees to pay  $\Delta$  for any cost overruns allocable to the Local Agency Facilities  $\Delta$  pursuant to Section V(B). In addition, Local Agency shall pay  $\Delta$  any amounts due to Metropolitan pursuant to Section V(B)(2) which ~~are~~ allocable to the Local Agency Facilities. ~~Should bids for construction of the Program Local Agency Facilities exceed the Approved Budget by more than five percent (5%), IEUA may will~~ review such cost increase with ~~Metropolitan~~ the Local Agency to determine the appropriate way to proceed with the program and ~~Metropolitan~~ the Local Agency may authorize ~~and IEUA may mutually agree to a~~ cost share, to change in the scope of the project, or to discontinue the project, all in accordance with Section V(B)(2) of the Metropolitan Agreement.

(c) Operation and Maintenance Duties. With respect to the Local Agency Facilities, Local Agency agrees to perform those certain duties listed in ~~Section IV(B) of the Metropolitan Agreement~~, namely:

(i) Cause the Local Agency Facilities to be operated and maintained in as good and efficient condition as upon their construction, ordinary and reasonable wear and depreciation excepted, and otherwise in accordance with industry standards (and DWR standards and requirements, if any);

(ii) Provide for all repairs, renewals, and replacements necessary to the efficient operation of the Local Agency Facilities;

(iii) To the extent existing facilities are utilized for the Program, provide for all repairs, renewals, and replacements necessary to the efficient operation of such existing facilities;

~~(iv) Certify the amount of water in the Metropolitan Storage Account pursuant to the Operating Committee accounting; and~~

(iv) Upon call by Metropolitan for Stored Water Delivery, operate Facilities, combined with the existing infrastructure, at Operational Capacity Thresholds necessary to meet performance targets as outlined in Exhibit G of the Metropolitan Agreement.

(d) Delivery of Metropolitan Water. Watermaster and IEUA will allocate Metropolitan water supplied by Metropolitan's ~~Trust~~ Storage Account (replenishment, injection or in lieu) through an annual operating plan to be approved by IEUA and Watermaster. To the extent that Local Agency is allocated Metropolitan in lieu water, rate and charges paid by the Local Agency for such in lieu deliveries shall be based upon IEUA rates and charges adopted its Board of Directors for the Metropolitan Dry Year Storage Program from time-to-time.

(e) Groundwater and Pumping Responsibilities. Local Agency acknowledges and ~~agrees~~ that Metropolitan has the right to demand the pumping of stored water in the Chino groundwater basin, in the maximum amount indicated herein. Local Agency shall ~~reduce its imported water and provide for the pumping of stored water (on a pro-rata basis determined by IEUA on the basis of all applicable groundwater pumps that have agreements with IEUA similar to this Agreement)~~ upon Metropolitan's request of a Stored Water Delivery, all in accordance with ~~Section~~ Section VII(C) of the Metropolitan Agreement, and consistent with ~~Exhibit~~ Exhibit B hereto; provided, that the maximum amount in any given year shall not exceed that percentage of the amount in Exhibit B that equals the percentage of IEUA payment to the Local Agency of the \$3,107,012. Local Agency shall be reimbursed by Metropolitan for operation and maintenance expenses incurred when pumping stored water upon Metropolitan's demand, all in accordance with ~~Section IV~~ Section VII(D) of the Metropolitan Agreement.

(f) Recordkeeping, Reporting, Inspection and Audit Duties. Local Agency shall perform all of IEUA's recordkeeping, reporting, inspection and audit duties which relate to the Local Agency Facilities, all in accordance under Section X of the Metropolitan Agreement.

(g) Indemnity. Local Agency shall immediately reimburse IEUA for any amounts expended for compliance with Section XI of the Metropolitan Agreement which are allocable or which in any way relate to the Local Agency Facilities.

(h) Insurance. Local Agency shall be responsible for providing and paying for all insurance with respect to the Local Agency Facilities required by Section XII of the Metropolitan Agreement.

Section 6. Representations, Warranties and Covenants. Local Agency represents, warrants and covenants as follows:

(a) Power and Authority. ~~That it is a general law city [NOT APPLICABLE TO EVERYONE], duly organized and validly existing under the laws~~ That it is a County Water District organized pursuant to County Water District Law: Division 12, Section 30000 et seq. of the State of California Water Code; that it has all necessary power and authority to enter into this Agreement and to perform its obligations hereunder on the terms set forth in this Agreement, and that the execution and delivery hereof by it and the performance of its obligations hereunder will not violate or constitute an event of default under the terms or provisions of any agreement, document or instrument to which it is a party or by which it is a party or by which it is bound.

(b) Authorization; Valid Obligation. That all proceedings required to be taken by or on behalf of Local Agency to authorize it to make, deliver and carry out the terms of this Agreement have been duly and properly taken, and that this Agreement is its valid and binding obligation enforceable in accordance with its terms, except as the same may be affected by bankruptcy,

insolvency, moratorium or similar laws or by legal or equitable principles relating to or limiting the rights of contracting parties generally.

(c) No Litigation. To the best of Local Agency's knowledge, there is no litigation, proceeding or investigation pending or threatened, to which it is or would be a party, or which does or would bind or relate to the Program Chino Basin, directly or indirectly, which, individually or in the aggregate, if adversely determined, might materially and adversely affect its ability to perform its obligations under this Agreement, or which raises a question as to the validity of this Agreement, or any action to be taken hereunder.

(d) Compliance with Laws. In the performance of its obligations hereunder, Local Agency and its contractors and subcontractors will comply with all applicable laws, regulations and ordinances, including, without limitation, those listed in Section ~~XIII~~ of the Metropolitan Agreement.

Local Agency and its contractors and subcontractors will give written notice of its obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. Local Agency and its contractors will include the nondiscrimination and compliance provisions of this clause in all contracts and subcontracts let for the construction of the Local Agency Facilities.

(e) Compliance with DWR Requirements. ~~APPLICABLE TO CCWD ONLY~~ The Plans will comply with any DWR requirements, including any requirements set forth in the DWR Funding Letter. During the performance of its obligations herein, Local Agency will comply with any DWR requirements, including any requirements set forth in the DWR Funding Letter.

(f) No Construction. That construction of the Local Agency Facilities and related work (including planning activities) did not commence prior to the Effective Date.

(g) Capacity. Local Agency and its contractors, subcontractors and its respective agents will at all times act in an independent capacity and not purport to act as, or represent to others that they are, officers, employees, representatives or agents of Metropolitan, DWR or the State of California.

(h) Oversight and Supervision of Construction. Local Agency will oversee and supervise all contractors and keep control of all work and provisions of services and materials in connection with the Program.

(i) Maintain Ownership of Program Property. Local Agency will not sell, abandon, lease, transfer, exchange, mortgage, hypothecate or encumber in any manner whatsoever all or any portion of any real or other property necessarily connected or used in conjunction with the Program without the written consent of IEUA, which consent shall not unreasonably be withheld. IEUA shall have the burden of persuasion with respect to the unreasonableness of any proposed Local Agency action regarding the property.

~~(j) Protection of Others' Rights. Local Agency will fully protect and preserve rights of overlying landowners, other groundwater users or water rights holders, parties whose approval is required by any judgment in an adjudicated basin, and all groundwater management agencies or other applicable regulatory agencies, and will take the necessary actions (including groundwater~~



~~monitoring and mitigation and/or limiting extractions of groundwater) to protect such rights. Local Agency shall use reasonable efforts to avoid material legal injury to third parties and to comply with lawful regulatory agency requirements in the construction and operation of Local Agency Facilities.~~

~~Section 7. Watermaster Acknowledgment. Watermaster acknowledges that the groundwater storage program contemplated by the Metropolitan Agreement and this Agreement is intended to implement Program Element 8 of the Optimum Basin Management Program.~~

~~Section 87. Miscellaneous.~~

(a) Headings. The headings of the sections hereof are inserted for convenience only and shall not be deemed a part of this Agreement.

(b) Partial Invalidity. If any one or more of the covenants or agreements provided in this Agreement to be performed should be determined to be invalid or contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement

(c) Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

(d) Governing Law. ~~THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.~~ This Agreement shall be governed by and construed in accordance with the laws of the State of California.

(e) Notices. Any notices required or permitted to be given hereunder shall be given in writing and shall be delivered (a) in person, (b) by certified mail, postage prepaid, return receipt requested, (c) by Federal Express or another reputable commercial overnight courier that guarantees next-day delivery and provides a receipt, or (d) by telefacsimile or telecopy, and such notices shall be addressed as follows:

If to IEUA: Inland Empire Utilities Agency  
9400 Cherry Avenue, Bldg. A  
Fontana, California 92335  
Attention: Treasurer

With a copy to: Stradling Yocca Carlson & Rauth  
660 Newport Center Drive, Suite 1600  
Newport Beach, California 92660  
Attention: Douglas Brown

If to Watermaster: Chino Basin Watermaster  
8632 Archibald Avenue, Suite 109  
Rancho Cucamonga, California 91730  
Attention: \_\_\_\_\_

~~If to Local Agency: [Local Agency]~~  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

With a copy to: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If to Local Agency: Monte Vista Water District  
Post Office Box 71  
Montclair, California 91763  
Attention: General Manager

or to such other address as either party may from time to time specify in writing to the other party. Any notice shall be deemed delivered when actually delivered, if such delivery is in person, upon deposit with the U.S. Postal Service, if such delivery is by certified mail, upon deposit with the overnight courier service, if such delivery is by an overnight courier service, and upon transmission, if such delivery is by telefacsimile or telecopy.

(f) Merger of Prior Agreements. This Agreement and the ~~exhibits~~ Exhibits hereto constitute the entire agreement between the parties and supersede all prior agreements and understandings between the parties relating to the subject matter hereof.

(g) Time of the Essence. Time is of the essence in the performance of this Agreement.

IN WITNESS WHEREOF, IEUA has executed this Agreement with the approval of its governing body, Watermaster has executed this Agreement with the approval of its governing body, and Local Agency has executed this Agreement in accordance with the authorization of its governing body.

INLAND EMPIRE UTILITIES AGENCY

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

~~CHINO BASIN WATERMASTER~~

MONTE VISTA WATER DISTRICT

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

~~[LOCAL AGENCY]~~

Robb D. Quincev. President  
Board of Directors

\_\_\_\_\_

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

Mark N. Kinsey  
General Manager

\_\_\_\_\_

EXHIBIT A

MONTE VISTA WATER DISTRICT

LOCAL AGENCY FACILITIES

1. Groundwater Production Well generally located at the intersection of Richton Street and Monte Vista Avenue, City of Montclair.
2. Joint City of Chino/Monte Vista Groundwater Production Well and Ion-Exchange Facility located at Palo Verde and Benson Avenue, City of Montclair.
3. Aquifer Storage and Recovery Well located at Monte Vista Water District Plant 9 Site, 5617 San Bernardino Street, City of Montclair.
4. Aquifer Storage and Recovery Well located at Monte Vista Water District Plant 12 Site on the corner of G Street and Benson Avenue, City of Montclair.
5. Ion-Exchange Facility at Monte Vista Water District Plant 2/Well 2 Site, 4775 Grand Avenue, City of Montclair.

EXHIBIT B

PERFORMANCE TARGETS

Example

~~Monte Vista Water District~~

~~Dry Year Shift obligation of 3,000 AF over 12-month period~~  
MONTE VISTA WATER DISTRICT

3 Dry Year Shift obligation of 4,000 AF over 12-month period

4,000 AF reduced imported water reduction  
34,000 AF pumped from ~~MWD~~ Metropolitan Water District storage account  
34,000 AF increase in ~~MVWD~~ Monte Vista Water District overall local supply production  
all three criteria must be met plus or minus 10 percent

Failure to perform would result in ~~MVWD~~ Monte Vista Water District being charged a rate equal to two times the Metropolitan Tier 2 rates in effect at such time for each AF-acre-foot of the Dry Year Shift obligation not met.

EXHIBIT A  
LOCAL AGENCY FACILITIES

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EXHIBIT B

PERFORMANCE TARGETS

Example

Monte Vista Water District

Dry Year Shift obligation of 3,000 AF over 12-month period

3,000 AF reduced imported water reduction

3,000 AF pumped from MWD storage account

3,000 AF increase in MVWD overall local supply production

all three criteria must be met plus or minus 10 percent

Failure to perform would result in MVWD being charged a rate equal to two times the Tier 2 rates in effect at such time for each AF of the Dry Year Shift obligation not met

## Chino Basin Conjunctive Use "Dry Year" Proposed Project With the Metropolitan Water District

### Basin-wide Benefits

- ✓ \$132,000 administrative costs annually paid by MWD (indexed)- total value over 25 years is over **\$4 million**.
- ✓ Storage losses (estimated at 6 percent) or at 100,000 AF of stored water this would result in 6,000 AF/Y of "free water" to the Basin parties. Value over life of 25-year agreement is over **\$50 million**.
- ✓ MWD has agreed to assist and facilitate the reactivation of replenishment connections (CB-11, CB 13, and CB-15) and a new replenishment connection on the Etiwanda Feeder that is needed to put SWP supplies in the Recharge Master Plan facilities currently under construction (e.g., Banana, RP-3, Decluz). Value to Basin- **\$40 million** recharge master plan construction is not fully **implementable** without these critical MWD connections.

### Operational Benefits

- ✓ Put amounts 25,000 AF (or more if approved by Watermaster) will provide free MWD supplies for the Chino Basin MZ1 subsidence interim plan of 3,000 AF of reduced pumping (net savings to Watermaster appropriative pool of over **\$1.2 million** in FY 2002/2003, FY 2003/2004, FY 2004/2005). Value- about **\$3.5 million in just the next 3 years**.
- ✓ Provides SWP blending for recycled water recharge at no cost to the basin parties (cost savings annually valued at over **\$5 million** per year to appropriative pool and regional sewage contractors).
- ✓ MZ3 Jurupa Agreement- provides assurance that inexpensive (free) SWP supplies will be available for recharge in MZ3 consistent with the Jurupa/IEUA agreement and Chino Basin Watermaster. If this replenishment supply (estimated at 2,000 to 4,000 AF) were purchased at \$233 per AF (current MWD Seasonal Storage Service



rate) it would cost the Basin appropriate pool about \$1 million per year. Value to the Basin over 25 years- probably over \$20 million.

### Other Significant Benefits

- ✓ MWD funding of IEUA recycled water program (amendment to Carbon Canyon agreement is valued at increased revenue annually of \$1.5 million and a total of \$19 million).
- ✓ MWD funded facilities (\$27.5 million) serve as the foundation for all future storage and recovery projects (500,000 AF storage and recovery program approved in the Peace Agreement). Without these funded facilities the Basin would have a very difficult time marketing the additional storage and recovery program. In particular, the funding of well head treatment facilities and Watermaster's efforts to seek additional State (Prop. 50) and federal grants for Basin clean up and treating contaminated drinking water wells is critical to all storage and recovery projects.
- ✓ With these new facilities and the CDA Chino Desalters 1 and 2 and the other improvements underway in the Basin (i.e., recharge master plan) the retail utilities have a significantly greater capability to produce groundwater during shortages of imported water whether droughts or emergency outages. All retail utilities potentially benefit from increased interconnections and flexibility to utilize groundwater production to improve reliability and avoid severe customer shortages during an earthquake.
- ✓ Future funding by MWD for Chino 2 and Chino 3 Desalters (\$250 per AF rebate— value at \$25 to \$45 million over next 25 years). Additional funding for IEUA regional recycling program \$20 to \$35 million).
- ✓ Expansion of the MWD conjunctive use program to Jurupa CSD, Norco, Fontana Water Company and others.

***Total Value to the Basin: Over \$ 225 to \$350 million during the next 25 years.***



Inland Empire  
UTILITIES AGENCY

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Date: April 2, 2003

To: Honorable Board of Directors

From: Richard W. Atwater *RWA*  
Chief Executive Officer  
General Manager

Subject: Metropolitan Water District (MWD) Conjunctive Use "Dry Year"  
Funding Agreement with the Participating Retail Agencies

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### RECOMMENDATION

It is recommended that the Board approved the proposed changes to the retail agency agreements related to the use of the NRW line for brine disposal and other minor changes to the agreement proposed by Monte Vista Water District (MVWD).

### BACKGROUND

Your Board approved the overall MWD/Three Valleys MWD (TVMWD)/Watermaster/IEUA agreement on February 5, 2003. MWD, TVMWD and Watermaster all have now approved the agreement. Watermaster's approval was on March 27. Attached is the final version of the agreement (the proposed new language in Section V.A has been deleted). This agreement is now ready for execution.

The Retail Agency Funding Agreements are being authorized for approval by each participating agency. Late Monday, I received the attached e-mail copy of the proposed changes to the agreement from MVWD (see attached e-mail memo and draft agreement), on behalf of the City of Upland and City of Chino requesting certain changes to the agreement. The key substantive change was the inclusion of Section 3, the provision for IEUA to be responsible for funding and ensuring that the North NRW line (West Edison Non-Reclaimable Waste Line) be reactivated by not later than December 2006. Staff recommends approval of this new language as being consistent with Board policy and the discussion at the NRW Workshop held on March 19, 2003.

### PRIOR BOARD ACTION

- ✓ Board approval of MWD Agreement on February 5, 2003.
- ✓ Board approval of the draft Retail Agency Agreement(s) on March 5, 2003.

**IMPACT ON BUDGET**

The impact on the Agency's budget is unknown at this time.

RWA:AW

03148 MWD Conjunctive Use Dry Year Funding Agreement



## CHINO BASIN WATERMASTER

8632 Archibald Avenue, Suite 109, Rancho Cucamonga, Ca 91730  
Tel 909 484 3886 Fax 909 484 3890 www.cbwm.org

JOHN V. ROSSI  
Chief Executive Officer

### STAFF REPORT

**DATE:** March 27, 2003  
**TO:** Advisory Committee Members  
Watermaster Board Members  
**SUBJECT:** Approval of Storage and Recovery Funding Agreement with Metropolitan

#### SUMMARY

**Issue** – Approval of Storage and Recovery Funding Agreement with Metropolitan

**Recommendation** – Staff recommends the funding agreement with Metropolitan be approved subject to final non-substantive revisions and submitted to Court for approval

**Fiscal Impact** – As described in discussion below

#### BACKGROUND

Under section 5 2(c) of the Peace Agreement, the parties created a Storage and Recovery Program with an initial storage capacity target of 500,000 acre-feet Pursuant to section 5 2(c)(iv)(b) of the Peace Agreement, Watermaster shall prioritize its efforts to regulate and condition the storage and recovery of water developed in the Storage and Recovery Program for the mutual benefit of the parties to the Judgment and give first priority to Storage and Recovery Programs that provide broad mutual benefits

Watermaster and the Inland Empire Utilities Agency jointly submitted a proposal to Metropolitan in January 2001 to allow Metropolitan to utilize a portion of the storage space available through Watermaster's Storage and Recovery Program in exchange for facilities and other consideration. The terms of the agreement have been the subject of numerous and ongoing discussions between the Appropriative Pool and the specific Appropriative Pool members who are to receive benefits and accept burdens under the Agreement

At the February 13, 2003 Pool Meetings, a Memorandum and Attachments was made available to the parties that included all of the previous memoranda and attachments that had been made available to the parties since negotiations with Metropolitan began in 2001. On the basis of this material, the Appropriative Pool and Overtaking Non-Agricultural Pool voted unanimously to recommend approval of the Agreement. The Agricultural Pool unanimously concurred in this recommendation at their meeting, which was held on February 25, 2003. The Memorandum and Attachments were made available to the Advisory Committee and Board at their regular meetings on February 27, 2003.

At their February 27, 2003 meetings both the Advisory Committee and Board voted unanimously to provide conceptual approval to the Agreement. However, since specific findings concerning the satisfaction of the terms of the Peace Agreement were not before these entities, it was determined that final approval of the Agreement would be provided at the March 27, 2003 meetings.

**DISCUSSION**

The Memorandum and Attachments distributed to the parties at the February meetings provides the record for Watermaster's consideration of the Agreement.

Due to the fact that specific facilities-related issues tied to the Local Agency Agreements are still under consideration, approval of Metropolitan's participation in the Storage and Recovery program has been bifurcated into two steps. The first step concerns the approval of the business deal points relating to Metropolitan's use of 100,000 acre-feet of storage capacity within the Storage and Recovery Program. The Agreement that is currently subject to approval by the Advisory Committee and Board is a description of the funding terms between Metropolitan and the relevant Watermaster parties for use of the storage space. Before any water can actually be put into storage, however, there will need to be a subsequent approval. This approval will take the form of Watermaster approval of the Local Agency Agreements. The Local Agency Agreements specify the details of the facilities that are to be constructed under the Agreement, and contain the details regarding each of the agency's commitments regarding the storage and extraction of water. Approval of this component will follow the procedures for approval of a Storage and Recovery Application under Article X of the Rules and Regulations.

Because Watermaster is not yet taking action on an Application under Article X, the basis for its decision is limited to whether the funding Agreement satisfies the Peace Agreement requirement that the funding proposal was prioritized because it provides broad benefits.

**FINDINGS**

The February 13, 2003 Memorandum described the direct participant beneficiaries of this Agreement as the Cities of Chino, Chino Hills, Ontario, Pomona, Upland, and the Cucamonga County and Monte Vista Water Districts (Memorandum page 2). The Memorandum indicated that San Antonio Water Company is negotiating its participation, and since the date of the Memorandum, Fontana Water Company and Jurupa Community Services District have also begun negotiations concerning their participation.

Many analyses have been provided to the parties over the past two years of discussion of the Agreements. Actual dollar values of the Agreement have changed as specific terms were renegotiated and facility-related specifications were refined. Attachment III to the February 13, 2003 Memorandum and Attachments provided a specific analysis by Black & Veatch of the value to the participants based on the terms of participation at that time. This analysis determined that the unit storage benefit based on a 100,000 acre-foot storage commitment is \$433 per acre-foot. The February 13, 2003 Memorandum provided a detailed description of all of the items of benefit under the Agreement (Memorandum page 6).

Attachment IV to the February 13, 2003 Memorandum and Attachments contained a matrix comparison of all of the expressions of interest that were received in response to Watermaster's Request for Proposals to participate in the Storage and Recovery Program. At this time, none of the parties who have submitted proposals have been able to provide enough specificity to enable a detailed comparison between their proposal and the terms of the Agreement. It was noted, however, in the February 13, 2003 Memorandum that staff has found that each of the proposals depend upon Metropolitan transmission facilities, Metropolitan policies regarding water quality and wheeling, and in most cases, would require Metropolitan as a source of water (Memorandum page 5). In other words, the implementation of any other proposal currently under submission for the use of the other 400,000 acre-feet of storage within the initial Storage and Recovery target amount, will require cooperation through Metropolitan.

**CONCLUSION**

The terms of the funding Agreement have been thoroughly discussed and analyzed by Watermaster and the parties and there does not seem to be disagreement among the parties about the items of benefit available under the Agreement. Based upon this information, the members of the Appropriate and Non-Agricultural Pools recommended unanimously to proceed with the Agreement.

Watermaster staff believes that the benefits to be received under the Agreement satisfy the terms of the Peace Agreement section 5.2(c)(iv)(b) and recommend approval of this funding Agreement specifying the terms under which 100,000 acre-feet of storage within the Storage and Recovery Program will be made available to Metropolitan.