

1 **JEAN CIHIGOYENETCHE (SBN # 105227)**
2 **CIHIGOYENETCHE, GROSSBERG & CLOUSE**
3 8038 Haven Avenue
4 Suite E
5 Rancho Cucamonga, California 91730
6 (909) 483-1850
7 (909) 483-1840-Fax

8 Attorney for
9 INLAND EMPIRE UTILITIES AGENCY
10 A Municipal Water District

11 **John J. Schatz (State Bar No. 141029)**
12 **ATTORNEY AT LAW**
13 Post Office Box No. 7775
14 Laguna Niguel, Ca. 92607-7775
15 Telephone No. (949) 683-0398
16 Facsimile No. (949) 305-6865

17 Attorney for
18 WESTERN MUNICIPAL WATER DISTRICT,
19 a Municipal Water District

20 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
21 **FOR THE COUNTY OF SAN BERNARDINO –**
22 **RANCHO CUCAMONGA DISTRICT**

23 CHINO BASIN MUNICIPAL WATER)
24 DISTRICT,)

25 Plaintiff,)

26 v.)

27 CITY OF CHINO, et al.,)

28 Defendants.)

CASE NO.: RCV 51010

*Assigned for all purposes to
The Honorable Michael Gunn*

**IEUA'S AND WMWD'S RESPONSE TO
COMMENTS OF SPECIAL REFEREE
ON WATERMASTER COMPLIANCE
WITH DECEMBER 21, 2007 ORDER
CONDITIONS 1 THROUGH 6 MOTION
TO RECEIVE AND FILE
WATERMASTER'S THIRTIETH
ANNUAL REPORT AND STATUS
REPORT FOR 2007-2 AND MOTIONS
FOR INTERVENTION;
DECLARATION OF RICHARD W.
ATWATER**

DATE: *Sept. 24* August 21, 2008
TIME: 2:00 p.m. 10:00 am
DEPT.: R-89

Exempt from Filing Fee
Pursuant to Gov. Code §6103
FILED
SUPERIOR COURT
COUNTY OF SAN BERNARDINO
RANCHO CUCAMONGA DISTRICT

AUG 15 2008

By *Phlice* Deputy

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28 Defendants.)

DATE: August 21, 2008

TIME: 2:00 p.m.

DEPT.: R-8

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I.

The Special Referee in this matter has submitted comments relative to Watermaster’s compliance with conditions 1 through 6 of the Court’s December 21, 2007 Order. Condition Number 4 of that Order required Watermaster to report to the Court on the status of California Environmental Quality Act (CEQA) documentation, compliance and requirements and provide the court with assurances that Watermaster’s approval and participation in any project that is a “project” for CEQA purposes, has been or will be subject to all appropriate CEQA review.

IEUA and Chino Basin Watermaster are co-permittees with regard to the recycled water permits in the Chino Basin and share the obligation with regard to the maximum benefits standards under the Regional Water Quality Control Board’s Basin Plan Amendments. The Basin Plan Amendments require that hydraulic control be achieved within the Chino Basin. Expansion of the Chino Creek Wellfield is a component of the Desalter expansion and will aid in the achievement of hydraulic control.

Pursuant to the Peace II Agreement, IEUA has been designated the lead agency for purpose of completing the environmental assessment and review of the Chino Creek Wellfield Project. At this stage of the Project, the environmental review process is underway for the contemplated installation of two test wells which will assist the stakeholders in determining where the permanent Chino Creek Wells will be placed.

The Special Referee has recommended that IEUA and Western Municipal Water District (Western Municipal) report regularly to the Court on the status of the CEQA work being conducted. In response, IEUA attaches hereto the Declaration of Richard W. Atwater together with exhibits, outlining the CEQA efforts engaged thus far relative to the Chino Creek test well project. Western Municipal may be a Lead or Responsible Agency for CEQA

1 purposes concerning projects or programs relating to Basin Re-Operation. In such event
2 Western Municipal will provide reports to the Court consistent with the Special Referee's
3 suggestion.

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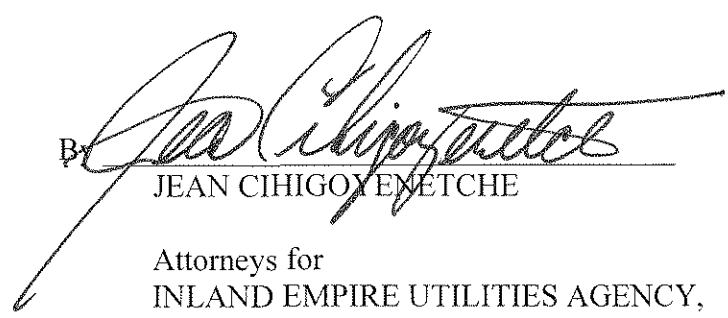
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DATED: August 14, 2008

By 
JEAN CIHIGOYENETCHE

Attorneys for
INLAND EMPIRE UTILITIES AGENCY,
a Municipal Water District

DATED: August 14, 2008

By _____
JOHN J. SCHATZ

Attorney for
WESTERN MUNICIPAL WATER DISTRICT,
a Municipal Water District

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DATED: August 14, 2008

By _____
JEAN CIHIGOYENETCHE

Attorneys for
INLAND EMPIRE UTILITIES AGENCY,
a Municipal Water District

DATED: August 14, 2008

By John J. Schatz
/JOHN J. SCHATZ

Attorney for
WESTERN MUNICIPAL WATER DISTRICT,
a Municipal Water District

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16 v.)

**DECLARATION OF RICHARD
ATWATER**

17 CITY OF CHINO, et al.,)

DATE: August 21, 2008

18 Defendants.)

TIME: 2:00 p.m.

DEPT.: R-8

19 I, Richard W. Atwater, hereby declare as follows:

20 1. I am currently employed as the Chief Executive Officer and General Manager of
21 the Inland Empire Utilities Agency, a Municipal Water District (hereinafter referred to as
22 "IEUA") and have held that position since July 1999. I have firsthand knowledge of the matters
23 set forth herein and, if called as a witness, would be competent to testify thereto.

24 2. I have significant experience in the various groundwater projects being
25 implemented within the Chino Basin. I have been responsible for managing and directing the
26 California Environmental Quality Act (hereinafter referred to as "CEQA") approval process for
27 all Peace I and now Peace II programs and projects, including the Optimum Basin Management
28

1 Plan (hereinafter referred to as OBMP) Programmatic Environmental Impact Report in July of
2 2000, the Recycled Water Master Plan Programmatic Environmental Impact Report in June
3 2002, as well as the Recharge Capital Improvements CEQA documentation and associated
4 regulatory permits and the Chino Basin Desalter Authority Programmatic Environmental Impact
5 Report in 2002. In addition, IEUA as a member agency of the Metropolitan Water District
6 (hereinafter referred to as "MWD") was the lead agency for the CEQA documentation and
7 contractual arrangements for the MWD Dry Year Yield Groundwater Storage Program
8 (hereinafter referred to as "MWDDYY") executed in June 2003 and the current MWD funding
9 agreement to evaluate the expansion of the Program from 100,000 acre-feet to 150,000 acre-feet
10 storage account .
11

12
13 3. I submit this declaration in response to the comments submitted to the Court by
14 the Special Referee as they address the CEQA process and condition No.4 to the Court order of
15 December 21, 2007.
16

17 4. Currently, IEUA is reviewing the environmental impacts of the test well project in
18 support of Phase 3 of the Chino Desalter Project. IEUA has been designated as the lead agency
19 for that project and has retained the services of Tom Dodson and Associates (Dodson) to prepare
20 the necessary CEQA review. The test wells will assist in the determination of the placement of
21 permanent wells to be utilized in the Chino Desalter expansion and toward the achievement of
22 hydraulic control within the Chino Basin.
23

24 5. In March 2008, Dodson prepared and submitted a document entitled Addendum
25 to the Test Wells Project in Support of Phase 3 Chino Desalter Project, a copy of which is
26 attached hereto as Exhibit "A" and incorporated herein by this reference. A Notice of
27 Determination was also prepared for the subject project and a copy of that document is attached
28

1 hereto as Exhibit "B" and incorporated herein by this reference. Both the Notice of
2 Determination and Addendum to the Test Wells Project in Support of Phase 3 Chino Desalter
3 Project were adopted by the Board of Directors of IEUA at its meeting of June 18, 2008.
4

5 6. In a letter dated May 4, 2008 Mr. Dodson outlines his proposal for CEQA work
6 relative to the Basin Reoperation and Peace II Program. A copy of said correspondence is
7 attached hereto as Exhibit "C" and incorporated herein by this reference.

8 7. At its meeting of June 4, 2008, the Board of Directors of IEUA approved the cost
9 reimbursement agreement for reimbursement of expenses related to the efforts of Dodson on the
10 project. A copy of the reimbursement agreement is attached hereto as Exhibit "D" and
11 incorporated herein by this reference.
12

13 8. IEUA, as the lead agency on this project, fully intends to comply with all
14 requirements of CEQA. Further, I believe that the documents attached to this Declaration
15 evidence the continuing efforts of IEUA to fully comply with the CEQA process and, by
16 submitting these exhibits to the Court, complying with condition 4 to the Court's December 2007
17 order.
18

19 I declare under penalty of perjury that the foregoing is true and correct to the best of my
20 knowledge. Executed on this 14th day of August, 2008 in Chino, California.
21

22
23 
24 Richard W. Atwater

Exhibit “A”

**ADDENDUM
TO THE TEST WELLS PROJECT
IN SUPPORT OF PHASE 3
CHINO DESALTER PROJECT**

Prepared for:

Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, California 91790

Prepared by:

Tom Dodson & Associates
2150 North Arrowhead Avenue
San Bernardino, California 92405

March 2008

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ADDENDUM TO THE TEST WELLS PROJECT IN SUPPORT OF PHASE 3 CHINO DESALTER PROJECT

1.0 INTRODUCTION

The proposed project is the installation of two test wells as part of an overall program to achieve hydraulic control of the Chino Groundwater Basin overflow to the Santa Ana River and to increase groundwater pumping in the lower Chino Basin to provide 10 million gallons per day (MGD) of additional product water capacity for the Chino Basin Desalters. The specific component of the Chino Desalter Phase 3 Project being considered in this environmental document is the installation of two test wells in the lower Chino Basin to determine the best location to install several new production wells to achieve hydraulic control of the Basin. As such, this project is also a second-tier project component being implemented under the Chino Basin Optimum Basin Management Program (OBMP). An overview of the OBMP is included as follows in order to put the implementation of the Chino Desalter Phase 3 Project in context of the larger OBMP.

1.1 Chino Basin Optimum Basin Management Program

The purpose of the OBMP is to ensure a continuing water supply for the long-term beneficial use of all Watermaster parties. The mission statement for the OBMP is as follows:

The purpose of the Optimum Basin Management Program is to develop a groundwater management program that enhances the safe yield and the water quality of the basin, enabling all groundwater users to produce water from the Basin in a cost-effective manner.

The OBMP consists of two phases. Phase I of the OBMP defines the state of the Chino Basin (Basin), establishes goals concerning major issues identified by stakeholders, and describes a management plan for the achievement of said goals. Phase I also provides a process that facilitates periodic reviews, public comments, and necessary updates. Phase II of the OBMP is the development of the specific implementation plans that will effectively allow for the physical construction, operation, management and monitoring of OBMP facilities. This Phase consists of a series of Memoranda of Agreements, Technical Memoranda, Facility Reports, Policy Documents, and development of Water Supply Plans, Recharge Master Plans, Joint Powers Authority Agreements, Safe Yield and other related documents that will be completed during implementation of the OBMP over the 20-30 year planning period. When complete, these documents will provide detailed plans for the implementation of Program Elements and the achievement of OBMP Goals listed below. Collectively these documents and the programs to implement them will facilitate successful implementation of Phase II of the OBMP. It is intended that the OBMP be flexible enough that changes in future demands and situations can be dealt with accordingly.

Four primary management goals for the OBMP were developed during a series of meetings to address the issues, needs and interests of the producers, those parties extracting groundwater or using surface water to meet water supply demands within the Chino Basin. The set of goals are listed below:

- Goal No. 1 - Enhance Basin Water Supplies**
- Goal No. 2 - Protect and Enhance Water Quality**
- Goal No. 3 - Enhance Management of the Basin**
- Goal No. 4 - Equitably Finance the OBMP**

The first goal applies not only to local groundwater, but also to all sources of water available for the enhancement of the Chino Groundwater Basin. Fourteen actions were identified in Section 3 of the OBMP Phase I Report that will assist in the satisfaction of Goal No. 1. The activities are as follows:

- a. Maintain or increase groundwater production in the southern portion of the Basin with treatment and service of contaminated groundwater in the southern third of the Basin.
- b. Locate new recharge facilities in the upper half (northern) of the Basin.
- c. Locate new recharge facilities in the lower half (southern) of the Basin when recovery of recharged water can be ensured.
- d. Develop and implement comprehensive basin-wide ground level, groundwater level, quality, and production monitoring programs.
- e. Develop and implement a comprehensive plan of stormwater recharge.
- f. Develop a comprehensive storm water flow and quality monitoring program in partnership with other agencies charged with flow and quality monitoring.
- g. Develop new storm water recharge projects at existing and future flood control facilities.
- h. Maximize recharge capacity at existing recharge facilities through improved maintenance.
- i. Develop methods to account for losses from storage accounts; and set limits on storage if necessary.
- j. Develop a comprehensive ground level, groundwater level, and quality monitoring program in Management Zone 1.
- k. Develop an immediate groundwater management program for Management Zone 1, followed by management programs for Management Zones 2, 3, 4, & 5.
- l. Create new assimilative capacity through the development of offset programs and through other mitigation programs.
- m. Maximize the direct use of recycled water.
- n. Develop new sources of supplemental water from the Bunker Hill Basin, the Santa Ana River and other outside Basin sources.

Goal No. 2, to protect and enhance water quality, will be accomplished by implementing activities that capture and dispose of contaminated groundwater, treat contaminated groundwater for direct high-priority beneficial uses, and encourage better management of waste discharges that impact groundwater. The following 17 activities are envisioned to protect and enhance water quality (OBMP Phase I Report, Section 3).

- a. Develop and implement a comprehensive groundwater quality monitoring program.
- b. Coordinate with regulatory agencies to share monitoring and other information to detect and define water quality problems.
- c. Coordinate action regarding the CBWM priorities of mutual interest.
- d. Participate in projects of mutual interest including the RWQCB watershed management efforts within the Basin.
- e. Develop and implement programs to address problems posed by specific contaminants.
- f. Export manure, enhance manure management, or facilitate salt removal efforts.
- g. Treat dairy sewage and eliminate discharge to groundwater, or export dairy sewage.
- h. Develop programs to pump and treat degraded groundwater and to put the treated water to direct beneficial uses.

- i. Develop and implement a comprehensive storm water recharge plan.
- j. Develop a comprehensive storm water flow and quality monitoring program in partnership with other agencies charged with flow and quality monitoring.
- k. Develop new storm water recharge projects at existing and future flood control facilities.
- l. Maximize recharge capacity at existing recharge facilities through improved maintenance, operational, and/or structural improvements.
- m. Periodically assess the salt balance of the Basin.
- n. Develop new TDS export facilities and/or find means of using the Non-Reclaimable Waste-water System (NRWS) and the Santa Ana Regional Interceptor (SARI) with less cost.
- o. Establish financial incentives to ensure that when existing groundwater is pumped, it is replaced with high quality water to replenish the Basin over time.
- p. Increase the groundwater recharge volume in excess of production to cause an increase in the storage volume without an increase in rising water or spillage of the Basin).
- q. Promote public education.

Goal No. 3, to enhance management of the Basin, will be achieved by implementing activities that will lead to optimal management of the Basin. Five activities have been identified to assist in accomplishing this goal (OBMP Phase I Report, Section 3).

- a. Develop methods to account for losses from storage accounts; setting of limits on storage if necessary.
- b. Develop and implement a comprehensive Basin-wide ground level, groundwater level, water quality, and production monitoring program (same as with Goal No. 1).
- c. Develop new production patterns that optimize yield and beneficial use; and develop incentive programs and policies that encourage (or rules that enforce) new production patterns.
- d. Develop programs to pump and treat degraded groundwater and to put the treated water to direct beneficial uses (same as with Goal No. 2).
- e. Develop conjunctive-use policies and programs that take into account water quantity and quality.

The last goal is to equitably finance the OBMP. Three actions items have been identified to accomplish this goal (OBMP Phase I Report, Section 3). They are the following:

- a. Identify an equitable approach to spread the cost of OBMP implementation either on a per acre-foot basis or by some other equitable means. Identify ways to recover value from utilizing Basin assets including storage and rising water leaving the Basin.
- b. Evaluate the project and management components and rank the components with equal consideration given to water quantity, water quality and cost and based on their ability to meet the goals of the OBMP.
- c. Seek funding from state/federal/MWDSC to fund projects that provide regional/state-wide/Colorado River benefits to improve drought reliability.

In order to meet the OBMP goals stated above, a Management Program with Program Elements was described for the OBMP. There are nine Program Elements:

- 1. Develop and Implement a Comprehensive Monitoring Program
- 2. Develop and Implement a Comprehensive Recharge Program
- 3. Develop and Implement a Water Supply Plan for the Impaired Areas of the Basin
- 4. Develop and Implement a Comprehensive Groundwater Management Plan for Management Zone 1

5. Develop and Implement a Regional Supplemental Water Program
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
7. Develop and Implement Salt Management Program
8. Develop and Implement Groundwater Storage Management Program
9. Develop and Implement Conjunctive Use Programs

Program Elements 3, 4, 6 and 7 outline those actions that will be required to achieve an adequate water supply for impaired areas of the Basin, manage groundwater throughout the whole Basin, meet Regional Board goals of hydraulic control for the Basin, and fully implement a salt management program for the Basin. The Chino Desalter Phase 3 Project includes the installation of new groundwater production wells that will deliver groundwater with high total dissolved solids (TDS) for treatment at one of the Desalters and then to provide the treated product water as potable water to water purveyors in the southern portion of the Chino Basin. The selection of the well locations for this groundwater production is critical because an associated goal is to achieve hydraulic control over the Chino Basin where groundwater rises and discharges into the Santa Ana River.

1.2 Hydraulic Control

Figure 1 shows the Chino Basin relative to major geologic and hydrologic features and the Santa Ana River. (*Note: All figures are located at the end of the project description*). Under virgin conditions (pre- to early-1900s), groundwater flowing in a southerly direction from the northern part of the basin would rise near Prado to become surface flow in the southwestern part of the basin, ultimately discharging to the Santa Ana River and ultimately to the Pacific Ocean. Since the onset of pumping and associated regional drawdown of groundwater levels, this southerly flow of groundwater is thought to be intercepted by agricultural wells, and in the last few years, by desalter wells before rising as surface flow in significant quantities.

Past investigations that used groundwater models to simulate flow and water quality have suggested that currently there is little or no discharge of groundwater originating in the upper part of the Chino Basin to the Santa Ana River. These same studies suggest that production in the southern part of the Chino Basin can influence the recharge of Santa Ana River flow in the southern part of the basin—the greater the production, the greater the recharge of Santa Ana River flow. The condition where groundwater is intercepted before discharging to the Santa Ana River is herein referred to as *hydraulic control*. Data from the existing groundwater-level monitoring programs suggest hydraulic control has not yet been achieved, and additional groundwater extraction will be required to prevent the high-TDS rising groundwater from entering the River's surface flow. Demonstrating hydraulic control can verify that downstream beneficial uses are not impaired by management activities in the Basin.

2.0 PROPOSED PROJECT FOR IMPLEMENTATION

The specific project being considered in this document is the drilling of two test wells to assess the ability to extract groundwater in the lower Chino Basin in quantities sufficient to achieve hydraulic control and at a location where hydraulic control of the lower Basin can be achieved. There will be no long-term production from these wells without further environmental review, as they will be drilled, tested and then the data acquired from the testing will be used to site the new wells required to achieve hydraulic control and to provide approximately 10 MGD of high-TDS groundwater for treatment by a desalter. A separate environmental evaluation will be prepared when the location

of the future production wells required to achieve hydraulic control and deliver 10 MGD to the desalter system are identified.

For this project the two test well locations, with associated monitoring wells, are proposed to be located in the southwestern portion of the Chino Basin. One test well is proposed to be installed on the Chino Desalter 1 facility site, which is located on the south side of Kimball Avenue and between Euclid Avenue and Fern Avenue. The second test well location is proposed to be located in the southern portion of the Regional Plant No. 5 (RP-5) facility site, west of Mountain Avenue and north of and adjacent to the RP-5 energy facilities, which is located at the northwest corner of the intersection of Mountain and Flowers Street. Test well #1 and the monitoring well at the Desalter 1 site may be located anywhere within the Desalter 1 facility, but two prospective locations for each well are shown on Figure 2, as Options 1 and 2. Test well #2 is located within a recently graded area as shown on Figure 3, but IEUA indicates that the specific location of the well may occur at any location within the identified "Construction area." The wells will be owned by the Chino Desalter Authority (CDA).

It is estimated that the test wells will be drilled at a 36-inch diameter and to an estimated depth of approximately 300-400 feet in deep alluvium beneath the two test well sites. The wells are anticipated to be drilled using the a reverse circulation mud rotary drill rig. At 50 feet below ground surface the borehole will be reduced to 28-inch diameter, and it is anticipated that the well completion diameter, with casing and screens, will be 16-inches in diameter. The monitoring wells will be 24-inches in diameter to 50 feet and 16-inches in diameter below this depth. Two 4-inch nested piezometers will be installed in each monitoring well. The wells will be drilled over a period of several weeks this spring if authorized and funded.

Each wells will be drilled over a period of two to three weeks. Once completed to the indicated depth, a pump will be attached to the wells and they will be pump tested for up to 72 hours or until sufficient data are obtained regarding the aquifer characteristics at the well locations. Any drilling fluids will be retained on the project site in Baker tanks or similar storage devices. The water produced from the well tests will be tested and if they meet the requirements of the Regional Board's general permit requirements for well drilling activities, it will be discharged to the adjacent stormwater drainage system. If the water quality requires treatment, it will be placed in the adjacent sewer and delivered to Regional Plant No. 5 where it will be blended into the municipal sewage flows and processed through the treatment plant. This will ensure that the test well and monitoring well water discharged will not degrade water quality of nearby streams.

Adjacent monitoring wells will be monitored carefully during the well test period. When the well test is completed, the wells will be shut in until the analysis of the data is completed and the actual well locations are selected. At the point where the production well locations are identified and funds made available for drilling, a follow-on environmental document will be prepared and will utilize the detailed hydrology data obtained from the test wells to evaluate the impacts of the production wells on the environment. The well driller will obtain and provide the necessary County of San Bernardino well drilling permits.

The test well program is sponsored by a group of agencies that work together to implement the Optimum Basin Management Program (OBMP). These agencies include: Inland Empire Utilities Agency (IEUA); Chino Basin Water Master (CBWM); City of Ontario; Jurupa Community Services District (JCSD); and the Western Municipal Water District (WMWD). The IEUA has been designated as the CEQA lead agency for processing this proposed action. IEUA also served as the lead agency for the preparation of the OBMP Program Environmental Impact Report (PEIR).

2.1 Compliance with the California Environmental Quality Act

In terms of compliance with the California Environmental Quality Act (CEQA), the Inland Empire Utilities Agency (IEUA) Board of Directors approved and certified the overall OBMP Program Environmental Impact Report (PEIR) in July 2000. The PEIR process had to be completed before any of the proposed OBMP development projects could be allowed to proceed and cause the corresponding changes to the physical environment. This PEIR is used as the primary information source and CEQA compliance document for any subsequent discretionary actions or approvals by the IEUA, CBWM, and any constituent agencies should they also decide to implement programs as CEQA Responsible Agencies under the OBMP.

The proposed hydraulic control test well program is, therefore, considered a second-tier project under CEQA (Section 15152, State CEQA Guidelines). As a part of proposed activities under the OBMP, this program has already been subjected to a general environmental review. The physical impacts of facilities development, test wells in this case, at specific locations must still be described in subsequent environmental reviews, with the appropriate level of CEQA documentation being prepared.

The agencies and roles in preparing further CEQA environmental documentation under the OBMP can vary. The highest level would be the agencies managing or funding the overall program (CBWM, Metropolitan Water District of Southern California, and the IEUA). The lowest level would be the agencies in whose jurisdictions the facilities are physically developed, or where facilities serve a specific agency (City of Ontario, JCSD or WMWD). For this proposed project, the IEUA is the lead agencies.

3.0 PROCEDURAL CONSIDERATIONS

As previously stated, the IEUA certified and adopted a Program Environmental Impact Report (PEIR) for the Optimum Basin Management Program (OBMP) in July 2000. This PEIR addressed this proposed project, well drilling to support the desalter program, as part of a larger, integrated program of water resources management for the Chino Basin. Among other elements, the PEIR evaluated the impact of the development of up to 30 new groundwater wells in the Basin (page 4-287, OBMP PEIR), primarily to support the delivery of high TDS water to desalters for treatment and use of the product water as potable water supply to water purveyors in the southern portion of Chino Basin. Note that to date, a total of approximately 15 wells have been drilled to supply approximately 25,000 acre-feet of the forecast 40,000 acre-feet of raw water for processing by the desalters. The IEUA must determine whether the proposed project results in new significant impacts not evaluated in the PEIR and must decide what CEQA environmental determination to make if it chooses to approve the proposed project.

A program EIR is used when a project consists of a program that will entail a series of future actions or specific construction projects which can be characterized as a large project, such as a groundwater management plan over a large geographical area. A program EIR describes the broad program objectives and facilities and evaluates the cumulative impact of implementing the total project over a period of time with all its elements. Under this programmatic concept, future individual actions are reviewed in the context of the program EIR findings. These future individual actions may include specific well, pipeline, treatment and other infrastructure projects analyzed as part of a whole multifaceted program in the program EIR. Where activities or facilities being implemented in the future fall within the scope of impacts identified for the program EIR, in this case the OBMP PEIR, later environmental studies can be minimized through elimination of specific environmental issues deemed to be insignificant during the earlier stage of environmental review

or through finding that the environmental impact analysis in the program EIR was sufficient to fully address program environmental impacts, including significant impacts.

The PEIR provides a baseline and cumulative environmental evaluation and determination for the activities permitted under the OBMP, which includes desalters, wells, recharge basins, conjunctive use, pipelines, treatment and other infrastructure systems and groundwater monitoring. Later activities are then reviewed for consistency with the plan evaluated in the PEIR which allows "tiering" of any future environmental review as provided in Sections 15152 and 15385 of the State CEQA Guidelines, if subsequent environmental review is required (Section 15162, CEQA Guidelines). Existing conditions used to make impact forecasts in this environmental evaluation are assumed to be comparable to those in the PEIR, as the analysis presented in this environmental document. Where differences exist in the environmental setting the proposed wells, these differences are noted.

Section 15162 of the State CEQA Guidelines states: *(a) When an EIR has been certified or a negative declaration adopted for a project, no subsequent EIR shall be prepared for that project unless that lead agency determines, on the basis of substantial evidence in the light of the whole record, one or more of the following:*

- (1) Substantial changes are proposed in the project which will require major revisions of the previous EIR or Negative Declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects;*
- (2) Substantial changes occur with respect to the circumstances under which the project is undertaken which will require major revisions of the previous EIR or Negative Declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; or*
- (3) New information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the previous EIR was certified as complete or the Negative Declaration was adopted, shows any of the following:*
 - (A) The project will have one or more significant effects not discussed in the previous EIR or Negative Declaration;*
 - (B) Significant effects previously examined will be substantially more severe than shown in the previous EIR;*
 - (C) Mitigation measures or alternatives previously found not to be feasible would in fact be feasible, and would substantially reduce one or more significant effects of the project, but the project proponents decline to adopt the mitigation measure or alternatives; or*
 - (D) Mitigation measures or alternatives which are considerably different from those analyzed in the previous EIR would substantially reduce one or more significant effects on the environment, but the project proponents decline to adopt the mitigation measure or alternative.*

Section 15163 requires a supplement to an EIR in the following circumstances:

- (a) *The Lead or Responsible Agency may choose to prepare a supplement to an EIR rather than a subsequent EIR if;*
 - (1) *Any of the conditions described in Section 15162 would require the preparation of a subsequent EIR, and*
 - (2) *Only minor additions or changes would be necessary to make the previous EIR adequately apply to the project in the changed situation.*

Determining consistency with the certified PEIR encompasses two tests. The first test entails a reevaluation of the project proposed for implementation with the environmental issues addressed in the PEIR. An analysis of the environmental issues is presented in this environmental document which compares the proposed effects from construction and operation of the proposed test wells with the facts and findings of the PEIR. To facilitate this process, the IEUA hereby incorporates the certified PEIR for the Optimum Basin Management Plan (SCH #2000041047, July 12, 2000) as part of this environmental document. As is permitted by Section 15150 of the State CEQA Guidelines, the PEIR is incorporated by reference into this environmental evaluation. The required summaries of the pertinent data for all issues are provided in the environmental evaluation which follows. Copies of the PEIR are available at the Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA 91710.

The second test that may be used to determine whether a second tier project falls within the scope of a program EIR, is to determine whether new circumstances or reassessment of previously identified impacts may result in new significant impacts. As the text in Sections 15162(a) indicates "no subsequent EIR shall be prepared for that project unless that lead agency determines, on the basis of substantial evidence in light of the whole record, one or more of the following." (Paraphrases of the State CEQA Guidelines follow)

- 1. Substantial changes in the project that may cause new significant environmental effects or a substantial increase in the severity of previously identified significant effects;
- 2. Substantial changes occur with respect to the circumstances under which the project is undertaken and which may result in new significant environmental effects or substantial increase in the severity of previously identified significant effects; or
- 3. New information of substantial importance shows the project will have one or more significant effects not previously discussed. (See specific project description)

These tests will be applied to the proposed project and a determination made regarding the appropriate CEQA procedure to implement for the proposed project. To comply with CEQA and the CEQA Guidelines, this environmental document is being prepared to determine if environmental impacts of the proposed project were encompassed by the impact analyses contained in the PEIR prepared for the Optimum Basin Management Plan. Based on the evaluation provided in this environmental document, the CEQA Lead Agency, Inland Empire Utilities Agency, will make one of the following determinations:

- 1. The proposed project's environmental effects were encompassed by the environmental evaluation in the PEIR. No new significant impacts or a substantial increase in the severity of previously identified significant effects beyond those evaluated and mitigated in the PEIR

will result from implementing this project. No further environmental review or determination is required.

2. The project and associated impacts fall within the scope of impacts identified for the program. However, due to more detailed, project-specific information not available at the time the PEIR was prepared, impacts and mitigation not addressed in that document are identified in an Initial Study. Adequate measures, however, are provided in the Initial Study to mitigate potential impacts to a level of less than significant and a Negative Declaration is the appropriate CEQA determination.
3. The project requires some changes and/or additions to clarify impacts under current conditions but none of the current conditions described in Section 15162 calling for the preparation of a subsequent EIR have occurred. Under this circumstance, an Addendum to a previously certified EIR can be prepared and adopted.
4. The environmental document identifies potential impacts that fall outside the impact forecast in the PEIR and since such impact(s) cannot be mitigated below a less than significant level, a subsequent EIR must be prepared.

4.0 ENVIRONMENTAL ANALYSIS OF THE PROPOSED PROJECT

Following the Agency's commitment to act as the CEQA lead agency for the proposed test wells, a decision was made to prepare the environmental document to provide an evaluation of potential environmental impact that could result from approving this project, in comparison to the impact forecast contained in the OBMP PEIR. The following evaluation provides an analysis of potential environmental impacts in relation to the facts and findings contained in this document. The following conclusions were developed regarding potential impacts from approval and implementation of the proposed project modifications.

- a) *POTENTIAL TO DEGRADE: Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal, or eliminate important examples of the major periods of California history or prehistory?*

Less than Significant Impact/No Changes or No New Information Requiring Preparation of an additional environmental document. The location of the proposed test and monitoring wells is within paved or graded/manufactured dirt pads in fully developed urban/suburban settings. Both the Chino Desalter 1 and graded area south of RP-5 have been graded and disturbed. As a result, the installation of the test and monitoring wells will not degrade or substantially reduce natural habitats, eliminate natural communities, or eliminate important examples of California history or prehistory. Therefore, impacts related to this issue will be fully consistent with those identified in the OBMP PEIR. Relative to the biological and cultural resources impacts forecast in OBMP PEIR for the approved project, no significant adverse change or effect is forecast to occur.

- b) *CUMULATIVE IMPACTS: Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when reviewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future project.)*

Less than Significant Impact/No Changes or No New Information Requiring Preparation of an EIR. Those environmental resources or issues subject to cumulative effects include the following: agricultural resources, air quality, hydrology/water quality, noise, public services, transportation/traffic, and utilities/service systems. The following data substantiate the finding that the proposed alignment will not significantly alter previous findings.

Agricultural Resources: There are no agricultural resources within either proposed test well location. The OBMP PEIR identified the potential to lose a few acres of agricultural land related to new facility siting activities. Thus, no change in impact conclusions relative to the original OBMP PEIR conclusions result from implementing the proposed test well project as outlined in this document.

Air Quality: The project short-term construction emissions were concluded to be potentially significant in the OBMP PEIR. The proposed project will add about 60 days of additional well drilling activity to the annual construction schedule, which is consistent with the forecast in the OBMP PEIR. The daily emission rates for well drilling will not change relative to the emissions identified in the OBMP PEIR. There will be no long-term emissions from the proposed project based on the limited test well evaluation period and then shut-in of these wells until ultimate Phase 3 production well locations are identified and assessed.

One new air quality issue that has arisen since the 2000 OBMP PEIR certification is the emission of greenhouse gases. The well drilling activities will consume energy (petroleum fuels or natural gas) and generate greenhouse gases, such as CO₂ and NO_x. However, the use of high TDS groundwater offsets the need to import potable water from both the State Water Project and Colorado River. The Agency Board finds that the energy used to import water to the Chino Basin from northern California and the Colorado River fully offsets the generation of greenhouse gases from short-term construction activities in support of the proposed project.

Hydrology/Water Quality: The OBMP project short-term construction water quality impacts were concluded to be nonsignificant with implementation of mitigation measures, including a Storm Water Pollution Prevention Plan (SWPPP). The long-term operational runoff from the site will remain about the same as it currently is because the well areas will remain in their existing impervious condition after well construction and testing is completed. This project modification has no potential to significantly increase the construction activity discharges described in the OBMP PEIR.

Public Services: Public service impacts were determined to be less than significant in the OBMP PEIR. The proposed project does not make any substantial demand on any public services. During construction a potential exists for accidents, trespass and theft of equipment and material. However, normal access controls for well drilling and safety requirements for contractors was concluded to be sufficient to control this potential impact. Demand for emergency services may occur but this is a random requirement and does not rise to level of significant impact. No mitigation was required, and the impact is directly comparable under both the approved project and the proposed project. No additional adverse direct or cumulative demand for public services will result from implementing the proposed project.

Transportation/Traffic: The approved project did not have any identified significant traffic or circulation system impacts. The proposed well drilling locations will occur off of roadways as identified in the project description above, and there is no need to implement a mitigation requirement to provide traffic management controls to ensure adequate access and safety during well drilling as discussed in the OBMP PEIR. These impacts were concluded to be less than significant and the

circulation system impacts will remain the same with implementation of the proposed test well drilling project.

Utilities/Service Systems: The proposed project does not make any substantial demand on any utilities or service systems, other than electricity. During construction no potential exists for any demand on any public utility, other than small quantities of water which IEUA can provide from RP-5 to control fugitive dust. Solid waste generated during construction will be less than significant as the test and monitoring well sites are paved or graded. The impact is directly comparable under both the adopted project and the proposed project. No additional adverse direct or cumulative demand for utilities or service systems will result from implementing the proposed project.

Noise: Noise will be generated by well drilling activities. The noise levels will be the same as that identified for the original project, but they will occur within the existing industrial areas at Desalter 1 and at RP-5. No long-term noise emissions will result from project implementation. None of the noise mitigation measures need to be implemented to support the proposed project. Thus, even though some additional short-term well drilling noise will be generated, it is not forecast to cause a significant cumulative noise impact. No significant adverse direct or cumulative noise impact will result from implementing the proposed project.

Population, Land Use and Planning: The proposed project change has no potential to cause physical changes in population, land use and planning since no new population will be generated and land uses will remain exactly the same after either the approved or proposed project is implemented.

c) *ADVERSE IMPACTS ON HUMANS: Does the project have environmental effects on human beings, either directly or indirectly?*

Less than Significant Impact/No Changes or No New Information Requiring Preparation of an EIR. The OBMP PEIR identified those issues which may potentially impact human beings. These issues include: geology/soils, air quality, noise, hazards and aesthetics. While the proposed project will result in the installation of two test wells and two new monitoring wells, implementation of the proposed project is not forecast to create or result in significant direct environmental impacts on humans, beyond that identified and addressed in the OBMP PEIR. This conclusion is based on the following substantiation:

Geology and Soils: Major geology and soil constraints were identified within the Chino Basin; however, mitigation was identified to control seismic hazards, subsidence hazards and liquefaction hazards. Based on the lack of any habitable structures being installed as part of this project, the potential for real geotechnical hazards to affect the proposed project is very low regardless of the mitigation. The well testing does not have a potential to cause a substantial decline in the groundwater level beneath the well sites. Thus, the impact is directly comparable under the proposed project to that forecast in the OBMP PEIR. No additional adverse direct geology/soil effects on humans will result from implementing the proposed project.

Air Quality: The project short-term well drilling emissions were concluded to be less than significant with implementation of mitigation measures. No long-term operational emissions will result from implementation of this specific project. The daily impact from well drilling is directly comparable that forecast in the OBMP PEIR. No additional significant adverse direct or cumulative air quality effects will result from implementing the proposed project.

Noise: Noise will be generated by construction activities. The location of the proposed test and monitoring wells within an industrial area eliminates the potential for adverse noise impacts and the implementation of noise mitigation measures will not be required. Thus, the implementation of this proposed project has no potential to cause a significant increase in either construction or operational noise levels that would harm humans.

Hazards and Hazardous Materials: The only hazards associated with the adopted project in the OBMP PEIR is a potential to accidentally spill hazardous materials during construction. The same hazard applies to the proposed project. Mitigation has been incorporated into the SWPPP to control any accidentally released hazardous substances during construction and the potential health hazards such substances could pose when released into the environment will be effectively controlled. No additional significant adverse direct hazard effects on humans will result from implementing the proposed project.

Recreation: The project would not adversely affect the use of neighborhood or regional parks or recreation facilities as no such facilities occur at or in the vicinity of the proposed project.

Aesthetics: The well drilling activities will occur over the short-term, but over the long-term no visual changes will affect the existing visual setting. The visual setting of the test and monitoring well sites is that of an industrial area and this visual setting will not be noticeably altered from implementation of the proposed project. The implementation of the proposed project is not forecast to substantially alter any scenic views or create negative aesthetic effects compared to the existing visual setting. Thus, both the adopted and proposed project aesthetic impacts will be non-significant without mitigation. No additional adverse aesthetic effects to humans will result from implementing the proposed project.

5.0 CONCLUSION

The earlier analyses from the OBMP PEIR were used as a basis for compiling this analysis, updated with current information from sources cited and referenced. It is the conclusion of this Addendum that the potential adverse environmental impacts from implementation of the proposed project, as described in Sections 2 and 3 of this document, will not be significantly greater than those identified for the approved Optimum Basin Management Program projects as portrayed in the Final OBMP PEIR. There are no new significant impacts that result from the project that were not previously disclosed and no new circumstances occur at the selected test and monitoring well locations that would change previous conclusions in the OBMP PEIR regarding adverse environmental impacts. This Addendum provides an update of the general projects identified in the OBMP with specific locations for test wells to support the goals of hydraulic control and production of potable water from high TDS groundwater within the Chino Basin.

This Addendum provides the Agency with the information substantiating the conclusion that the installation of the two test wells and two monitoring wells at the new proposed locations will not cause substantial physical changes in the environment which would require preparation and processing of a follow-on or second tier negative declaration or an environmental impact report. Such documentation would only be required due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects on the original project. This determination allows for the use of an Addendum in accordance with Section 15164(a) of the State CEQA Guidelines.

Pursuant to CEQA Section 15164, the Final OBMP PEIR, as updated with this Addendum, can be relied upon for documentation of the effects of the modified project on the environment encom-

passed by the test and monitoring wells project. Because the changes in the project do not exceed the thresholds outlined in Sections 15162 and 15164 of the State CEQA Guidelines, no further analysis of the environmental impacts of the project is required in a follow-on Negative Declaration or Supplemental/Subsequent EIR. Based on all of the data presented above, it is recommended that the proposed project be processed as an Addendum to the certified OBMP PEIR. Implementation of the proposed second-tier project does not alter the conclusions contained in the OBMP PEIR document. The analysis presented above of the changes and additions to the adopted project in the OBMP PEIR justify the issuance of an Addendum to the PEIR.

This Addendum to the OBMP PEIR includes the changes or additions necessary to make the adopted PEIR adequate under CEQA for the proposed project modifications. This Addendum incorporates the adopted OBMP PEIR, this document and all staff reports and information submitted to the decision-makers regarding environmental issues affected by the proposed installation of the test and monitoring wells as part of Phase 3 of the Chino Basin Desalter program. This Addendum is intended as an additional information document to provide decision-makers and others, as appropriate, with an objective assessment of potential environmental impacts associated with the revisions to the OBMP project evaluated in the OBMP PEIR.

6.0 REVIEW AUTHORITY

The IEUA serves as the CEQA lead agency for this project. It is recommended that an Addendum be adopted as the appropriate CEQA environmental determination for the Chino Desalter Phase 3 Project, test and monitoring wells project component at the locations evaluated in this document.

7.0 CERTIFICATION

Richard Atwater, General Manager
Inland Empire Utilities Agency

8.0 REFERENCES

- A. Tom Dodson & Associates. Final Program Environmental Impact Report for the Facilities Master Plans. SCH#2002011116. July 2002.

FIGURES

FIGURE 1
Major Faults in the Chino Basin and Surrounding Areas



FIGURE 2
Test Well #1 Monitoring Well #1 Site Location

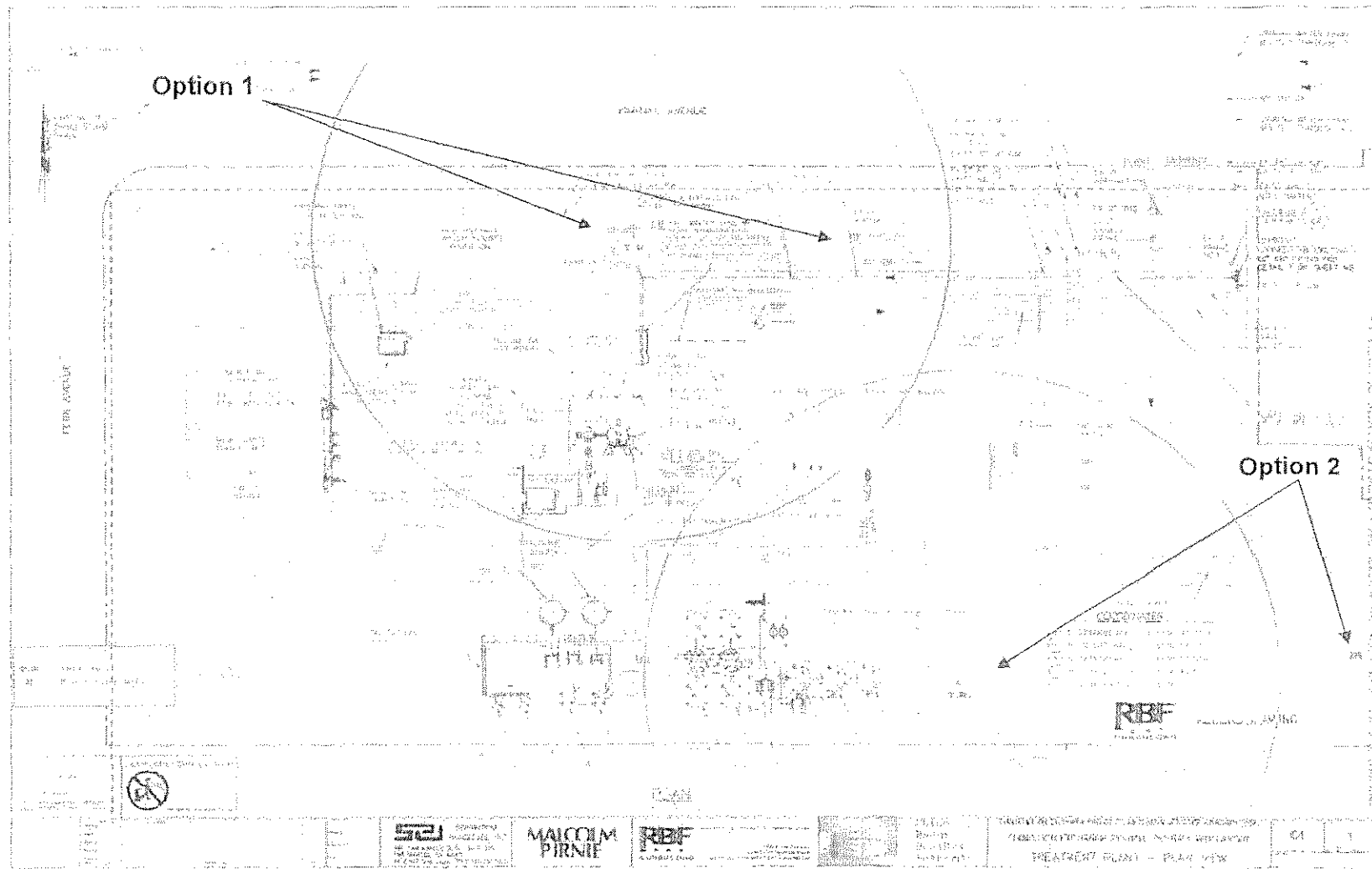
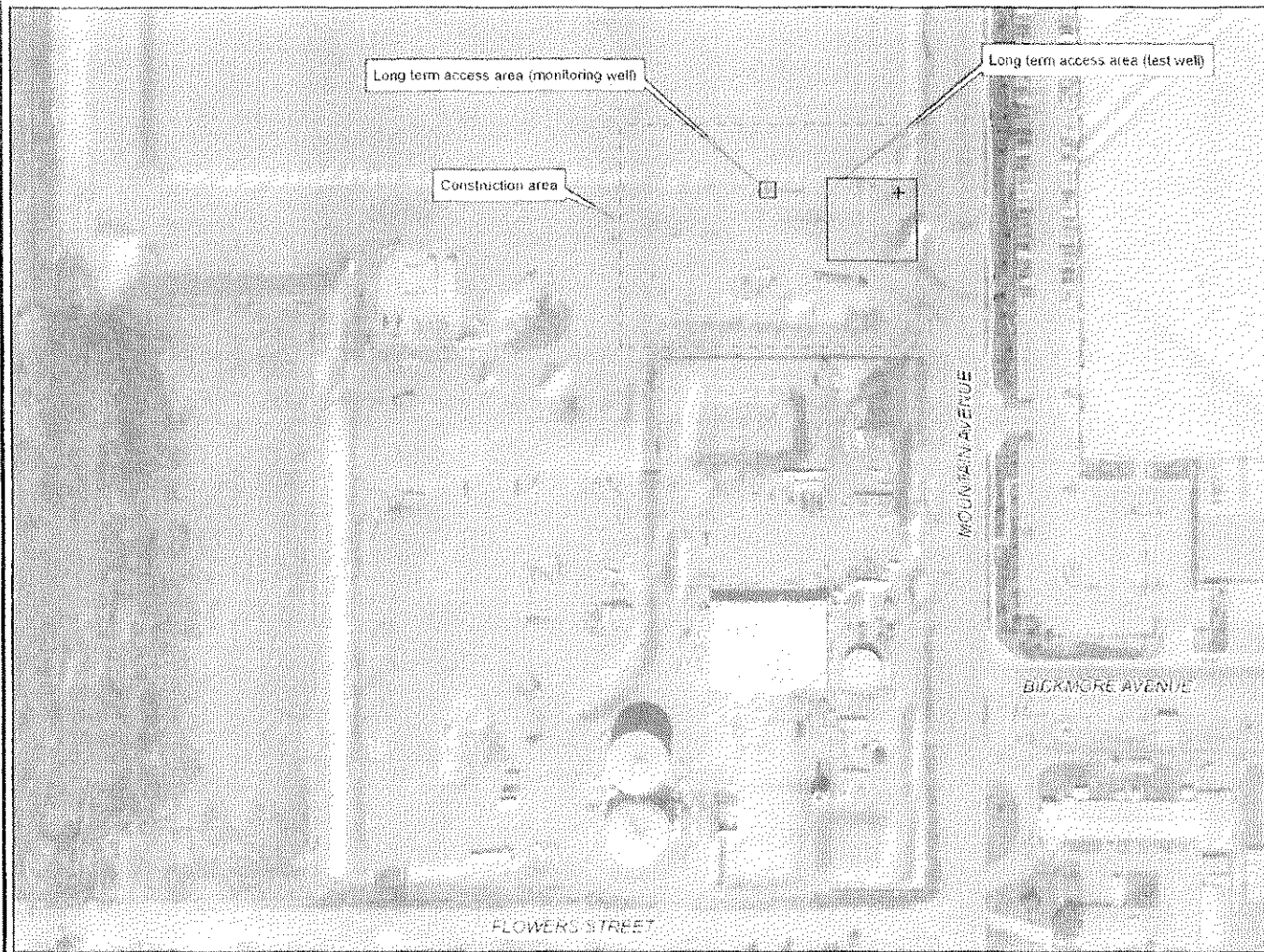
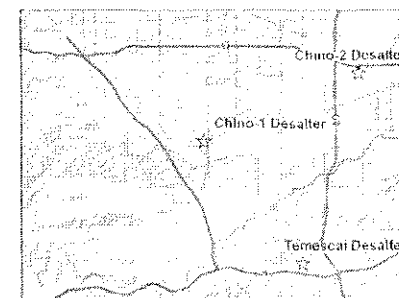


FIGURE 3
Test Well #2 Monitoring Well #2 Site Location



- Main Features**
- ⊕ Monitoring Well
 - + Production Well



Produced by
WILDERMUTH
 ENVIRONMENTAL, INC.
 4912 Rainbow Drive
 San Jose, CA 95128
 Tel: 408.261.1000

April 2010
 Date: 7/25/10
 Rev: 000-001, 001/01



Inland Empire
 CHINA CREEK
 Chino Basin Watermaster
 CBWP Implementation

Chino Creek Desalter Test Wells
 RPS Test and Monitoring Wells

Exhibit “B”

**INLAND EMPIRE UTILITIES AGENCY
NOTICE OF DETERMINATION**

To: San Bernardino County
Clerk of the Board
385 North Arrowhead Avenue
San Bernardino, CA 92415

From: Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, CA 91710

and

Office of Planning and Research
State Clearinghouse
1400 Tenth Street
Sacramento, CA 95814

Subject: Filing of Notice of Determination in compliance with Section 21108 or 21152 of the Public Resources Code.

Test Wells Project in Support of Phase 3 Chino Desalter Project
Project Title

SCH#2000041047	Mr. Richard Atwater Chief Exec. Officer and General Manager	(909) 357-0241
State Clearinghouse Number	Lead Agency Contact Person	Telephone Number

Project Location

For this project the two test well locations, with associated monitoring wells, are proposed to be located in the southwestern portion of the Chino Basin. One test well is proposed to be installed on the Chino Desalter 1 facility site, which is located on the south side of Kimball Avenue and between Euclid Avenue and Fern Avenue. The second test well location is proposed to be located in the southern portion of the Regional Plant No. 5 (RP-5) facility site, west of Mountain Avenue and north of and adjacent to the RP-5 energy facilities, which is located at the northwest corner of the intersection of Mountain and Flowers Street.


Project Description

The specific project being considered in this document is the drilling of two test wells to assess the ability to extract groundwater in the lower Chino Basin in quantities sufficient to achieve hydraulic control and at a location where hydraulic control of the lower Basin can be achieved. There will be no long-term production from these wells without further environmental review, as they will be drilled, tested and then the data acquired from the testing will be used to site the new wells required to achieve hydraulic control and to provide approximately 10 MGD of high-TDS groundwater for treatment by a desalter.

This is to advise that the Inland Empire Utilities Agency has approved the above described project on June 11, 2008 and has made the following determinations regarding the above described project:

1. The project [] will [] will not] have a significant effect on the environment.
2. An evaluation was prepared for this project, and the Agency determined that implementing the project will not cause any significant adverse environmental impacts. The IEUA concluded that the proposed project impacts fall within the scope of the previously adopted Optimum Basin Management Program Program Environmental Impact Report and the Agency Board concluded that an Addendum is the appropriate environmental determination for this modified project.
3. All of the pertinent mitigation measures identified in the Program EIR were made conditions of approval for the project.

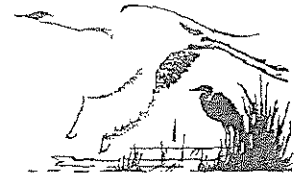
This is to certify that the evaluation and record of project approval are available to the general public at the Inland Empire Utilities Agency office in Chino at the location referenced above.

 GENERAL MANAGER JUNE 18, 2008
Signature Title Date

Date received for filing:

Exhibit "C"

TOM DODSON & ASSOCIATES
2150 N. ARROWHEAD AVENUE
SAN BERNARDINO, CA 92405
TEL (909) 882-3612 • FAX (909) 882-7015
E-MAIL tda@tstonramp.com



May 4, 2008

Mr. Richard Atwater
Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, CA 91710

Dear Rich:

I have been holding off sending a proposal to provide the environmental document for compliance with the Basin Reoperation/Peace II Program until the process clarified itself. After last week I believe we have a fairly firm understanding of the future process for complying with the California Environmental Quality Act (CEQA). The proposal that follows describes the approach I believe is needed to comply with CEQA for the next phase of the OBMP. Based on our discussions with the Watermaster and other stakeholders, I believe that this project should not be carried out under TDA's existing Inland Empire Utilities Agency (IEUA) general contract because the cost will utilize too much of the remaining dollars required to meet other IEUA environmental requirements. I suggest that we establish a separate contract for Board approval to be funded by the Watermaster, assuming that is acceptable to all parties.

My proposal follows.

Scope of Work

- Task 1:** Utilizing the initial project description compiled for the 2007 Amendment to the Chino Basin OBMP, I will finalize a project description for approval by stakeholders.
- Task2:** As we discussed at our last meeting, my approach to complying with CEQA for this action is to prepare a subsequent environmental impact report (SEIR) to the 2000 OBMP PEIR. After completing Task 1, it is my intent to initiate the process by preparing an Initial Study that will narrow the focus on the potentially significant adverse impacts. This will be done by comparing each of the environmental issues in the OBMP PEIR with current conditions. Where conditions have changed, for example new hydrology data or new air quality data, the issue would be examined in the SEIR. Where issues have not changed since the certification of the OBMP PEIR, for example cultural resources, these issues would not be carried forward to the PEIR for analysis, but disposed of in the Initial Study.

Task 3: Once the Initial Study is completed and accepted by the stakeholders, a Notice of Preparation (NOP) will be distributed for public review. During the NOP review period, the draft SEIR will be under preparation. Whatever the focus of the SEIR, the issues requiring analysis will be evaluated and characterized in the document. Any technical studies would be completed during this period and an internal review draft SEIR would produced for review by the stakeholders.

Task 4: Once the Draft SEIR is finalized, we would then process the SEIR until a final document is ready to be certified by the IEUA Board. This would complete the CEQA review process.

I anticipate 6-8 months to complete the process, although it could be completed more rapidly if absolutely necessary. Six to eight months is a reasonable schedule.

For budget, I have estimated the costs for each task as follows, including all publishing of documents, but excluding any hydrology technical studies. The estimated fees are:

Task 1:	\$5,500
Task 2:	\$14,500
Task 3:	\$23,500, excludes any extraordinary technical studies
Task 4:	\$19,500
Total:	\$63,000

I can provide more detail if needed, but I believe the above cost estimate is appropriate for the type of environmental document, the number of meetings, the required number of copies of the document, and the completion and distribution of the Final EIR. Should you have any questions, please contact me. Otherwise, if you need me to attend a Board meeting to consider this proposal, please let me know. As always, thank you for allowing my firm to assist the Agency in implementing so many exciting programs.



Tom Dodson

Exhibit “D”

AGREEMENT BETWEEN CHINO BASIN WATERMASTER AND INLAND EMPIRE UTILITIES AGENCY REGARDING REIMBURSEMENT OF CEQA ANALYSIS COST

WHEREAS Chino Basin Watermaster ("Watermaster") and Inland Empire Utilities Agency ("IEUA") are co-permittees with regard to the recycled water permits for the Chino Basin and share the obligations with regard to the maximum benefit standards under the Regional Water Quality Control Board's ("RWQCB") Basin Plans Amendments. (RWQCB Orders 2003-0003 and 2005-0003 and Resolution 2004-0001.)

WHEREAS the Basin Plan Amendments require that Hydraulic Control be achieved in the Chino Basin.

WHEREAS the Peace II Agreement generally describes a process through which Hydraulic Control will be attained by implementing the program known as Basin Re-Operation.

WHEREAS as a component of the desalter expansion plans, the Chino Creek wellfield will be constructed which will aid in the achievement of Hydraulic Control.

WHEREAS the proposed project description regarding the design, permitting, construction and operation of the desalter expansion, securing Hydraulic Control through Basin Re-Operation is set forth in Attachment "A" to Watermaster Resolution 07-05 and attached as Exhibit "1" to the Peace II Agreement.

WHEREAS the Peace II Agreement section 2.2 acknowledges that IEUA has been properly designated as the Lead Agency for the purposes of completing the environmental assessment and review of the proposed project.

NOW THEREFORE IT IS AGREED THAT:

1. IEUA shall retain Tom Dodson & Associates to perform the environmental assessment and review under the California Environmental Quality Act ("CEQA") as specified in the Peace II Agreement and as described in Tom Dodson & Associates' proposed scope of work for such analysis dated May 4, 2008, which is attached to this Agreement as Exhibit "A."
2. IEUA shall insure that Tom Dodson & Associates invoices IEUA separately for all work performed pursuant to the scope of work or for the above referenced analysis.
3. Upon submittal of such invoices to Watermaster, Watermaster shall reimburse IEUA for the actual cost of the CEQA analysis performed by Tom Dodson & Associates. Under this Agreement, Watermaster shall only be responsible to reimburse IEUA for the actual amounts of the Tom Dodson & Associates invoices.
4. If the costs of the CEQA analysis exceed the estimate in the scope of work attached hereto as Exhibit "A" by 20% (a not to exceed amount of \$75,600), Watermaster shall have the option of renegotiating or terminating this Agreement with 30 days notice to IEUA.



For CHINO BASIN WATERMASTER



For INLAND EMPIRE UTILITIES AGENCY

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, 9641 San Bernardino Road, Rancho Cucamonga, California 91730; telephone (909) 484-3888.

On August 15, 2008 I served the following:

- 1) **IEUA'S AND WMWD'S RESPONSE TO COMMENTS OF SPECIAL REFEREE ON WATERMASTER COMPLIANCE WITH DECEMBER 21, 2007 ORDER CONDITIONS 1 THROUGH 6; MOTION TO RECEIVE AND FILE WATERMASTER'S THIRTIETH ANNUAL REPORT AND STATUS REPORT FOR 2007-2 AND MOTIONS FOR INTERVENTION; DECLARATION OF RICHARD W. ATWATER**

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 August 15, 2008 in Rancho Cucamonga, California.



Janine Wilson
Chino Basin Watermaster

RICHARD ANDERSON
1365 W. FOOTHILL BLVD
SUITE 1
UPLAND, CA 91786

RODNEY BAKER
COUNSEL FOR EGGWEST &
JOHNSON
PO BOX 438
COULTERVILLE, CA 95311-0438

WILLIAM P. CURLEY
PO BOX 1059
BREA, CA 92882-1059

CRAIG STEWART
GEOMATRIX CONSULTANTS INC
510 SUPERIOR AVE, SUITE 200
NEWPORT BEACH, CA 92663

LEAGUE OF CA HOMEOWNERS
ATTN: KEN WILLIS
99 "C" STREET, SUITE 209
UPLAND, CA 91786

CHARLES FIELD
4415 FIFTH STREET
RIVERSIDE, CA 92501

CARL HAUGE
SWRCB
PO BOX 942836
SACRAMENTO, CA 94236-0001

DAVID SCRIVEN
KRIEGER & STEWART
ENGINEERING
3602 UNIVERSITY AVE
RIVERSIDE, CA 92501

DAN FRALEY
HERMAN G. STARK YOUTH
CORRECTIONAL FACILITY
15180 S EUCLID
CHINO, CA 91710

DAVID B. COSGROVE
RUTAN & TUCKER
611 ANTON BLVD
SUITE 1400
COSTA MESA, CA 92626

PAUL HOFER
11248 S TURNER AVE
ONTARIO, CA 91761

JOE DELGADO
BOYS REPUBLIC
3493 GRAND AVENUE
CHINO HILLS, CA 91709

GLEN DURRINGTON
5512 FRANCIS ST
CHINO, CA 91710

DICK DYKSTRA
10129 SCHAEFER
ONTARIO, CA 91761-7973

RALPH FRANK
25345 AVENUE STANFORD, STE 208
VALENCIA, CA 91355

CARL FREEMAN
L.D. KING
2151 CONVENTION CENTRE WAY
ONTARIO, CA 91764

BOB BEST
NAT'L RESOURCE CONS SVCS
25864 BUSINESS CENTER DR K
REDLANDS, CA 92374

JIM GALLAGHER
SOUTHERN CALIFORNIA WATER CO
2143 CONVENTION CENTER WAY
SUITE 110
ONTARIO, CA 91764

DON GALLEANO
4220 WINEVILLE RD
MIRA LOMA, CA 91752-1412

PETER HETTINGA
14244 ANON CT
CHINO, CA 91710

PETE HALL
PO BOX 519
TWIN PEAKS, CA 92391

MANUEL CARRILLO
CONSULTANT TO SENATOR SOTO
822 N EUCLID AVE, SUITE A
ONTARIO, CA 91762

KRONICK ET AL
KRONICK MOSKOVITZ TIEDEMANN
& GIRARD
400 CAPITOL MALL, 27TH FLOOR
SACRAMENTO, CA 95814-4417

RONALD LA BRUCHERIE
12953 S BAKER AVE
ONTARIO, CA 91761-7903

JOEL KUPERBERG
OCWD GENERAL COUNSEL
RUTAN & TUCKER, LLP
611 ANTON BLVD., 14TH FLOOR
COSTA MESA, CA 92626-1931

ANNESLEY IGNATIUS
COUNTY OF SAN BERNARDINO FCD
825 E 3RD ST
SAN BERNARDINO, CA 92415-0835

W. C. "BILL" KRUGER
CITY OF CHINO HILLS
2001 GRAND AVE
CHINO HILLS, CA 91709

STEVE ARBELBIDE
417 PONDEROSA TR
CALIMESA, CA 92320

ROBERT BOWCOCK
INTEGRATED RESOURCES MGMNT
405 N. INDIAN HILL BLVD
CLAREMONT, CA 91711-4724

JOHN ANDERSON
12475 CEDAR AVENUE
CHINO, CA 91710

SWRCB
PO BOX 2000
SACRAMENTO, CA 95809-2000

SENATOR NELL SOTO
STATE CAPITOL
ROOM NO 4066
SACRAMENTO, CA 95814

JOHN THORNTON
PSOMAS AND ASSOCIATES
3187 RED HILL AVE, SUITE 250
COSTA MESA, CA 92626

ALAN MARKS
COUNSEL – COUNTY OF SAN
BERNARDINO
157 W 5TH STREET
SAN BERNARDINO, CA 92415

JIM BOWMAN
CITY OF ONTARIO
303 EAST "B" STREET
ONTARIO, CA 91764

BOB KUHN
669 HUNTERS TRAIL
GLEN DORA, CA 91740

GEOFFREY VANDEN HEUVEL
CBWM BOARD MEMBER
8315 MERRILL AVENUE
CHINO, CA 91710

BRIAN GEYER
DIRECTOR OF TRACK ADMIN
CALIFORNIA SPEEDWAY
PO BOX 9300
FONTANA, CA 92334-9300

MICHAEL THIES
SPACE CENTER MIRA LOMA INC
3401 S ETIWANDA AVE, BLDG 503
MIRA LOMA, CA 91752-1126

JAMES CURATOLO
CVWD
PO BOX 638
RANCHO CUCAMONGA, CA
91729-0638

Members:

Al Lopez	lopezsixto@netzero.net
Alfred E. Smith	asmith@nossaman.com
Amy Steinfeld	asteinfeld@bhfs.com
Andy Malone	amalone@wildermuthenvironmental.com
Anne Schneider	ajs@eslawfirm.com
Anthony La	ala@ci.upland.ca.us
April Woodruff	awoodruff@ieua.org
Arnold Rodriguez	jarodriguez@sarwc.com
Art Kidman	akidman@mkblawyers.com
Ashok K. Dhingra	ashok.dhingra@m-e.aecom.com
Barbara Swanson	Barbara_Swanson@yahoo.com
Bill Dendy	bdendy@aol.com
Bill Kruger	citycouncil@chinohills.org
Bill Rice	WRice@waterboards.ca.gov
Bill Thompson	bthompson@ci.norco.ca.us
Bob Feenstra	feenstra@agconceptsinc.com
Bob Kuhn	bgkuhn@aol.com
Bonnie Tazza	bonniet@cvwdwater.com
Brenda Fowler	balee@fontanawater.com
Brian Hess	bhess@niagarawater.com
Butch Araiza	butcharaiza@mindspring.com
Carol	marie@tragerlaw.com
Carol Davis	cdavis@lagerlof.com
Charles Field	cdfield@att.net
Charles Moorrees	cmoorrees@sawaterco.com
Chris Swanberg	chris.swanberg@corr.ca.gov
Cindy LaCamera	clacamera@mwdh2o.com
Craig Stewart	cstewart@geomatrix.com
Curtis Aaron	caaron@fontana.org
Cyndi Windell	cynthia.windell@sce.com
Dan Arrighi	darrighi@sgvwater.com
Dan Hostetler	dghostetler@csupomona.edu
Dan McKinney	dmckinney@rhlaw.com
Dave Argo	argodg@bv.com
Dave Crosley	DCrosley@cityofchino.org
David B. Anderson	danders@water.ca.gov
David D DeJesus	davidcicgm@aol.com
David D DeJesus (TVMWDDIV2REP@gmail.com)	TVMWDDIV2REP@gmail.com
David Ringel	david.j.ringel@us.mwhglobal.com
Dennis Dooley	ddooley@angelica.com
Diane Sanchez	dianes@water.ca.gov
Don Galleano	donald@galleanowinery.com
Duffy Blau	Duffy954@aol.com
Eldon Horst	ehorst@jcsd.us
Eric Garner	elgarner@bbklaw.com
Eunice Ulloa	eulloa@cbwcd.org
Frank Brommenschenkel	frank.brommen@verizon.net
Fred Fudacz	ffudacz@nossaman.com
Fred Lantz	flantz@ci.burbank.ca.us
Gene Koopman	GTKoopman@aol.com
Geoffrey Vanden Heuvel	GeoffreyVH@juno.com
Gerard Thibeault	gthibeault@rb8.swrcb.ca.gov
Gerry Foote	gfoote@cbwcd.org
Grace Cabrera	grace_cabrera@ci.pomona.ca.us
Greg Woodside	gwoodside@ocwd.com
Henry Pepper	henry_pepper@ci.pomona.ca.us
James Curatalo	jamesc@cvwdwater.com
James Jenkins	cnomgr@airports.sbcounty.gov
James P. Morris	jpmorris@bbklaw.com
Janine Wilson	jwilson@cbwm.org
Jarlath Oley	joley@mwdh2o.com

Jean Cihigoyenetché
jeeinc@aol.com
Jeff Pierson
Jennifer Novak
Jerry King
Jess Senecal
Jill Willis
Jim Hill
Jim Markman
Jim Taylor
Jim@city-attorney.com
jimmy@city-attorney.com
Joe P LeClaire
Joe Scalmanini
John Anderson
John Ayers
John Bosler
John Cotti
John Huitsing
John Schatz
John V. Rossi
John Vega
Jose Galindo
Joseph S. Aklufi
Judy Schurr
Justin Brokaw
Kathy Kunysz
Kathy Tiegs
Ken Jeske
Ken Kules
Kenneth Willis
Kevin Sage
Kyle Snay
Lisa Hamilton
Mark Hensley
Martin Zvirbulis
Robert Bowcock

Jean_CGC@hotmail.com
jeeinc@aol.com
jpierson@unitexcorp.com
jennifer.novak@doj.ca.gov
jking@psomas.com
JessSenecal@lagerlof.com
jnwillis@bbklaw.com
jhill@cityofchino.org
jmarkman@rwglaw.com
jim_taylor@ci.pomona.ca.us
Jim@city-attorney.com
jimmy@city-attorney.com
jleclaire@wildermuthenvironmental.com
jscal@lsce.com
janderson@ieua.org
jayers@sunkistgrowers.com
JohnBo@cvwdwater.com
jcotti@localgovlaw.com
johnhuitsing@gmail.com
jschatz13@cox.net
jrossi@wmwd.com
johnv@cvwdwater.com
jose_a_galindo@praxair.com
AandWLaw@aol.com
jschurr@courts.sbcounty.gov
jbrokaw@hughes.net
kkunysz@mwdh2o.com
ktiegs@ieua.org
kjeske@ci.ontario.ca.us
kkules@mwdh2o.com
kwillis@homeowners.org
Ksage@IRMwater.com
kylesnay@gswater.com
Lisa.Hamilton@corporate.ge.com
mhensley@localgovlaw.com
martinz@cvwdwater.com
bbowcock@irmwater.com

Members:

Manuel Carrillo	Manuel.Carrillo@SEN.CA.GOV
Mark Kinsey	mkinsey@mvwd.org
Mark Ward	mark_ward@ameron-intl.com
Mark Wildermuth	mwildermuth@wildermuthenvironmental.com
Martha Davis	mdavis@ieua.org
Martin Rauch	martin@rauchcc.com
Martin Zvirbulis	martinz@cvwdwater.com
Maynard Lenhert	directorlenhert@mvwd.org
Michael T Fife	MFife@bhfs.com
Michelle Staples	mstaples@jdplaw.com
Mike Del Santo	mdelsanto@prologis.com
Mike Maestas	mmaestas@chinohills.org
Mike McGraw	mjm McGraw@FontanaWater.com
Mike Thies	mthies@spacecenterinc.com
Mohamed El-Amamy	melamamy@ci.ontario.ca.us
Nathan deBoom	n8deboom@gmail.com
Pam Wilson	pwilson@bhfs.com
Paul Deutsch	pdeutsch@geomatrix.com
Paul Hofer	farmwatchtoo@aol.com
Paul Lacroix	placroix@reliant.com
Pete Hall	r.pete.hall@cdcr.ca.gov
Peter Hettinga	peterhettinga@yahoo.com
Phil Krause	pkrause@parks.sbcounty.gov
Phil Rosenberg	prosenberg@hargis.com
Rachel R Robledo	rrobledo@bhfs.com
Raul Garibay	raul_garibay@ci.pomona.ca.us
Richard Atwater	Atwater@ieua.org
Rick Hansen	rhansen@tvmwd.com
Rick Rees	rrees@geomatrix.com
Rita Kurth	ritak@cvwdwater.com
Robert Bowcock	rbowcock@irmwater.com
Robert Cayce	rcayce@airports.sbcounty.gov
Robert DeLoach	robertd@cvwdwater.com
Robert Rauch	robert.rauchcc@verizon.net
Robert Tock	rtock@jcsd.us
Robert W. Nicholson	rwnicholson@sgwwater.com
Robert Young	rkyoung@fontanawater.com
Roger Florio	roger.florio@ge.com
Ron Craig	RonC@rbf.com
Rosemary Hoerning	rhoerning@ci.upland.ca.us
Sam Fuller	samf@sbsvmwd.com
Sandra S. Rose	directorrose@mvwd.org
Sandy Lopez	slopez@ci.ontario.ca.us
Scott Burton	sburton@ci.ontario.ca.us
smt@tragerlaw.com	smt@tragerlaw.com
sorr@rwglaw.com	sorr@rwglaw.com
Steve Arbelbide	sarbelbide@californiasteel.com
Steve Kennedy	skennedy@bbmblaw.com
Steven K. Beckett	skbeckett@bbmblaw.com
Steven Lee	slee@rhlaw.com
Tej Pahwa	tpahwa@dtsc.ca.gov
Terry Catlin	ticatlin@verizon.net
Timothy Ryan	tjryan@sgwwater.com
Tom Bunn	TomBunn@Lagerlof.com
Tom Love	TLove@ieua.org
Tom McPeters	THMcP@aol.com
Tony Banages	tbanegas@sunkistgrowers.com
Tracy Tracy	ttracy@mvwd.org
Tram Tran	ttran@mkblawyers.com
Vanessa Hampton	vhampton@jcsd.us
WM Admin Staff	