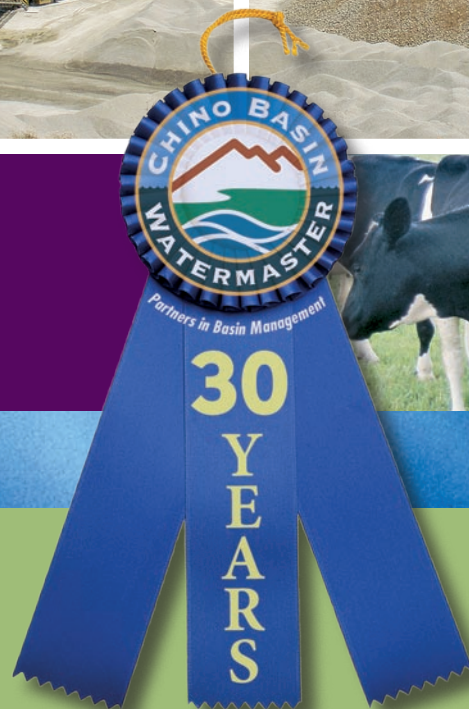
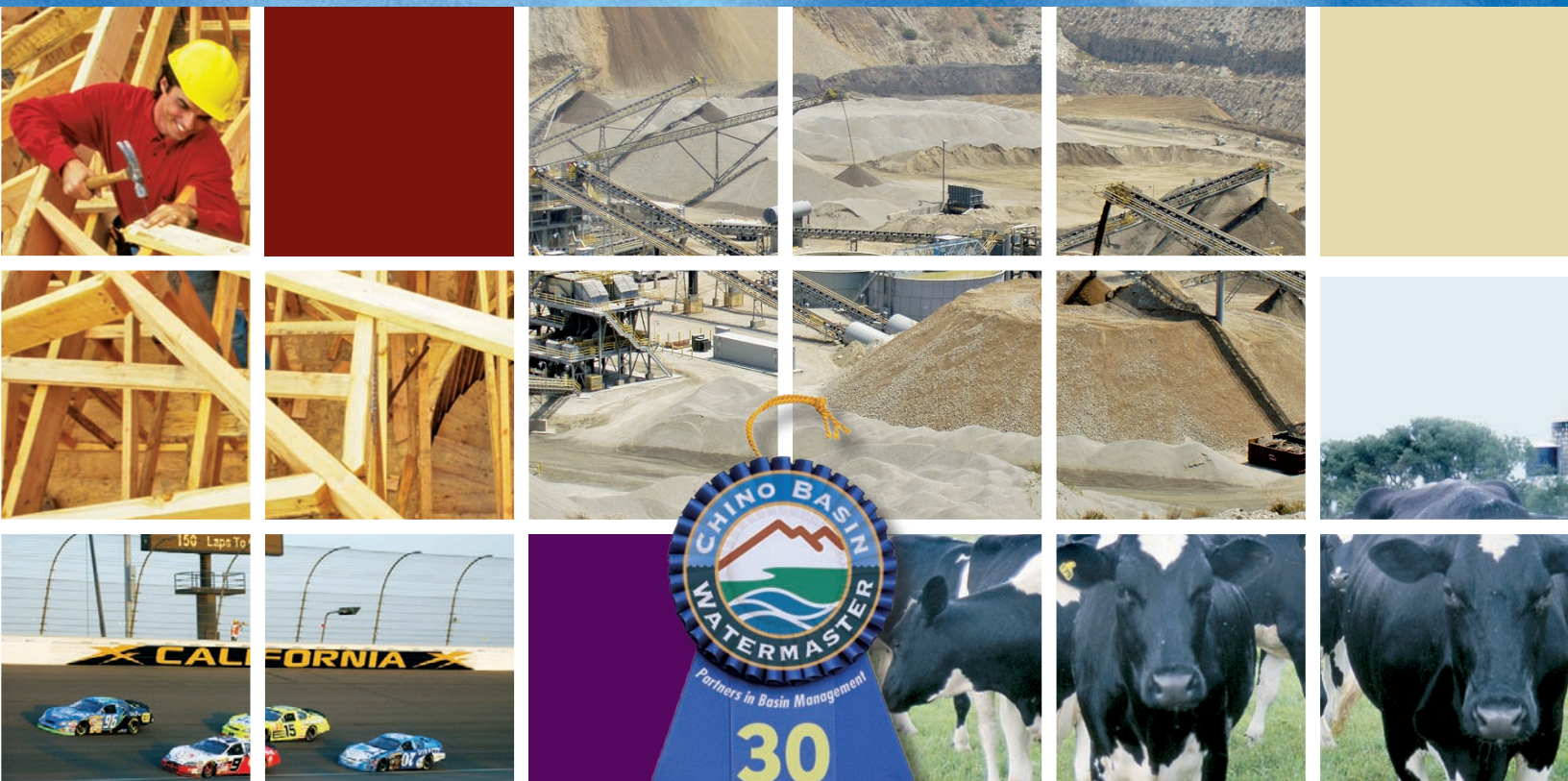




# Chino Basin Watermaster THIRTIETH ANNUAL REPORT

Fiscal Year 2006-07



WORKING TOGETHER TO MAXIMIZE THE BENEFITS OF CHINO BASIN

# CELEBRATING THIRTY YEARS OF PARTNERSHIP

## Looking to the Future

Watermaster was founded on the truism that nothing is more important to effective groundwater management than effective collaboration between the many involved parties.

Perhaps the most important achievement of 2006-2007 is the progress toward achieving a Peace II Agreement that, when completed, will set the framework for future impressive improvements in long-term water supplies and lower costs.

Notable progress was made in 2006-2007 toward cleanup of the remaining groundwater contaminant plumes, and progress will continue until they are all fully remediated.

Improvements have been finished in most of the recharge basin facilities, allowing for greater capture of stormwater, imported water, and reclaimed water.

Recent growth trends in the region have been slower than previously estimated. This gives Watermaster and its stakeholders some breathing room as we work to deal with long-term water supply and quality issues. But the challenges and opportunities remain great.

The bottom line as we look to the future: Watermaster will be increasingly effective at enhancing water supplies and lowering long-term water costs below what they otherwise would be, while protecting and enhancing water quality.

Kenneth R. Manning  
CEO, Chino Basin Watermaster

## THIRTY YEARS OF PARTNERSHIP BRINGS SUCCESS

2006-2007 was the driest year on record for our region, yet there was no crisis in our water supply. This achievement was made possible to a great degree due to the successful partnership of agricultural, municipal and business leaders that form Chino Basin Watermaster.

# WATERMASTER REPRESENTS STAKEHOLDERS

## ***From Disagreement and Litigation to Cooperation***

In decades past, Chino Basin exemplified the traditional view that “water is for fighting.” Various interest groups—agricultural, commercial, industrial and municipal—competed, disagreed and litigated over water issues.

By the early 1970s, progress had been made towards a more cooperative approach, and in 1974 a Memorandum of Agreement was adopted by the involved parties.

The State gave support to this effort in 1975 by authorizing an assessment of \$2 per acre-foot for three years to finance development of a water plan for the Chino Groundwater Basin.

## **FORMATION OF WATERMASTER**

Chino Basin Watermaster was formed in 1978 by a Judgment of the San Bernardino County Superior Court. Originally, its Board consisted of the Chino Basin Municipal Water District (now Inland Empire Utilities Agency). Three Pool Committees were formed, representing the major stakeholder groups:

- Overlying Agricultural Pool Committee, representing dairymen, farmers and the State of California;
- Overlying Non-Agricultural Pool Committee, representing industrial and commercial businesses;
- Appropriative Pool Committee, representing local cities, public water districts, and private water companies.

Representatives of the Pools participate in an Advisory Committee. Working committees were formed to analyze and make recommendations on specific challenges facing the Basin. Studies were conducted in areas such as engineering, legal and groundwater modeling. Safe yield and socio-economic studies were also carried out to develop an agreement on the allocation of producer water rights.

## **CHANGES LEAD TO STRONGER GOVERNANCE**

Later, the Advisory Committee requested that the Court appoint a new, independent nine-member Watermaster Board, which was formed in 1998. The Court also ordered development and implementation of a comprehensive Optimum Basin Management Plan (OBMP), requiring a variety of progress reports to be submitted to the Court and the major parties at specific intervals.

*The Board of Directors.*



## ***Peace Agreement Cements a New Collaborative Era in Basin Governance***

*In 2000, a Court-approved arrangement for managing and financing the Optimum Basin Management Plan was agreed upon. This Peace Agreement formalized and made permanent the Watermaster governance structure and made possible a whole new level of cooperation and progress in the Basin. A refinement and deepening of the original Agreement, called Peace II, is currently nearing completion.*

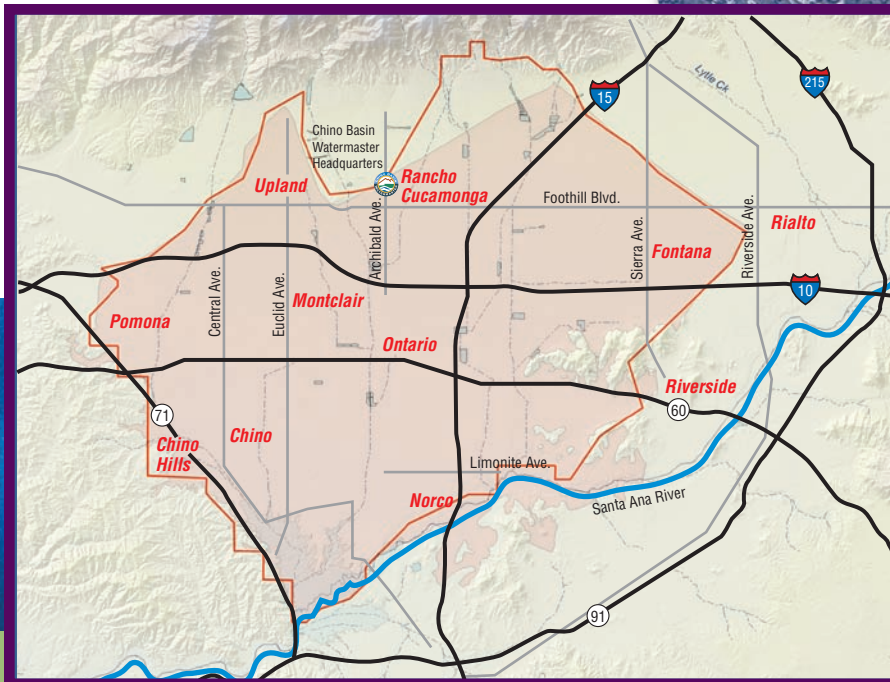
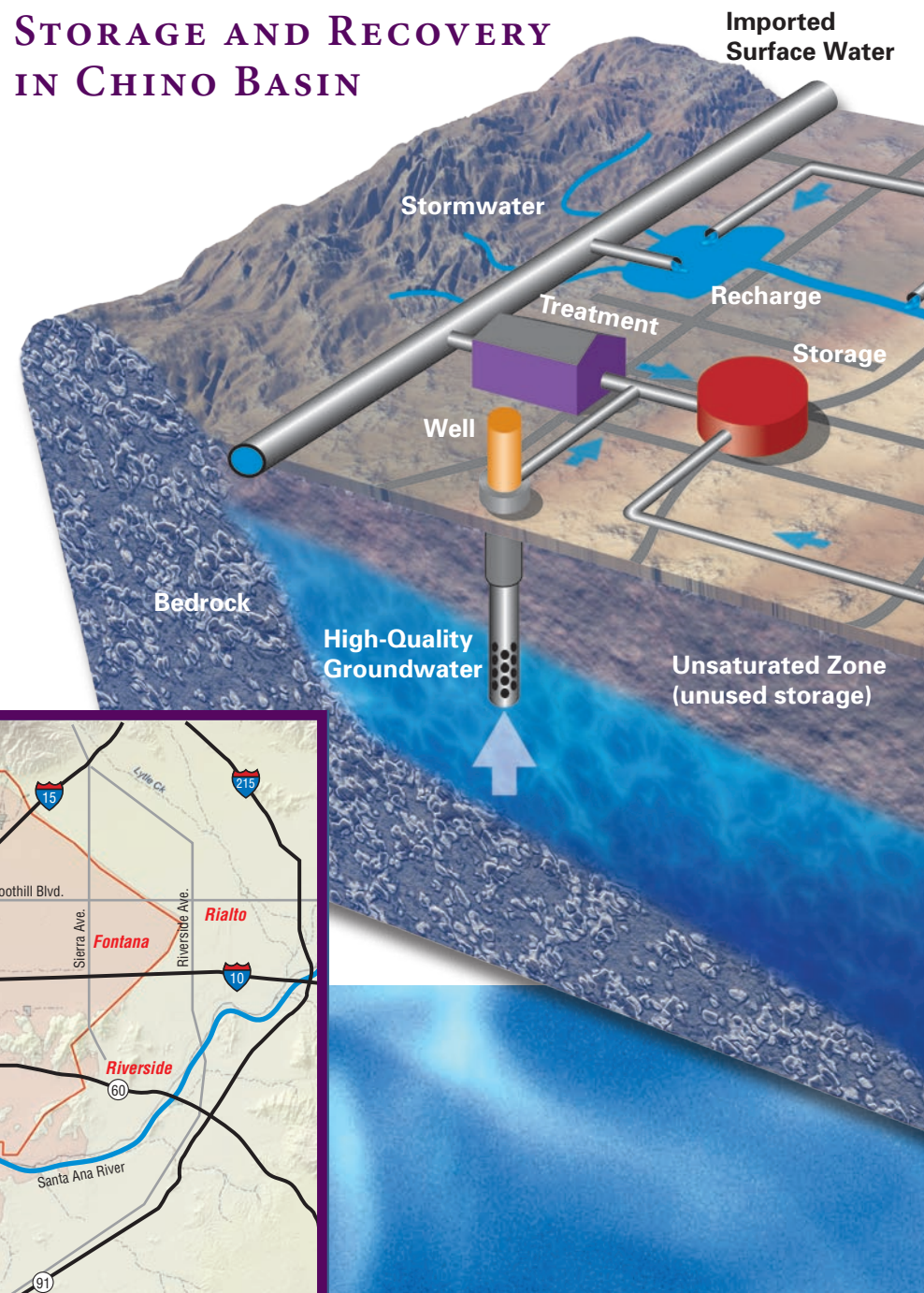
# CHINO GROUNDWATER BASIN: A MAJOR RESOURCE FOR REGIONAL ECONOMY AND LIFESTYLE

## STORAGE AND RECOVERY IN CHINO BASIN

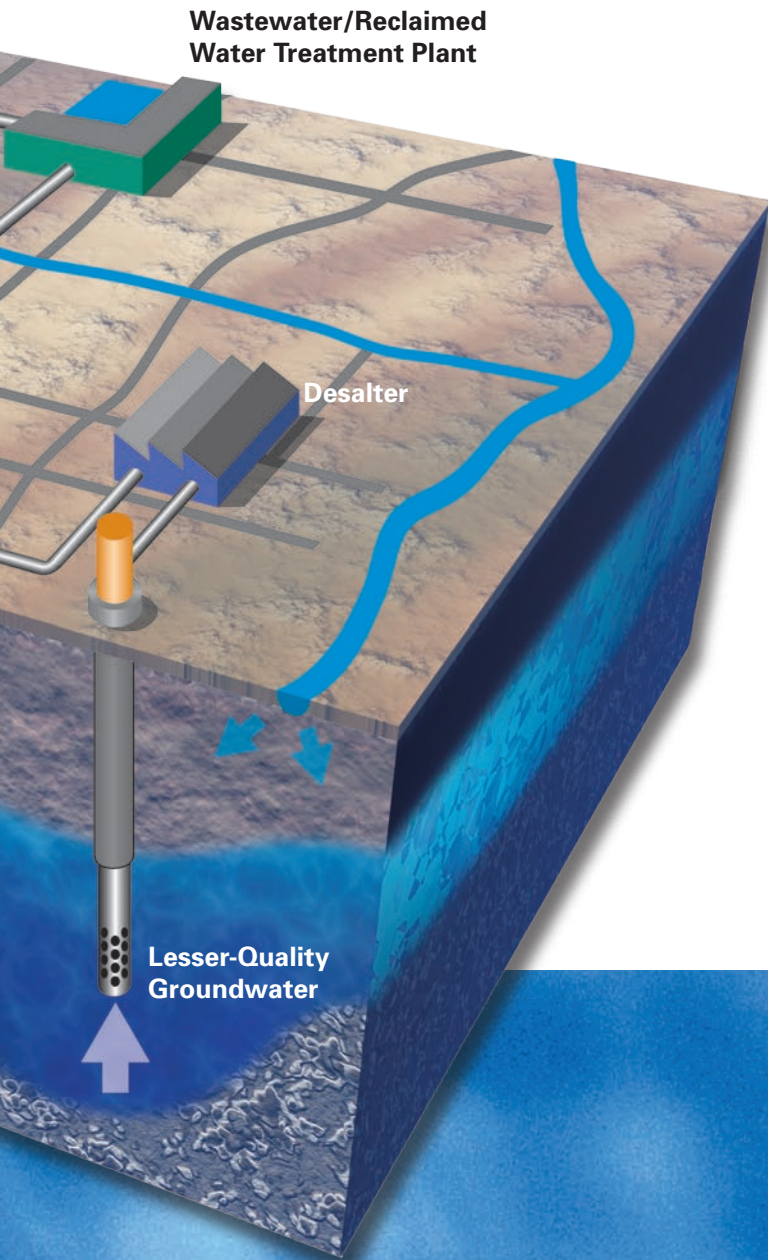
### WATERMASTER'S FIVE KEY RESPONSIBILITIES

Chino Basin Watermaster was given five major responsibilities:

- maintain and increase the water supply;
- ensure that water will be fairly shared;
- provide cooperative leadership;
- monitor and increase understanding of the Basin;
- maintain and improve water quality.



Two large desalters have been built to remove minerals and contaminants from the local groundwater. The desalters have proven to be adaptable for meeting water quality, water supply and hydraulic control needs as these needs are discovered over time. For example, the Chino Airport TCE plume will be treated by Desalter I, currently cleaning up an old plume of high nitrate and total dissolved solids caused by past agricultural practices. Also, by removing salt from the basin, the desalters allow Watermaster to recharge additional reclaimed water, which is otherwise too salty to recharge in large quantities.



## BASIN IS A MASSIVE UNDERGROUND RESERVOIR

Chino Basin is an enormous underground reservoir, with a storage capacity estimated at five-to-seven million acre-feet—an amount equal to more than two trillion gallons! More than 171,000 acre-feet of groundwater were pumped from the Basin in the past year.

## INTEGRATED AND COOPERATIVE WATER MANAGEMENT

In order to ensure a supply of reliable and high-quality water, Watermaster works closely with dozens of private and public entities that pump, treat, purchase, sell, deliver and use water in the Basin. Together, Watermaster and its stakeholders and members are not only recharging the groundwater basin, but also integrating the management of desalted water, imported water, stormwater and reclaimed water.

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*Progress has been made to increase water use efficiency, recharge groundwater, improve water quality, and more. However, climate changes and continuing population growth mean that Watermaster and its members face continuing challenges in meeting the area's water needs.*

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*Covering over 220 square miles, the Chino Groundwater Basin provides an important source of water for the rapidly growing Inland Empire region.*

*In addition to local population growth, Chino Basin is also home to a thriving agricultural industry, including intensive dairy farming. Numerous businesses and industries are also located in the area. All depend on a reliable and high-quality water supply.*

# GROUNDWATER MANAGEMENT ACCOMPLISHMENTS

## OPTIMUM BASIN MANAGEMENT PLAN (OBMP) IS PRODUCING RESULTS

To accomplish Watermaster's goals, the OBMP spells out in substantial detail the nine separate but related elements summarized below.

**Goal:** Collect data needed to manage the water supply and quality effectively.

*Actions:* Implementing key well programs to decrease the number of monitoring locations while still obtaining the needed comprehensive quality and supply data at a lower cost.

**Goal:** Make water more available to producers at the lowest reasonable cost.

*Actions:* Dramatically expanding the recharge program from just a few thousand acre-feet per year to over 40,000 acre-feet per year, with preparations for additional expansion underway.

**Goal:** Avoid losses of groundwater to the Santa Ana River caused by too-high groundwater levels.

*Actions:* Implementing the Hydraulic Control Monitoring Program and decreasing groundwater levels in the southern area through expansion of the desalter system.

**Goal:** Reduce the occurrence of land subsidence and fissuring.

*Actions:* Conducted extensive scientific investigations, implemented management guidelines, and measured no permanent subsidence in 2006-2007.

**Goal:** Improve water quality and increase use of treated, desalted water.

*Actions:* Built and operating two major desalters and planning a third.

**Goal:** Improve Basin water quality management.

*Actions:* With guidance of a Board-level Water Quality Committee, Watermaster is working closely with other parties to ensure all contamination plumes are investigated and remediated as appropriate.

**Goal:** Develop a more detailed understanding of salt loads and implement a salt removal program.

*Actions:* Working closely with regulators, developed the Maximum Benefit Program, and removing salt through the desalters.

**Goal:** Account for large increments of groundwater storage by local and other agencies.

*Actions:* Began negotiations for expansion of storage and recovery programs, expanded data collection, and performed analyses using a custom, computer groundwater model.

**Goal:** Store excess water in wet years for use in dry years.

*Actions:* More than 88,000 acre-feet of water is in storage under the Dry Year Yield program. Planning for extensive expansion is underway.

Stakeholders of Chino Basin Watermaster include many businesses and industries as represented in these photos.



### OBMP: A Basin Management Roadmap

The Optimum Basin Management Plan (OBMP) was developed to provide direction for managing the Chino Basin. The broad goals of the OBMP are:

- securing new and additional supplies to meet the growing water demand in the Basin;
- improving water quality;
- "drought-proofing" the region;
- enhancing economic development; and
- improving environmental quality.

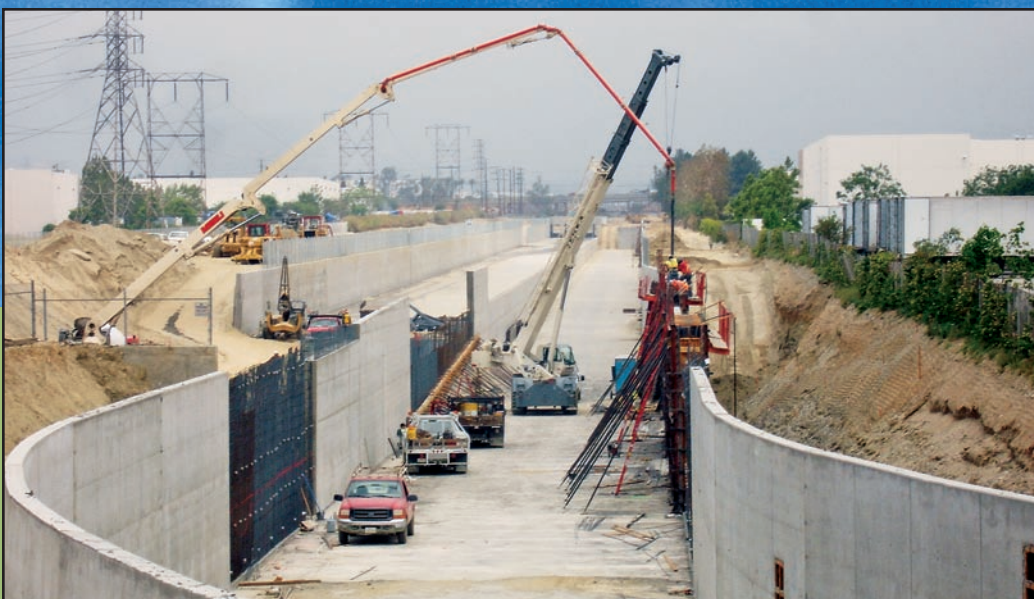
## SUMMARY OF 2006-2007 ACCOMPLISHMENTS

The Optimum Basin Management Plan continues to produce benefits for of its many stakeholders and the entire region. Highlights of the past year include the following:

- Completed a major update to the groundwater model, which underpins all the studies and agreements carried out by Watermaster.
- Installed new pressure transducers/data loggers at select key wells, new meters on remaining non-minimum user agricultural wells, and made other changes that increase the efficiency of the monitoring programs.
- Made substantial water quality progress in the investigation and/or remediation of all contamination plumes in the Basin.
- Continued expansion of the Dry Year Yield program, totaling over 88,000 acre-feet in storage. Watermaster also made progress toward the establishment of additional storage programs with a number of agencies.
- Further expanded the desalter projects with approval of a plan to double the output of Chino II Desalter and develop a new well field.
- Advanced recharge capabilities by approving over \$10 million in Phase II recharge improvements, and began detailed design.
- Moved toward even higher levels of collaboration by nearing agreement on the Peace II negotiations.
- Improved long-range planning by conducting the first strategic planning conference, with wide attendance by Watermaster members and invited guests from throughout the region and state.



*The strategic planning weekend received region-wide attendance.*



*Inlet construction at Jurupa Recharge Basin.*

# MONITORING TO INCREASE UNDERSTANDING OF THE BASIN

## ***More Efficient and Effective Monitoring***

A multi-year program to make the groundwater supply and quality programs more efficient continues to achieve results.

The goal is to better select where to monitor so Watermaster can improve its understanding of the water supply and water quality conditions with fewer tests.

Staff is developing additional significant improvements to the surface water monitoring that will increase efficiency of this program by next year.



*Downloading pressure transducer data from a monitoring well.*

## **CONTINUED IMPROVEMENTS TO MONITORING PROGRAM INCREASE EFFICIENCY**

***Watermaster continues to improve understanding of the movement, quantity and quality of the underground water supply. Highlights of the 2006-2007 monitoring program include:***

- **Expanded water level monitoring in the western portion of the Basin** in an effort to better understand ongoing land subsidence in the region. This involves the installation of transducers/data loggers at selected wells owned by cities in the area. This is in addition to continued use of sophisticated piezometric monitors, use of infrared satellite imagery, Cooperative Aquifer Stress Tests, and use of high-technology extensometers to measure ground movement. The goal is to develop a long-range plan to understand and prevent ground subsidence due to changes in groundwater levels.
- **Purchased and installed seven pressure transducers/data loggers at key wells**, principally in the northern portions of Chino Basin, where more detailed groundwater level data are needed. This activity is part of the piezometric Hydraulic Control Monitoring Program (HCMP).
- **Closer Cooperation between Watermaster and the Inland Empire Utilities Agency (IEUA)**, who are working closely with the Appropriative Pool members to obtain water quality data in electronic format. These data can then be entered directly into Watermaster's relational database.
- **Installed 12 new meters at active agricultural wells.** All active wells, except for minimum user wells, are now metered.
- **Worked with IEUA to collect weekly lysimeter samples from basins that are actively recharging reclaimed water.** Over 700 samples were produced as part of this effort, which measures how effectively the soil filters recharged reclaimed water.



*Installing a pressure transducer monitoring device.*



# INCREASED PROGRESS IN IMPROVING WATER QUALITY

## WATERMASTER INCREASES WATER QUALITY ACTIVITIES TO ENSURE CONTINUED PROGRESS

*Watermaster works with the Regional Water Quality Control Board, seeking to ensure that every contamination plume is investigated and that the Responsible Parties pay for a necessary cleanup. Highlights of key water quality actions during 2006-2007 are summarized below.*

**Using Economies of Scale to Lower Costs of Monitoring of Management Zone 3.** Two new nested monitoring wells were constructed and two nested monitoring wells were rehabilitated to conduct extensive quality testing at different distances from the TDS Plume. The well construction contract was combined with construction of monitoring wells at Watermaster recharge basins, resulting in a lower cost, and partially paid for by a grant.

**Applying Latest Technology Through the Perchlorate Isotope Study.** Watermaster worked with scientists at the University of Illinois at Chicago to use a sophisticated new method that analyzes stable isotopes of chlorine and oxygen to distinguish the origin of perchlorate. Results clearly indicate that the perchlorate in Chino Basin

groundwater is generally derived from fertilizer imported from Chile decades ago.

**Provided Extensive Data to Assist with Planning of the South of Ontario International Airport Volatile Organic Compound (VOC) Plume Cleanup.** Watermaster met with Potentially Responsible Parties (PRPs) and provided extensive water quality, water level and well construction data from more than 600 wells. Using that information, the PRPs created a work plan for further investigation. The work plan is being reviewed by the Regional Board, with comments provided by Watermaster.

**Seeking Joint Remediation with Parties Involved in Cleanup of Chino Airport Plume.** Watermaster is carrying out discussions with the Regional Water Quality Control Board, the

San Bernardino County Department of Airports and their consultant to discuss a joint remediation of the VOC plume. Watermaster's goal is to go beyond cleanup of the groundwater to also maintain hydraulic control and provide high-quality drinking water in this area. Watermaster will provide extensive groundwater and well details for the investigation.

**Obtained Cooperation in GE Flat Iron Remediation.** Watermaster asked GE to develop alternative disposal plans that would not limit Watermaster's ability to recharge reclaimed water into the Ely Basins. GE agreed and their alternative plan was approved and is under design.



### **Watermaster's Focus on Contamination Cleanup**

*Watermaster is taking an increasingly active role in understanding and advancing the cleanup of contamination plumes by providing technical information, enforcing water quality regulations and providing cooperative leadership. Today, decades after being initially discovered, all of the contaminant plumes are finally either under remediation or under investigation.*

*Watermaster's Project Engineer at work in the field.*

# PROGRESS IN IMPROVING WATER SUPPLIES

## DRY YEAR YIELD PROGRAM CONTINUES EXPANSION

The existing Watermaster/IEUA/Metropolitan Water District Dry Year Yield Program continues to grow towards its 100,000 acre-foot contract amount. At the end of June 2007, more than 88,400 acre-feet were stored in the Basin under this program.

Numerous local facilities needed to expand this program are under construction or were recently completed, including new and expanded treatment plants, wellhead treatment facilities, and new wells in Cucamonga Valley Water District, Jurupa Community Services District, Monte Vista Water District, and the cities of Chino, Chino Hills, Ontario, Pomona, and Upland.

With an eye toward utilizing the remaining groundwater storage that remains available in the Basin—equivalent to nearly three years of pumping—San Diego County Water Authority and Watermaster began discussions to develop a storage and recovery program in the Chino Basin.

Watermaster has also begun discussions with Castaic Lake Water Agency and Metropolitan Water District of Southern California regarding new storage and recovery programs in the Basin.

## GOOD PROGRESS ON DESALTER EXPANSION

Consultants to the City of Ontario and the Western Municipal Water District presented alternatives for the capacity expansion of the Chino I and Chino II Desalters.

Watermaster conducted monitoring work on the alternatives for a new set of desalter wells. Chino II desalter will receive some water previously treated at Chino I and additional water from a new well field. The combined Desalter well field will ensure hydraulic control and prevent any water from leaking into the Santa Ana River.

Watermaster consultants worked with IEUA to develop Proposition 50 grant applications related to expanding the desalters. These applications were tentatively approved for up to \$45 million.

*Cartridge filters inside a desalter facility.*



## RAPID EXPANSION OF RECHARGE CAPABILITY

Watermaster approved a \$10.6 million investment to undertake the Phase II expansion of the recharge program.

Design engineering was begun on these improvements, and monitoring wells and lysimeters were installed in five basins. About half the cost was paid by Proposition 13 funds. The rest of the cost was shared by Watermaster and IEUA.

A pilot study was carried out on wet-basin cleaning. Currently, recharge basins must be shut down periodically, drained and the silt removed. After substantial research, staff recently located a small tracked vehicle that is currently used to remove silt from drinking water reservoirs and wastewater sedimentation tanks. Negotiations are underway with the manufacturer to modify the vehicle for Watermaster's recharge basins. Watermaster staff also tested separating dredged silt from water using a large sock-like device called a geo-tube.

### Participating in Foothill Water Coalition

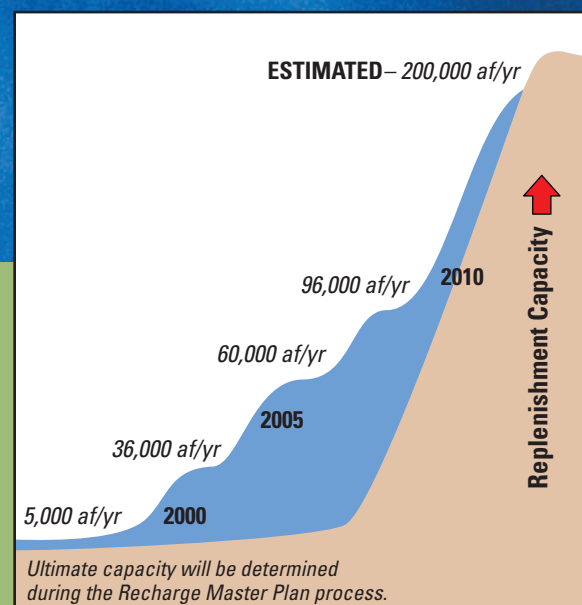
The Foothill Communities Project is a regional program, reaching from the Inland Empire to the San Gabriel Valley, to develop innovative ways to provide supplemental, high-quality water to the region. This project benefits from shared planning and funding by many agencies including state and federal agencies.



Pilot testing a geo-tube as a dewatering device for recharge basin cleaning.

### The continuing growth in recharge capability is impressive.

- In 2006-2007, the Phase I recharge facilities were able to recharge over 40,000 acre-feet of storm, reclaimed and imported water.
- More recharge basins were equipped with the ability to use reclaimed water in 2006-2007. With the completion of the Phase II facilities in 2008-2009, the total recharge capacity will be about 96,000 acre-feet.



# DEVELOPED IMPROVED TOOLS FOR WATER MANAGEMENT

## PROGRESS BUILT ON TECHNOLOGY AND COOPERATION

*Watermaster's successes in many cases are built on two pillars: effective use of advanced technology and by developing tools and structures that allow diverse groups of stakeholders to work cooperatively.*

### **Numerous Database Improvements Made**

Watermaster continues to make improvements to its many databases. One key area of improvement is reporting, making it easier and faster to obtain data for many projects, including administration, development of Assessment Packages and in researching water production, water quality, and water level.

After a major update last year, the Assessment Package has been further refined to make it more user friendly, understandable, and transparent.

### **Significant Update to Groundwater Model Completed**

Engineers and scientists completed a major update of the computer groundwater model that serves as the foundation for virtually all of Watermaster's water supply and quality

studies, as well as for agreements such as the Peace II negotiations. The updated model incorporates new information obtained through the Optimum Basin Management Plan investigations and monitoring, providing a better picture of how water flows through the Basin, and how water levels are affected by pumping. The model also incorporates improved mathematical algorithms, extends the planning period from the current 25-year period to 60 years, and explicitly incorporates subsidence. The updated model was evaluated by the Technical Assistant to the Special Referee to the Judge that oversees the Judgment under which Watermaster operates, and by peer review.

### **First Strategic Planning Conference**

Watermaster convened its first strategic planning conference in October 2006. Participants included the Watermaster

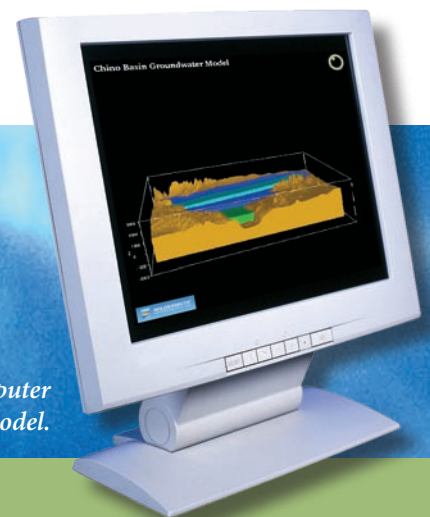
Board, the Watermaster Parties, Watermaster staff and consultants, invited guests, including representatives of Metropolitan Water District and Orange County Water District, regulators and observer/participants from other groundwater basins.

### **Final MZ-1 Subsidence Management Plan Was Adopted**

Following years of extensive scientific investigations, the final MZ-1 Management Plan was adopted. The plan is an example of adaptive management because it will include on-going monitoring and testing, and will allow for changes to the plan as new data and information are acquired. During 2006-2007, pumpers followed Watermaster's guidance criteria and no permanent subsidence was measured.



*The water education mascot who appears at public water education events for Watermaster and its partners.*



*A view from the computer groundwater model.*

### **Informing the Public About Key Water Issues**

*Working with many other agencies, Watermaster participated for the third year in a cooperative public information campaign to publish newspaper advertisements on important regional water issues.*

*Watermaster also participated in the first Water Fair in October 2006. This cooperative effort provided information on indoor, outdoor and business conservation, using a variety of entertaining and interesting techniques.*

# CONTINUED PROGRESS, YESTERDAY, TODAY & TOMORROW

## PROGRESS TOWARD PEACE II AGREEMENT

The Peace II Agreement moved significantly closer to adoption this year. The cornerstone to the agreement is called Basin Reoperation, which recognizes that the underground basin drains toward the Santa Ana River and without significant pumping at the southern end of the Basin, poor quality groundwater would infiltrate the Santa Ana River.

Basin Reoperation involves drawing down the groundwater level by an additional 400,000 acre-feet over several years until the underground levels are low enough that groundwater would remain in the Chino Basin.

This approach frees up an enormous underground storage space that could be filled with reclaimed water and lower-cost imported water obtained from surplus supplies during wet winters. The result would be lower long-term water costs and increased ability to recharge reclaimed water. These benefits were identified and detailed in a macro-economic study by a noted economist that showed the overall financial benefits of a potential Peace II agreement.

*Outreach materials from cooperative communication programs developed in partnership with neighboring agencies.*

## WATERMASTER ACCOMPLISHMENTS SINCE 2000

- Secured tens of million of dollars in state funding for desalters.
- Negotiated agreements for acquiring existing facilities and the permitting, design, financing, construction and operation for 40-million-gallons-per-day of desalting activities. These include water supply agreements valued in excess of a half-billion dollars.
- Completed the design, construction and implementation of its recharge Master Plan, including nearly \$50 million in recharge projects completed.
- Completed more than \$1 million in technical studies, prepared environmental documents, and completed a 100,000-acre-foot Dry Year Yield Storage Agreement with Metropolitan Water District of Southern California.
- Provided increasing leadership in identifying and resolving water quality problems.
- Developed governance mechanisms and agreements that give voice to its many stakeholders among cities, water suppliers, agricultural entities, businesses and others.

**Water Smart in the Chino Basin**

**Senator Dianne Feinstein Supports New Water Supplies Through Water Recycling Projects**

Recycled water enables Southern California to meet its growing water supplies through a wide variety of uses, such as irrigation of golf courses, parks and playgrounds, beauty parlors, swimming, commercial and residential lawns, and animal and human industrial applications.

A critical barrier to making recycled water supplies available in our region is the federal government. With the help of federal legislation approved by U.S. Senator Dianne Feinstein and her staff, congressional legislation, over \$20 million will be available to the newly formed water recycling demonstration center for the Inland Empire. Over \$1,000,000 of water will be available to cities, schools and businesses within the next two years. Inland Empire Utilities Agency (IEUA) Board President John L. Anderson (left) serves area population is expected to

double during the next 20 years. "It is not dependent on new recycled supplies to meet our future water needs. Instead, we have done what an integrated water resource plan that will help face our federal obligations, and develop enough new water to meet the needs of 300,000 new residents in San Bernardino County," commented IEUA Board Member Andy Strang.

The Inland Empire region is the nation's engine of California and among the top 10 job creating regions in the U.S. By implementing an aggressive water recycling program in the newly formed water recycling demonstration center for the Inland Empire, over 200,000 jobs are expected to be created by 2025. IEUA Board Secretary/Treasurer Dave Rasmussen, "In addition to the use of recycled water in IEUA service areas, recycled water used by our recycling is central additional available water facilities is water use before demand."

"Since June, 16 we have 25 new recycled water customers on the system (14 since July 1). These customers will save over \$200 million worth of municipal water during the next ten years by \$1 million," IEUA Board President John L. Anderson

**Special Thanks to our federal legislators for governing legislation to improve the water quality of the Chino Basin**

US Senator Dianne Feinstein  
 Congressman David Bonior  
 US Senator Barbara Boxer  
 Congressman Ben Ray Lujan  
 Congressman Jerry Lewis  
 Congressman Gary Miller  
 Congressman Glenn Thompson

**Current and Future Projects Data**

Project	Capacity	Completion
Inland Empire Utilities Agency (IEUA)	300,000 gpd	11/10/10
North Orange County Water District	150,000 gpd	12/10/10
Orange County Water District	100,000 gpd	12/10/10
San Diego County Water Authority	200,000 gpd	12/10/10
San Joaquin Hills Water District	100,000 gpd	12/10/10
Yuba Water District	100,000 gpd	12/10/10

Inland Empire Utilities Agency, Chino Basin Water Conservation District, Chino Basin Watermaster, Metropolitan Water District of Southern California and your local water providers: The Cities of Chino, Chino Hills, Orange, Upland, Alhambra, West Valley District, Covington Valley Water District, San Antonio Water Company, and Fontana Water Company.

For more information on how you can make the purple pipe connection, call (909) 993-1719.

### Landscaping The Water Wise Way

Wondering how to get started? Stop by the Water Awareness Water Education Committee's Demonstration garden which is located in the Garden Neighborhood at the LA County Fair.

The garden is a spectacular example of beautiful drought-tolerant plants from California and around the world that anybody can plant in their own landscapes to create a beautiful garden and conserve our limited water resources. For more information about planting a California native and drought tolerant garden please visit the Southern California Heritage Gardening Guide at [www.beverlyherite.com](http://www.beverlyherite.com)

**Other Places to Visit**

- California-Friendly Garden combines the beauty of California-Friendly native and drought-tolerant plants with efficient outdoor water use.
- Other Places to Visit and Enjoy California-Friendly Landscaping: Southern California State Water Masterplan Water District 4301 E. Alessandro Blvd., Riverside
- Demonstration Garden and Native Plant Group: Chino Basin Water Conservation District 2918 San Bernardino Street, Montclair
- Midland Gardens: 2111 Coranville Street, Aliso Viejo
- Inland Empire Utilities Agency: 5025 North College Avenue, Claremont
- Rancho Santa Ana Botanic Garden: 1500 North College Avenue, Claremont

### Safe, Reliable Recycled Water

Recycled water is a safe and reliable source of water for a wide variety of uses, including irrigation, lawns, and golf courses. Recycled water is treated to meet the highest standards for safety and reliability.

Recycled water is safe to use. Recycled water is a highly treated effluent and is produced under the most stringent conditions by the California Department of Public Health. Recycled water is safe for all human uses.

**Communities Coming Together to Conserve Water**

The Inland Empire Utilities Agency is partnering with local water and waste disposal agencies to promote water conservation, reduce water usage, and increase the use of recycled water.

The Inland Empire Utilities Agency is partnering with local water and waste disposal agencies to promote water conservation, reduce water usage, and increase the use of recycled water.

### Stop flushing your money down the toilet!

Come to the **Water Fair** Saturday, Oct. 14 10am - 2pm Montclair Plaza Lower Level Main Entrance

**WATER FAIR INCLUDES:**

- ✓ Info on how to save water indoors, outdoors and at work
- ✓ How to save money through rebates offered by your water provider
- ✓ Free giveaways and raffle prizes includes a free clothes washer
- ✓ Demos on how to save water and money using efficient devices
- ✓ Fun water activities and show for the kids

**RAFFLE AND GIVEAWAYS**

**FREE raffle prizes** include a high efficiency clothes washer, toilets, irrigation controllers and more!

Prizes will be raffled off at 1:30pm on the day of Fair. Must be present to win.

**FREE Giveaways** include hoses, nozzles, home water audit kits and more!

\* (While supplies last)

This is a FREE Water Fair for you and your family.

sponsored by Inland Empire Utilities Agency, Chino Basin Water Conservation District, Chino Basin Watermaster, Metropolitan Water District of Southern California and your local water providers: The Cities of Chino, Chino Hills, Orange, Upland, Monte Vista Water District, Cucamonga Valley Water District, San Antonio Water Company, and Fontana Water Company.

For more information call 909-993-1634

# WATERMASTER GOVERNANCE AND MEMBERSHIP 2006-2007

## Watermaster Board Calendar Year 2007

### Agricultural Pool Representatives

MEMBER	REPRESENTING
<b>Paul Hofer</b> Alternate: <b>Jeff Pierson/Gene Koopman</b>	Crops
<b>Geoffrey Vanden Heuvel</b> Alternate: <b>Gene Koopman/Jeff Pierson</b>	Dairy

### Non-Agricultural Pool Representatives

REPRESENTATIVE	MEMBER ENTITY
<b>Bob Bowcock</b> Alternate: <b>Kevin Sage</b>	Vulcan Materials Company (Calmat Division)

### Appropriative Pool Representatives

REPRESENTATIVE	MEMBER ENTITY
<b>Sandra Rose</b> , Secretary/Treasurer Alternate: <b>Maynard Lenhert</b>	Monte Vista Water District
<b>Jim Bowman</b> , Alternate: <b>Sheila Mautz</b>	City of Ontario
<b>Ken Willis</b> , Chair Alternate: <b>Anthony La</b>	West End Consolidated Water Company

### Municipal Water District Representatives

REPRESENTATIVE	MEMBER ENTITY
<b>Terry Catlin</b> Alternate: <b>John Anderson</b>	Inland Empire Utilities Agency
<b>Bob Kuhn</b> , Vice-Chair Alternate: <b>David DeJesus</b>	Three Valleys Municipal Water District
<b>Charles Field</b> Alternate: <b>Al Lopez</b>	Western Municipal Water District

## Staff Calendar Year 2007

**Kenneth R. Manning**,  
Chief Executive Officer

**Sheri Rojo**, CPA,  
CFO/Asst. General Manager

**Gordon Treweek**, PE, PhD,  
Project Engineer

**Danielle Maurizio**, PE,  
Senior Engineer

**Jim Theirl**,  
Water Resource Engineer

**Frank Yoo**,  
GIS Specialist

**Justin Nakano**,  
Environmental Specialist

**Sherri Lynne Molino**,  
Executive Assistant

**Janine Wilson**,  
Accountant

**Paula Molter**,  
Secretary

## Advisory Committee Calendar Year 2007

### Agricultural Pool Representatives

REGULAR MEMBERS	REPRESENTING
<b>Nathan deBoom</b> <b>Glenn Durrington</b> Alternate: <b>Dan Hostetler</b>	Dairy Crops
<b>Ed Gonsman</b> Alternate: <b>Abyomi Sunomi</b>	State
<b>Robert Feenstra</b> , 2nd Vice-Chair <b>Pete Hall</b> Alternate: <b>Gary Lord</b>	Dairy State
<b>Peter Hettinga</b> Alternate: <b>Syp Vander Dussen</b>	Dairy
<b>Gene Koopman</b> <b>Robert Nobles</b>	Dairy State

### Non-Agricultural Pool Representatives

REPRESENTATIVE	MEMBER ENTITY
<b>Steve Arbelbide</b> <b>Mike Thies</b> Alternate: <b>Tom Cruikshank</b>	California Steel Industries (CSI) Space Center Mira Loma
<b>Bob Bowcock</b> , Vice-Chair Alternate: <b>Kevin Sage</b>	Vulcan Materials Company (Calmat Division)

### Appropriative Pool Representatives

REPRESENTATIVE	MEMBER ENTITY
<b>Dave Crosley</b> <b>Mike Maestas</b> Alternate: <b>Ron Craig</b>	Chino, City of Chino Hills, City of
<b>Robert DeLoach</b> Alternate: <b>Marty Zvirbulis</b>	Cucamonga Valley Water District
<b>Chris Diggs</b> (January-April) <b>Robert Young</b> (May-December)	Fontana Union Water Company
<b>Mike McGraw</b> <b>Eldon Horst</b>	Fontana Water Company Jurupa Community Services District
<b>Justin Brocaw</b> <b>Mark Kinsey</b> <b>Ken Jeske</b> , Chair	Marygold Mutual Water Company Monte Vista Water District Ontario, City of
<b>Henry Pepper</b> Alternate: <b>Raul Garibay</b>	Pomona, City of
<b>Charles Moorrees</b> Alternate: <b>Teri Layton</b>	San Antonio Water Company
<b>J. Arnold Rodriguez</b> <b>Anthony La</b> Alternate: <b>Rosemary Hoerning</b>	Santa Ana River Water Company Upland, City of
<b>Anthony La</b> Alternate: <b>Rosemary Hoerning</b>	West End Consolidated Water Company

## WATERMASTER IS STRUCTURED TO ACCOMMODATE ALL STAKEHOLDERS

To draw together in a single organization all the diverse interests in the Basin, a governing structure was formed that represents all stakeholder groups, including a Board, Advisory Committee and three Producer Pools:

- Agricultural Pool to represent dairymen, farmers, and State interests.
- Non-Agricultural Pool to represent commercial and industrial producers.
- Appropriative Pool to represent cities, water districts and water companies.

### Agricultural Pool Committee Calendar Year 2007

REGULAR MEMBERS	REPRESENTING
<b>Nathan deBoom</b> , Vice-Chair	Dairy
<b>Glenn Durrington</b>	Crops
<b>Robert Feenstra</b> , Chair	Dairy
<b>Edward Gonsman</b>	State of California-CIW
<b>Pete Hall</b>	State of California-CIM
<b>Peter Hettinga</b>	Dairy
<b>John Huitsing</b>	Dairy
<b>Gene Koopman</b>	Dairy
<b>Nate Mackamul</b>	State of California-CIW
<b>Robert Nobles</b>	State of California-CIW
<b>Jeff Pierson</b>	Crops
ALTERNATES	REPRESENTING
<b>Dan Hostetler</b>	Crops
<b>Gary Lord</b>	State of California-CIM
<b>Jennifer Novak</b>	State of California-CIM
<b>Aboyomi Sunomi</b>	State of California-CIW
<b>Rob Vanden Heuvel</b>	Dairy
<b>Syp Vander Dussen</b>	Dairy

### Non-Agricultural Pool Committee Calendar Year 2007

REPRESENTATIVE	MEMBER ENTITY
<b>Les Richter</b>	California Speedway
<b>Steve Arbelbide</b> , Vice-Chair	California Steel Industries (CSI)
<b>Mike Del Santo</b>	CCG Ontario, LLC (Catellus)
<b>Lisa Hamilton</b>	General Electric Company
<b>David Starnes</b>	Mobile Community Management (Swan Lake Mobile Home Park)
<b>R.E. Thrash III</b>	Praxair
<b>Glen Whritenour</b>	Reliant Energy, Etiwanda LLC
<b>James Jenkins</b>	San Bernardino County Department of Airports
<b>Michael Thies</b>	Space Center Mira Loma
Alternate: <b>Tom Cruikshank</b>	
<b>Eric Wang</b>	Sunkist Growers Incorporated
<b>Bob Bowcock</b> , Chair	Vulcan Materials Company
Alternate: <b>Kevin Sage</b>	(Calmat Division)

### Appropriative Pool Committee Calendar Year 2007

REPRESENTATIVE	MEMBER ENTITY
<b>Patrick Bauer</b>	Arrowhead Mountain Spring Water
<b>Dave Crosley</b>	Chino, City of
<b>Mike Maestas</b>	Chino Hills, City of
Alternate: <b>Ron Craig</b>	
<b>Robert DeLoach</b>	Cucamonga Valley
Alternate: <b>Marty Zvirbulis</b>	Water District
<b>Curtis Aaron</b>	Fontana, City of
<b>Chris Diggs</b>	Fontana Union Water Company
<b>Mike McGraw</b>	Fontana Water Company
<b>Kyle Snay</b>	Golden State Water Company
<b>Rich Atwater</b>	Inland Empire Utilities Agency
Alternate: <b>Tom Love</b>	
<b>Eldon Horst</b>	Jurupa Community
Alternate: <b>Robert Tock</b>	Services District
<b>Justin Brokaw</b>	Marygold Mutual Water Company
<b>Mark Kinsey</b>	Monte Vista Irrigation Company
<b>Mark Kinsey</b>	Monte Vista Water District
<b>Joe Schenk</b>	Norco, City of
<b>Ken Jeske</b>	Ontario, City of
Alternate: <b>Mohamad El-Amamy, Joel Moskowitz</b>	
<b>Henry Pepper</b>	Pomona, City of
Alternate: <b>Raul Garibay</b> , Chair	
<b>Michael Malpezzi</b>	Reliant Energy
<b>Charles Moorrees</b>	San Antonio Water Company
<b>Phil Krause</b>	San Bernardino, County of (Prado Shooting Park)
<b>J. Arnold Rodriguez</b>	Santa Ana River Water Company
<b>Rosemary Hoerning</b> , Vice-Chair	Upland, City of
<b>Rosemary Hoerning</b>	West End Consolidated Water Company
<b>A.W. "Butch" Araiza</b>	West Valley Water District

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# **Appendices**

**A - X**

## COURT HEARINGS AND ORDERS FISCAL YEAR 2006-2007

During the fiscal year 2006-07, several hearings were held relating to implementation of the Optimum Basin Management Program (OBMP). Hearings were held as follows with the Honorable Judge J. Michael Gunn presiding:

Hearing Date	Primary Subject Matter
May 24, 2007	<ul style="list-style-type: none"> <li>• Order Concerning OBMP Status Report 2006-02, Future Desalting Plans, and MZ-1 Long-Term Plan</li> <li>• Monte Vista Water District's Response to Referee Report and Recommendations</li> </ul>
May 18, 2007	<ul style="list-style-type: none"> <li>• Joinder of Chino Basin Water Conservation District in Support of Special Referee's Recommendations and Requests to the Court to Adopt Recommendations</li> </ul>
May 3, 2007	<ul style="list-style-type: none"> <li>• Special Referee's Comments and Recommendations Concerning OBMP Status Report 2006-02, Future Desalting Plans, and MZ1 Long Term Plan</li> </ul>
April 30, 2007	<ul style="list-style-type: none"> <li>• Transmittal of Revised Exhibit C</li> </ul>
April 2, 2007	<ul style="list-style-type: none"> <li>• Transmittal of Status Report 2006-02</li> </ul>
February 16, 2007	<ul style="list-style-type: none"> <li>• Order Re: Receiving OBMP Status Report and Annual Reports and Further Action</li> </ul>
October 2, 2006	<ul style="list-style-type: none"> <li>• Notice of Continuance of Hearing</li> </ul>
September 27, 2006	<ul style="list-style-type: none"> <li>• Motion to Receive and File Transmittals</li> </ul>
August 28, 2006	<ul style="list-style-type: none"> <li>• Notice Of Special Referee Workshop: Comment Clarification</li> </ul>
July 5, 2006	<ul style="list-style-type: none"> <li>• Notice of Special Referee Workshop</li> </ul>

## RESOLUTIONS CALENDAR YEAR 2006-2007

Resolution	Adopted	Summary of Resolution
07-05	October 25, 2007	<p><i>Resolution of the Chino Basin Watermaster Regarding the Peace II Agreement and the OBMP Implementation Plan</i></p> <ul style="list-style-type: none"> <li>• Watermaster caused the completion of a preliminary engineering, hydrogeologic, and technical evaluation of the physical impacts to the Basin and to the Parties to the Judgment that may result from implementation of the Peace II measures. The preliminary evaluation was conducted by Mark Wildermuth of Wildermuth Environmental.</li> <li>• The Assistant to the Special Referee, Joe Scalmanini of Luhdorff &amp; Scalmanini Consulting Engineers, transmitted his technical review in March of 2007 ("Report"). In relevant part, the Report states:  " For planning level analysis, the existing model is a useful and applicable tool to simulate approximate basin response to management actions that involve the quantities and distribution of pumping and recharge in the basin. For example, for the most notable of its applications to date, which has been to conduct a planning level analysis of intended future hydraulic control, the model can be confidently utilized to examine whether groundwater conditions (levels) will form in such a way that hydraulic control will be achieved as result of basin re-operation and, if not, what other changes in basin operation are logically needed to achieve it." (Report at p. 37)</li> <li>• Watermaster caused the preparation of a specific project description set forth in Attachment "A" hereto for the purpose of conducting a more refined engineering, hydrogeologic and technical evaluation of the physical impacts to the Basin and to the Parties to the Judgment that may result from implementation of the Peace II measures.</li> <li>• Watermaster caused the completion of a macro socioeconomic analysis by Dr. David Sunding, a PhD in economics and professor at the University of California Berkeley set forth in Attachment "B" hereto. The macro analysis provided an evaluation of the macro costs and benefits to the parties as a whole that may be attributable to the Peace II measures.</li> <li>• Watermaster caused an update of the previously completed socioeconomic analysis conducted pursuant to the Judgment. The analysis was completed by Dr. Sunding, and it considered the positive and negative impacts of implementing the OBMP, the Peace Agreement, and the Peace II measures, including Watermaster assessments. The analysis also addressed the potential distribution of costs and benefits among the parties that were initiated with the approval of the Peace Agreement. The study was completed in final draft form on September 13, 2007 and is set forth in Attachment "C" hereto. Each of the Parties to the Judgment has had the opportunity to comment on earlier drafts of the report and on the final draft of the report and to consider the analyses contained therein prior to Watermaster's approval of this Resolution 07-05.</li> <li>• Watermaster has caused the preparation of the 2007 Supplement to the Optimum Basin Management Program ("OBMP") addressing Watermaster's efforts to, among other things; pursue Hydraulic Control through Basin Re-Operation as set forth in Attachment "D" hereto.</li> <li>• Watermaster has prepared a summary of the cumulative total of groundwater production and desalting from all authorized Desalters and other activities authorized by the 2007 Supplement to the OBMP Implementation Plan as amended as provided in the Peace Agreement in a schedule that: (i) identifies the total quantity of groundwater that will be produced through the proposed Basin Re-Operation to obtain Hydraulic Control, and (ii) characterizes and accounts for all water that is projected</li> </ul>

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to be produced by the Desalters for the initial Term of the Peace Agreement (by 2030) as dedicated water, New Yield, controlled overdraft pursuant to the Physical Solution or subject to Replenishment. This schedule is set forth in Attachment "E" hereto. Watermaster will modify its projections from time to time, as may be prudent under the circumstances.

- More than fifteen months have passed since the Non-Binding Term Sheet was initially published by Watermaster in its current form and transmitted to the Court for its consideration and more than six months have passed following Watermaster's declaration that any party interested in participating in the development and construction of Future Desalters should identify their interest in making a proposal and no party has stepped forward and made a responsive proposal in lieu of the Western Municipal Water District proposal.
  - The Peace II measures collectively consist of:
    - Watermaster's election to exercise its reserved discretion as provided in the Judgment, the Peace Agreement and the OBMP Implementation Plan, to amend the Watermaster Rules and Regulations as more fully set forth in Attachment "F" attached hereto and incorporated herein by this reference;
    - Watermaster's execution and Court approval of the proposed Purchase and Sale Agreement with the Non-Agricultural (Overlying) Pool as more fully set forth in Attachment "G" attached hereto and incorporated herein by this reference;
    - Watermaster's and the Court's approval of the proposed amendments to the Judgment as more fully set forth in Attachment "H", Attachment "I" and Attachment "J" attached hereto and incorporated herein by this reference;
    - Watermaster's approval of and further agreement to act in accordance with the Peace II Agreement, including the provisions related to Future Desalters, as more fully set forth in Attachment "K" attached hereto, upon a further order of the Court directing Watermaster to proceed in accordance with its terms;
    - Watermaster's and the Court's approval of the 2007 Supplement to the OBMP Implementation Plan as they are more fully set forth in Attachment "D" attached hereto and incorporated herein by this reference; and
    - Execution of the proposed Second Amendment to the Peace Agreement as more fully set forth in Attachment "L" attached hereto and incorporated herein by this reference, approval by Watermaster and a further order of the Court directing Watermaster to proceed in accordance with its terms.
  - The Overlying (Non-Agricultural), the Overlying (Agricultural) Pool, and the Appropriative Pool have approved the Peace II measures and recommended Watermaster's adoption of this Resolution 07-05.
  - The Advisory Committee has approved the Peace II measures and recommended Watermaster's adoption of this Resolution 07-05.
  - In adopting this Resolution and by its agreement to implement the Peace II measures, Watermaster is not committing to carry out any project within the meaning of CEQA unless and until CEQA compliance has been demonstrated for any such project.
  - The Watermaster Board will transmit this Resolution 07-05, and the Peace II implementing measures, and the referenced Attachments to the Court along with other supporting materials and request the Court to approve the proposed Judgment Amendments and to further order that Watermaster proceed to further implement the 2007 Supplement to the OBMP as provided in the Peace II measures.
-

07-04	September 27, 2007	<p><i>Encouraging Residents and Businesses to Help Drought-Proof the Chino Basin by Participating in the 20-Gallon Challenge for Voluntary Water Conservation in the Chino Basin</i></p> <ul style="list-style-type: none"> <li>The Chino Basin Watermaster recognizes that the water supply situation in the Chino Basin is serious and encourages everyone to make a difference and contribute to the drought-proofing of the Chino Basin by taking the "20-Gallon Challenge."</li> </ul>
07-03	February 22, 2007	<p><i>Levying Replenishment and Administrative Assessments for Fiscal Year 2006-2007</i></p> <ul style="list-style-type: none"> <li>The Chino Basin Watermaster levies the respective assessments for each pool effective February 22, 2007 as shown on Exhibit "A" (Summary of Assessments).</li> <li>Pursuant to the Judgment, each party has thirty-days from the date of invoice to remit the amount of payment for assessments due. After that date, interest will accrue on that portion which was due as provided for in Section 55 (c) of the Judgment.</li> </ul>
07-02	February 22, 2007	<p><i>Authorizing Investment of Monies in the Local Agency Investment Fund</i></p> <ul style="list-style-type: none"> <li>The Board of Directors does hereby authorize the deposit and withdrawal of Chino Basin Watermaster monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer's Office of all banking information provided in that record.</li> <li>The following Chino Basin Watermaster officers and designated employees or their successors in office/position shall be authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund: Chairman of the Board, Vice-Chair, Board Secretary/Treasurer, Chief Executive Officer/Secretary, and CFO/Asst. GM.</li> </ul>
07-01	February 22, 2007	<p><i>Establishing a Watermaster Investment Policy</i></p> <ul style="list-style-type: none"> <li>The authority to invest and reinvest funds of Watermaster is hereby delegated to the Watermaster Chief Financial Officer subject to the provisions of said Investment Policy and the ongoing review and control of Watermaster and the Watermaster Advisory Committee.</li> <li>This resolution shall take effect from and after its date of adoption and Resolution 00-09 is rescinded in its entirety.</li> </ul>

## HISTORY OF INTERVENTIONS AFTER THE JUDGMENT

Fiscal Year <sup>1</sup>	Appropriative	Non-Agricultural	Agricultural
06-07			
05-06			
04-05			
03-04			
02-03	Niagara Bottling Company		
01-02	Nicholson Trust		
00-01		Loving Savior of the Hills Lutheran Church CCG Ontario, LLC (Catellus Commercial Group)	
99-00			
98-99			
97-98			Louis Badders Paul Russavage
96-97		Mountain Vista Power Generation Company, LLC California Speedway Corporation	Ambrosia Farms, Chin T. Lee
95-96	City of Fontana	General Electric Company	Elizabeth H. Rohrs Richard Van Loon S.N.S. Dairy Wineside 45 Frank Lizzaraga
94-95			
93-94			
92-93			
91-92	Arrowhead Mountain Springs Water Co.	California Steel Industries, Inc.	
90-91			
89-90	Fontana Water Company		Gary Teed

<sup>1</sup> Refer to the Twenty-Seventh Annual Report (Fiscal Year 2003-04) for interventions prior to 89-90.

**WATERMASTER’S “NOTICE OF INTENT” TO  
CHANGE THE OPERATING SAFE YIELD OF THE  
CHINO GROUNDWATER BASIN**

**PLEASE TAKE NOTICE** that on this 22<sup>nd</sup> day of February 2007, Chino Basin Watermaster hereby files this ‘NOTICE OF INTENT’ to change the operating safe yield of the Chino Groundwater Basin Pursuant to the Judgment entered in Chino Basin Municipal Water District v. City of Chino, et al., San Bernardino Superior Court, Case No. RCV 51010 (formerly Case No. 164327) (Exhibit I, Paragraph 2b, Page 80).

**Approved by  
CHINO BASIN WATERMASTER  
ADVISORY COMMITTEE**

**CHINO BASIN WATERMASTER  
BOARD OF DIRECTORS**

By:      /s/ Ken Jeske       
**Chair**

By:      /s/ Kenneth Willis       
**Chair**

**ATTEST:**

By:      /s/ Bob Kuhn       
**Secretary**

**APPROPRIATIVE RIGHTS  
(ORIGINAL PER JUDGMENT)**

<u>Party</u>	<u>Appropriative Right (Acre-Feet)</u>	<u>Share of Initial Operating Safe Yield (Acre-Feet)</u>	<u>Share of Operating Safe Yield (Percent)</u>
City of Chino	5,271.70	3,670.07	6.69
City of Norco	289.50	201.55	0.37
City of Ontario	16,337.40	11,373.82	20.74
City of Pomona	16,110.50	11,215.85	20.45
City of Upland	4,097.20	2,852.40	5.20
Cucamonga County Water District	4,431.00	3,084.79	5.63
Jurupa Community Services District	1,104.10	768.66	1.40
Monte Vista County Water District	5,958.70	4,148.34	7.57
West San Bernardino County Water District	925.50	644.32	1.18
Etiwanda Water Company	768.00	534.67	0.98
Feldspar Gardens Mutual Water Company	68.30	47.55	0.09
Fontana Union Water Company	9,188.30	6,396.74	11.67
Marygold Mutual Water Company	941.30	655.32	1.20
Mira Loma Water Company	1,116.00	776.94	1.42
Monte Vista Irrigation Company	972.10	676.76	1.23
Mutual Water Company of Glen Avon Heights	672.20	467.97	0.85
Park Water Company	236.10	164.37	0.30
Pomona Valley Water Company	3,106.30	2,162.55	3.94
San Antonio Water Company	2,164.50	1,506.89	2.75
Santa Ana River Water Company	1,869.30	1,301.37	2.37
Southern California Water Company	1,774.50	1,235.38	2.25
West End Consolidated Water Company	1,361.30	947.71	1.73
Total	78,763.80	54,834.00	100.00



**APPROPRIATIVE RIGHTS  
(AS OF JUNE 30, 2007)**

<u>Party</u>	<u>Appropriative Right (Acre-Feet)</u>	<u>Share of Initial Operating Safe Yield (Acre-Feet)</u>	<u>Share of Operating Safe Yield (Percent)</u>
City of Chino <sup>A</sup>	5,794.60	4,034.14	7.36
City of Chino Hills <sup>B</sup>	3,033.20	2,111.66	3.85
City of Norco	289.50	201.79	0.37
City of Ontario	16,337.40	11,373.67	20.74
City of Pomona	16,110.50	11,215.75	20.45
City of Upland	4,097.20	2,852.47	5.20
Cucamonga Valley Water District <sup>C</sup>	5,199.20	3,619.59	6.60
Jurupa Community Services District <sup>D</sup>	2,960.70	2,061.21	3.76
Monte Vista County Water District <sup>E</sup>	6,928.80	4,823.75	8.80
West Valley Water District <sup>F</sup>	925.50	644.30	1.18
Fontana Union Water Company <sup>G</sup>	9,188.30	6,392.00	11.66
Fontana Water Company <sup>H</sup>	-	1.97	0.002
Los Serranos County Club <sup>I</sup>	-	-	-
Marygold Mutual Water Company	941.30	655.27	1.20
Monte Vista Irrigation Company	972.10	676.65	1.23
Niagara Bottling Company <sup>J</sup>	-	-	-
Nicholson Trust <sup>K</sup>	-	4.00	0.01
San Antonio Water Company	2,164.50	1,506.84	2.75
Santa Ana River Water Company	1,869.30	1,301.21	2.37
Golden State Water Company <sup>L</sup>	590.70	411.26	0.75
West End Consolidated Water Company	1,361.30	947.53	1.73
San Bernardino County (Shooting Park) <sup>M</sup>	-	-	-
Arrowhead Mountain Springs Water Company <sup>N</sup>	-	-	-
City of Fontana <sup>O</sup>	-	-	-
Total	78,764.10	54,835.03	100.00

<sup>A</sup> In 1990, Chino received a portion of San Bernardino County Water Works #8 (WW#8) OSY (363.790 AF) as a result of a permanent transfer.

<sup>B</sup> WW#8 acquired a portion of the rights of Park and Pomona Valley Water Companies in 1983. City of Chino Hills incorporated in 1991 and assumed the responsibility for providing the public services formerly provided by WW#8.

<sup>C</sup> CCWD acquired the rights to Etiwanda Water Company (upon dissolution in 1986). CCWD changed its name to CVWD in 2004.

<sup>D</sup> JCSD acquired the rights of Mira Loma Water Company (776.940 AF), Feldspar Gardens (47.549 AF) and Mutual Water Company of Glen Avon Heights (467.974 AF).

<sup>E</sup> MVCWD changed its name to MVWD in 1980. In 1990, MVWD received 675.610 AF of WW#8 OSY as a result of a permanent transfer.

<sup>F</sup> WSBCWD changed its name to WVWD in 2003.

<sup>G</sup> In FY 2001-02, 5.00 AF of Safe Yield was reassigned: 1.00 AF to FWC and 4.00 AF to the Nicholson Trust.

<sup>H</sup> FWC intervened in FY 91-92 and was assigned 1.00 AF of OSY as a result of a permanent transfer of water rights from FUWC.

<sup>I</sup> Los Serranos intervened in FY 83-84.

<sup>J</sup> Niagara Bottling Company intervened in FY 02-03.

<sup>K</sup> Nicholson Trust intervened in FY 01-02.

<sup>L</sup> SCWC permanently transferred 823.900 AF of OSY to Park Water Company in 1980. Park Water Co was acquired by WW#8, which was subsequently acquired by the City of Chino Hills. SCWC changed its name to GSWC in 2005.

<sup>M</sup> San Bernardino County Prado Tiro (now known as Prado Shooting Park) was involuntarily reassigned to the Appropriative Pool from the Ag Pool in 1985.

<sup>N</sup> Arrowhead intervened in FY 92-93.

<sup>O</sup> City of Fontana intervened in FY 98-99.

**NON-AGRICULTURAL RIGHTS  
(ORIGINAL PER JUDGMENT)**

<u>Party</u>	<u>Total Overlying Non-Agricultural Rights (Acre-Feet)</u>	<u>Share of Safe Yield (Acre-Feet)</u>
Ameron Steel Producers, Inc.	125.00	97.86
County of San Bernardino (Airport)	171.00	133.87
Conrock Company	406.00	317.84
Kaiser Steel Corporation	3,743.00	2,930.27
Red Star Fertilizer	20.00	15.66
Southern California Edison Co.	1,255.00	982.50
Space Center, Mira Loma	133.00	104.12
Southern Service Co. dba Blue Seal Linen	24.00	18.79
Sunkist Growers, Inc.	2,393.00	1,873.40
Carlsberg Mobile Home Properties, Ltd '73	593.00	464.24
Union Carbide Corporation	546.00	427.45
Quaker Chemical Co.	-	-
Total	9,409.00	7,366.00

**NON-AGRICULTURAL RIGHTS  
(AS OF JUNE 30, 2007)**

<u>Party</u>	<u>Total Overlying Non-Agricultural Rights (Acre-Feet)</u>	<u>Share of Safe Yield (Acre-Feet)</u>
Ameron Steel Producers, Inc.	125.00	97.86
County of San Bernardino (Airport)	171.00	133.87
Vulcan Materials Company <sup>A</sup>	406.00	317.84
CCG Ontario LLC <sup>B</sup>	805.00	630.27
West Venture Development Co. <sup>C</sup>	-	-
Southern California Edison Co. <sup>D</sup>	37.00	27.96
Reliant Energy, Etiwanda <sup>E</sup>	1,219.00	954.54
Space Center, Mira Loma	133.00	104.12
Angelica Rental Service <sup>F</sup>	24.00	18.79
Sunkist Growers, Inc.	2,393.00	1,873.40
Swan Lake Mobile Home Park <sup>G</sup>	593.00	464.24
California Steel Industries <sup>H</sup>	1,660.00	1,300.00
Praxair <sup>I</sup>	546.00	427.45
General Electric Company <sup>J</sup>	-	-
California Speedway <sup>K</sup>	1,277.00	1,000.00
Loving Savior of the Hills Lutheran Church <sup>L</sup>	-	-
Total	9,389.00	7,350.34

<sup>A</sup> Conrock became Calmat and in FY 99-00 became Vulcan Materials Co.

<sup>B</sup> Kaiser Steel Corporation became Kaiser Resources and then Kaiser Venture, Inc. Kaiser sold portions of its property to CSI & Speedway, then its last property holdings and all its remaining water rights to CCG Ontario LLP on August 16, 2000.

<sup>C</sup> Anaheim Citrus became Red Star Fertilizer, West Venture Development. West Venture went out of business in 91-92.

<sup>D</sup> A portion of SCE was sold in FY 98-99. SCE retained 27.959 AF OSY.

<sup>E</sup> Mountain Vista Power Generating Company (MVPG) purchased the Etiwanda Generating Facility owned by SCE in FY 98-99. MVPG became Reliant Energy, Etiwanda with 954.540 AF OSY.

<sup>F</sup> Southern Service Company became Angelica Rental Service.

<sup>G</sup> Carlsberg Mobile Home Properties became Mobile Community Management and is known as Swan Lake Mobile Home Park.

<sup>H</sup> California Steel Industries (CSI) intervened in FY 91-92 after purchasing land from Kaiser.

<sup>I</sup> Union Carbide Corp. became Praxair, Inc.

<sup>J</sup> General Electric Company intervened in FY 95-96.

<sup>K</sup> California Speedway intervened in FY 96-97 after purchasing land from Kaiser. On August 16, 2000, Catellus permanently transferred 525.00 AF OSY to Speedway.

<sup>L</sup> Loving Savior of the Hills Lutheran Church intervened in FY 00-01.

## HISTORY OF TOTAL ANNUAL GROUNDWATER PRODUCTION BY POOL (ACRE-FEET)

Fiscal Year	Appropriative	Agricultural	Non-Agricultural	Total
74-75	70,312	96,567	8,878	175,757
75-76	79,312	95,349	6,356	181,017
76-77	72,707	91,450	9,198	173,355
77-78	60,659	83,934	10,082 <sup>1</sup>	154,675
78-79	60,597	73,688	7,127	141,412
79-80	63,834	69,369	7,363	140,566
80-81	70,726	68,040	5,650	144,416
81-82	66,731	65,117	5,684	137,532
82-83	63,481	56,759	2,395	122,635
83-84	70,558	59,033	3,208	132,799
84-85	76,912	55,543	2,415	134,870
85-86	80,859	52,061	3,193	136,113
86-87	84,662	59,847	2,559	147,068
87-88	91,579 <sup>2</sup>	57,865	2,958	152,402
88-89	93,617 <sup>3</sup>	46,762	3,619	143,998
89-90	101,344 <sup>4</sup>	48,420	4,856	154,620
90-91	86,658 <sup>5</sup>	48,085	5,407	140,150
91-92	91,982 <sup>6</sup>	44,682	5,240	141,904
92-93	86,367 <sup>7</sup>	44,092	5,464	135,923
93-94	80,798 <sup>8</sup>	44,298	4,586	129,682
94-95	93,419 <sup>9</sup>	55,022	4,327	152,768
95-96	101,606 <sup>10, 11</sup>	43,639	5,424	150,669
96-97	110,163 <sup>11</sup>	44,809	6,309	161,281
97-98	97,435 <sup>12</sup>	43,345	4,955 <sup>13</sup>	145,735
98-99	107,723	47,538	7,006	162,267
99-00	126,645	44,401	7,774	178,820
00-01	113,437 <sup>11,14</sup>	39,954	8,084	161,475
01-02	121,489 <sup>11,15</sup>	39,494	5,548	166,531
02-03	120,557 <sup>11,16</sup>	38,487 <sup>11</sup>	4,853	163,897
03-04	136,834 <sup>17</sup>	41,978	2,915	181,727
04-05	127,811 <sup>18</sup>	34,450	2,327	164,588
05-06	124,315 <sup>19</sup>	33,900	3,026	161,241
06-07	130,826 <sup>20</sup>	37,295	3,369	171,491

<sup>1</sup> Includes 3,945 AF of mined water pumped by Edison as agent for IEUA.

<sup>2</sup> Does not include 7,674.3 AF exchanged with MWDSC.

<sup>3</sup> Does not include 6,423.6 AF exchanged with MWDSC.

<sup>4</sup> Does not include 16,377.1 AF exchanged with MWDSC.

<sup>5</sup> Does not include 14,929.1 AF exchanged with MWDSC.

<sup>6</sup> Does not include 12,202.4 AF exchanged with MWDSC.

<sup>7</sup> Does not include 13,657.3 AF exchanged with MWDSC.

<sup>8</sup> Does not include 20,194.7 AF exchanged with MWDSC.

<sup>9</sup> Does not include 4,221.9 AF exchanged with MWDSC.

<sup>10</sup> Does not include 6,167.2 AF exchanged with MWDSC.

<sup>11</sup> Reflects corrected production after reporting errors were accounted for.

<sup>12</sup> Does not include 4,275.4 AF exchanged with MWDSC.

<sup>13</sup> Does not include 216.5 AF exchanged with MWDSC.

<sup>14</sup> Does not include 7,989 AF Desalter production or 99.8 AF Dept. of Toxic Substances Control (DTSC) production.

<sup>15</sup> Does not include 9,458 AF Desalter production or 80.8 AF Dept. of Toxic Substances Control (DTSC) production.

<sup>16</sup> Does not include 10,439 AF Desalter production or 79.1 AF Dept. of Toxic Substances Control (DTSC) production.

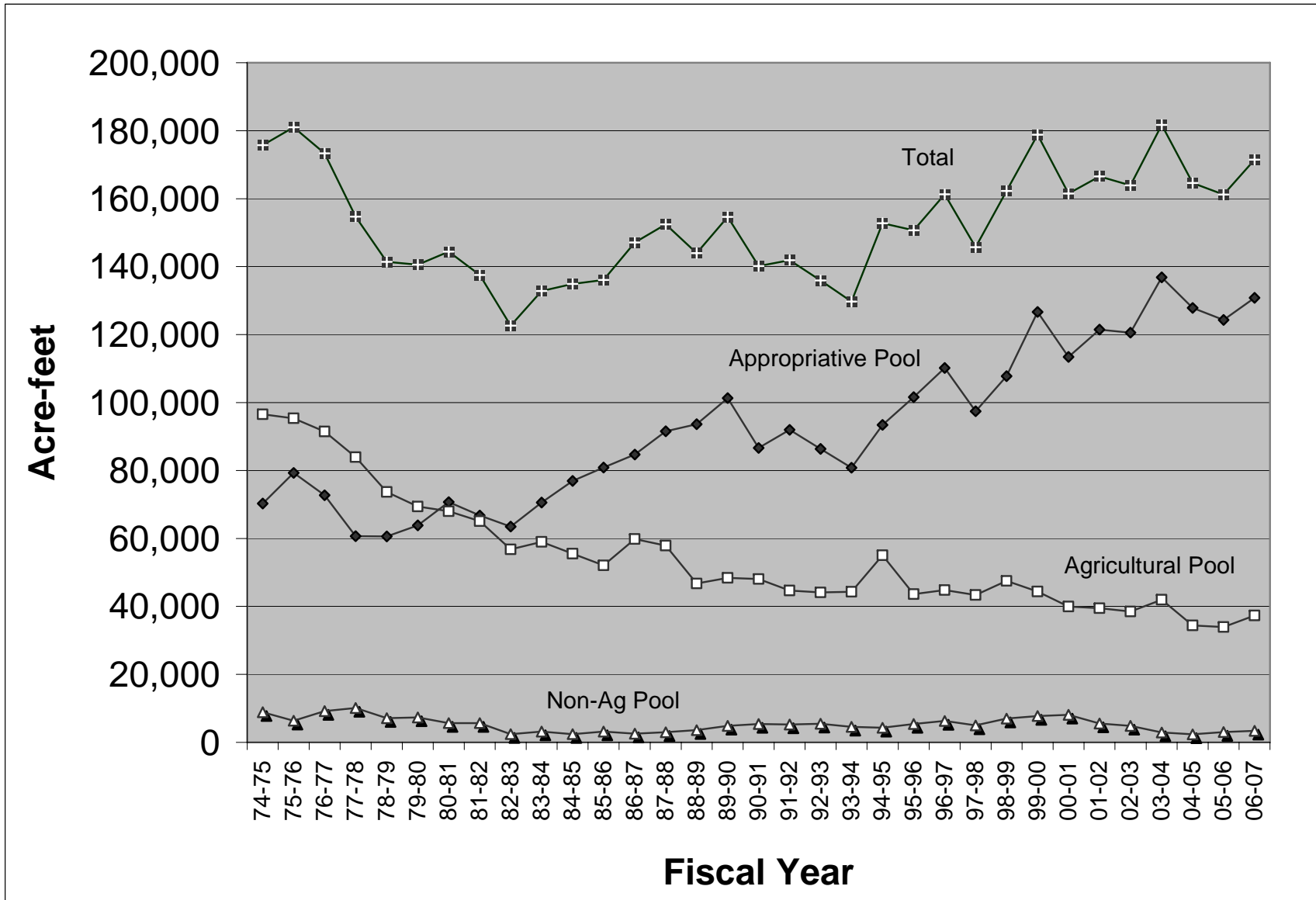
<sup>17</sup> Does not include 10,605 AF Desalter production or 79.1 AF Dept. of Toxic Substances Control (DTSC) production.

<sup>18</sup> Does not include 9,854 AF Desalter production or 80.7 AF Dept. of Toxic Substances Control (DTSC) production.

<sup>19</sup> Does not include 16,476 AF Desalter production or 79.5 AF Dept. of Toxic Substances Control (DTSC) production.

<sup>20</sup> Does not include 26,356 AF Desalter production or 79.3 AF Dept. of Toxic Substances Control (DTSC) production.

## HISTORY OF TOTAL ANNUAL GROUNDWATER PRODUCTION BY POOL



**HISTORY OF REALLOCATION OF UNPRODUCED  
AGRICULTURAL POOL SAFE YIELD<sup>1</sup>  
(ACRE-FEET)**

<b>Fiscal Year</b>	<b>Land Use Conversions</b>	<b>Remaining 50% Allocated</b>	<b>Balance Available</b>	<b>Total Ag Pool Reallocated to Appropriators</b>
83-84	297	297	25,762	26,355 <sup>2</sup>
84-85	297	297	18,543	19,136
85-86	406	406	21,091	21,902
86-87	406	406	36,348	37,159
87-88	2,028	2,028	74,433	78,489 <sup>3</sup>
88-89	406	406	24,124	24,935
89-90	406	406	35,227	36,038
90-91	406	406	33,569	34,380
91-92	406	406	33,904	34,715
92-93	406	406	37,307	38,118
93-94	406	406	37,897	38,708
94-95	3,246	406	34,850	38,502
95-96	5,855	5,855	16,067	27,778
96-97	6,310	6,310	26,541	39,161
97-98	7,213	7,213	23,565	37,991
98-99	8,511	8,511	22,433	39,455
99-00	10,471	N/A	63,191	73,662 <sup>4</sup>
00-01	13,920	N/A	28,926	42,846
01-02	14,133	N/A	29,173	43,306
02-03	16,480	N/A	27,833	44,313
03-04	17,510 <sup>5</sup>	N/A	23,312	40,822
04-05	19,013	N/A	29,336	48,350
05-06	20,370	N/A	28,530	48,900
06-07	22,158	N/A	23,346	45,505

<sup>1</sup> Source: Watermaster Annual Reports and Assessment Packages.

<sup>2</sup> First-year reallocation occurred under the Judgment.

<sup>3</sup> Appropriators agree to pay Ag Pool assessments. Reallocation procedure changed by agreement.

<sup>4</sup> Peace Agreement signed. Appropriators agree to pay Ag Pool assessments for life of Peace Agreement. Procedure changed by agreement. Ag Pool Annual Safe Yield is 82,800 AF.

<sup>5</sup> After duplication of conversion areas were identified, Jurupa's Pre-Peace Agreement acres were adjusted (337.6 acres), and Post-Peace Agreement acres were adjusted (846.4 acres).

**TOTAL WATER CONSUMPTION WITHIN THE CHINO BASIN<sup>1</sup>**  
**(ACRE-FEET)**

<b>Fiscal Year</b>	<b>Chino Basin Extractions<sup>2</sup></b>	<b>Other Imported Supplies<sup>3</sup></b>	<b>Total</b>
74-75	175,757	49,383	225,140
75-76	181,017	57,686	238,703
76-77	173,355	55,765	229,120
77-78	154,675	61,567	216,242
78-79	142,412 <sup>4</sup>	75,864	218,276
79-80	140,566	70,727	211,293
80-81	144,416	77,765	222,181
81-82	137,532	67,491	205,023
82-83	122,635	76,000	198,635
83-84	132,799	99,257	232,056
84-85	134,870	92,952	227,822
85-86	136,113	114,624	250,737
86-87	147,068	126,493	273,561
87-88	152,402	116,175	268,577
88-89	143,998	128,167	272,165
89-90	154,620	139,004	293,624
90-91	140,151	116,493	256,644
91-92	141,904	104,480	246,384
92-93	135,923	117,205	253,128
93-94	129,682	136,038	265,720
94-95	152,768	116,797	269,565
95-96	150,669 <sup>4</sup>	130,494	281,163
96-97	161,281 <sup>4</sup>	115,031	276,312
97-98	145,735	106,360	252,095
98-99	162,267	113,040	275,307
99-00	178,820	129,208	308,028
00-01	161,475 <sup>4</sup>	128,596	290,071
01-02	165,898	140,907	306,805
02-03	163,897	134,154 <sup>4</sup>	298,051
03-04	181,727	143,989	325,716
04-05	164,588	145,644	310,232
05-06	161,241	171,896	333,137
06-07	171,491	179,788	351,278

<sup>1</sup> Total includes water used over Cucamonga Basin.

<sup>2</sup> See Appendix G-1, "History of Total Annual Groundwater Production by Pool."

<sup>3</sup> Total does not include cyclic deliveries, water delivered by exchange, or water from direct spreading that was used for replenishment.

<sup>4</sup> Reflects corrected value.

**SUMMARY OF SUPPLEMENTAL SUPPLIES  
FISCAL YEAR 2006-2007  
(ACRE-FEET)**

Member Agency	Other Basins	Surface Diversions	SBVMWD & MWDSC Imported Deliveries	Reclaimed Water	Total
Chino, City of	-	-	-	2,600.4	2,600.4
Chino Hills, City of	-	-	-	1,896.7	1,896.7
Cucamonga Valley Water District <sup>1</sup>	6,427.8	4,249.0	-	932.9	11,609.7
Inland Empire Utilities Agency <sup>2</sup>	-	-	-	766.4	766.4
Fontana Water Company <sup>3</sup>	25,051.5	10,263.2	-	-	35,314.6
Jurupa Community Services District <sup>4</sup>	-	-	413.4	128.6	542.0
Marygold Mutual Water Company <sup>5</sup>	1,226.4	-	-	-	1,226.4
MWDSC <sup>6</sup>	-	-	69,343.2	-	69,343.2
Monte Vista Water District	-	-	-	131.1	131.1
Ontario, City of	-	-	-	4,853.1	4,853.1
Pomona, City of <sup>7</sup>	6,080.6	2,969.7	3,300.7	-	12,351.0
San Antonio Water Company <sup>8</sup>	6,915.3	1,457.4	-	-	8,372.7
San Bernardino, County of	-	-	-	1,404.3	1,404.3
State of California, CIM <sup>9</sup>	-	-	-	738.6	738.6
Upland, City of <sup>10</sup>	4,331.0	2,341.0	4,725.0	314.0	11,711.0
West End Consolidated Water Company <sup>11</sup>	5,383.0	-	-	-	5,383.0
West Valley Water District <sup>12</sup>	8,562.3	-	-	-	8,562.3
<b>Total</b>	<b>63,977.9</b>	<b>21,280.2</b>	<b>77,782.3</b>	<b>13,766.1</b>	<b>176,806.6</b>

<sup>1</sup> Includes groundwater produced from Cucamonga Basin and surface water from Lloyd Michaels, Royer-Nesbit, and Arthur H. Bridge WTPs, and Deer Canyon.

<sup>2</sup> IEUA provided 10,047.740 AF of reclaimed water as follows: 2,303.917 AF to the City of Chino, 1,630.518 AF to the City of Chino Hills, 253.275 AF to Cucamonga Valley Water District, 2,981.000 AF to IEUA, 3,672.648 AF to Ontario, 1,404.260 AF to San Bernardino County, and 16.735 AF to the City of Upland. Additionally, reclaimed water groundwater recharge in the amount of 2,979.800 AF is shown as allocated within each service area.

<sup>3</sup> Imported groundwater produced from Colton/Rialto, Lytle, and "unnamed" Basins. Surface water deliveries are from Lytle Creek.

<sup>4</sup> Imported groundwater produced from Riverside Basins. Reclaimed water is purchased through IEUA.

<sup>5</sup> Imported groundwater produced from wells located in the Rialto Basin.

<sup>6</sup> MWDSC and SBVMWD deliveries (See Appendix K, "Summary of MWDSC Deliveries," for individual agencies breakdown).

<sup>7</sup> Includes 5,536.514 AF of groundwater from Six Basins and 544.108 AF of groundwater from Spadra Basin. Imported water was delivered through TVMWD.

<sup>8</sup> An amount of 1,457.377 AF was treated local canyon flow used in the overlying Chino Basin. The imported groundwater was 1,463.441 AF from San Antonio Tunnel, 5,451.902 AF from Cucamonga Basin, and 0 AF from Six Basins.

<sup>9</sup> Reclaimed wastewater that was applied to fields, including water held in storage ponds.

<sup>10</sup> Imported groundwater produced from Cucamonga and Six Basins. Surface water deliveries are from the San Antonio Canyon WTP.

<sup>11</sup> Imported groundwater produced from Cucamonga and Six Basins.

<sup>12</sup> Listed amount was delivered to "meter book" service area.



**SUMMARY OF MWDSC DELIVERIES<sup>1</sup>**  
**FISCAL YEAR 2006-2007**  
**(ACRE-FEET)**

Month	Water Facilities Authority - CB-12					
	Upland	MVWD	Ontario	Chino	Chino Hills <sup>2</sup>	Total
July	605	613	1,510	420	1,508	4,655
August	495	688	1,503	445	1,339	4,470
September	459	459	1,085	431	1,336	3,769
October	337	287	1,474	440	1,042	3,579
November	315	232	1,416	417	779	3,159
December	268	190	1,203	419	736	2,815
January	241	131	996	381	653	2,401
February	40	24	329	195	292	880
March	192	176	706	224	555	1,854
April	266	192	686	227	496	1,867
May	712	332	1,108	324	790	3,266
June	895	522	1,205	356	934	3,912
Total	4,825	3,846	13,219	4,279	10,460	36,628

Month	Reliant	Cucamonga Valley Water District			Pomona	Total
	CB-01	CB-07	CB-16	Sub-Total		
July	-	77	4,365	4,442	552	9,649
August	-	53	3,748	3,801	440	8,711
September	-	-	3,599	3,599	405	7,772
October	-	-	2,771	2,771	312	6,662
November	-	-	2,360	2,360	245	5,765
December	-	-	1,916	1,916	151	4,882
January	-	-	2,043	2,043	102	4,546
February	-	-	776	776	123	1,779
March	-	-	2,256	2,256	237	4,347
April	-	-	2,075	2,075	172	4,114
May	-	-	3,069	3,069	237	6,571
June	-	26	3,580	3,606	327	7,845
Total	-	156	32,559	32,715	3,301	72,644

<sup>1</sup> Does not include Dry Year Yield activity ("puts").

<sup>2</sup> Total includes water delivered directly from WFA and from WFA through MVWD by agreement.

**SUMMARY OF CONJUNCTIVE USE, REPLENISHMENT, AND CYCLIC ACTIVITIES  
FISCAL YEAR 2006-2007  
(ACRE-FEET)**

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
<b>Conjunctive Use, All Parties - Storage</b>													
Direct													
Monte Vista Water District	-	-	-	-	-	-	-	-	-	-	-	-	-
In-Lieu													
Chino Basin Watermaster	-	-	-	2,943.5	5,257.2	-	-	-	-	-	-	-	8,200.7
Chino, City of	-	447.5	434.5	448.9	423.2	423.9	380.7	199.1	223.1	-	-	-	2,980.9
Chino Hills, City of	600.0	-	600.0	450.0	400.0	400.0	300.0	150.0	-	-	-	-	2,900.0
Cucamonga Valley Water District	-	-	-	-	-	-	-	-	-	-	-	-	-
Jurupa Community Services District	-	-	-	-	-	-	-	-	-	-	-	-	-
Monte Vista Water District	1,300.0	1,300.0	1,200.0	550.0	500.0	400.0	400.0	300.0	650.0	-	-	-	6,600.0
Ontario, City of	510.0	790.0	-	-	-	-	-	-	-	-	-	-	1,300.0
Pomona, City of	850.2	750.1	662.7	445.9	293.1	99.0	21.2	-	254.6	-	-	-	3,376.9
Upland, City of	604.8	495.1	458.8	336.9	315.0	267.6	-	-	-	-	-	-	2,478.2
	3,865.0	3,782.7	3,356.0	5,175.2	7,188.5	1,590.5	1,101.9	649.1	1,127.7	-	-	-	27,836.7
<b>Total Storage</b>	<b>3,865.0</b>	<b>3,782.7</b>	<b>3,356.0</b>	<b>5,175.2</b>	<b>7,188.5</b>	<b>1,590.5</b>	<b>1,101.9</b>	<b>649.1</b>	<b>1,127.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,836.7</b>
<b>Replenishment Deliveries to Watermaster</b>													
Obligation = 15,382.220 AF (9,249.940 over-production + 6,132.280 carryover)													
Direct													
CB-11T (Deer Creek)	60.0	-	68.8	-	-	-	-	-	-	-	-	-	128.8
CB-13T (San Sevaine)	15.4	1,029.4	1,006.4	-	-	958.5	900.0	266.0	-	-	-	-	4,175.7
CB-14T (Etiwanda) <sup>2</sup>	307.4	307.4	274.9	-	-	-	-	-	-	-	-	-	889.7
CB-15T (Day Creek)	0.1	43.3	885.0	-	-	227.9	99.6	46.2	-	3.8	-	-	1,305.9
CB-18T (Etiwanda Inter-tie)	98.3	-	-	-	-	210.5	298.1	-	47.8	-	-	-	654.7
OC-59 (San Antonio)	475.5	3,087.6	4,514.6	3,208.0	-	4,032.1	1,903.4	383.1	-	-	-	-	17,604.3
	956.7	4,467.7	6,749.7	3,208.0	-	5,429.0	3,201.1	695.3	47.8	3.8	-	-	24,759.1
Purchased from Cyclic Acct	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Replenishment</b>	<b>956.7</b>	<b>4,467.7</b>	<b>6,749.7</b>	<b>3,208.0</b>	<b>-</b>	<b>5,429.0</b>	<b>3,201.1</b>	<b>695.3</b>	<b>47.8</b>	<b>3.8</b>	<b>-</b>	<b>-</b>	<b>24,759.1</b>

NOTE: 9,376.88 AF of water was pre-purchased toward future replenishment obligations.

**SUMMARY OF STORMWATER RECHARGE  
FISCAL YEAR 2006-2007  
(ACRE-FEET)**

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
<b>San Antonio Channel / CB-59</b>													
College Heights East (MZ1)	-	-	-	-	-	-	-	1.0	-	-	-	-	1.0
College Heights West (MZ1)	-	-	-	-	-	-	-	-	-	-	-	-	-
Upland (MZ1)	-	-	-	-	2.0	26.0	56.0	75.0	9.0	27.0	-	-	195.0
Montclair 1, 2, 3, 4 (MZ1)	-	-	-	11.0	1.0	60.0	51.0	133.0	13.0	78.0	8.0	-	355.0
Brooks (MZ1)	-	-	-	14.0	30.0	31.0	25.0	62.0	4.0	33.0	4.0	2.0	205.0
<b>West Cucamonga Channel</b>													
15th Street (MZ1)	-	-	-	-	-	-	-	-	-	-	-	-	-
8th Street (MZ1)	12.0	6.0	22.0	40.0	41.0	38.0	29.0	45.0	36.0	45.0	42.0	42.0	398.0
7th Street (MZ1)	-	-	-	-	1.0	41.0	30.0	123.0	3.0	44.0	-	-	242.0
Ely 1 (MZ2)	33.0	10.0	40.0	49.0	63.0	86.0	95.0	150.0	17.0	59.0	14.0	15.0	631.0
Ely 2 (MZ2)	-	-	-	-	-	-	-	-	-	-	-	-	-
Ely 3 (MZ2)	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Riverside Drive Drain</b>													
Grove (MZ2)	3.0	3.0	3.0	11.0	2.0	17.0	6.0	89.0	3.0	26.0	2.0	1.0	166.0
<b>Cucamonga/Deer Creek Ch / CB-11</b>													
Turner 1 & 2 (MZ2)	3.0	21.0	51.0	37.0	29.0	30.0	28.0	8.0	25.0	5.0	12.0	1.0	250.0
Turner 3 & 4 (MZ2)	30.0	33.0	9.0	10.0	16.0	14.0	10.0	9.0	4.0	3.0	8.0	10.0	156.0
<b>Day Creek Channel / CB-15</b>													
Lower Day (MZ2)	5.0	3.0	3.0	9.0	6.0	14.0	8.0	19.0	5.0	3.0	2.0	1.0	78.0
Wineville (MZ3)	-	-	-	-	-	-	-	-	-	-	-	-	-
Riverside (MZ3)	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Etiwanda Channel / CB-14</b>													
Etiwanda Debris Basin (MZ2)	-	-	-	-	-	-	-	-	-	-	-	-	-
Victoria (MZ2)	9.0	3.0	3.0	8.0	4.0	89.0	15.0	70.0	8.0	35.0	7.0	9.0	260.0
Conservation Ponds (MZ3)	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>San Sevaine Channel / CB-13</b>													
San Sevaine 1 (MZ2)	-	-	-	-	3.0	60.0	36.0	76.0	5.0	3.0	31.0	30.0	244.0
San Sevaine 2 (MZ2)	-	-	-	-	-	-	-	-	-	-	-	-	-
San Sevaine 3 (MZ2)	-	-	-	-	-	-	-	-	-	-	-	-	-
San Sevaine 4 & 5 (MZ2)	-	-	-	-	-	-	-	-	-	-	-	-	-
San Sevaine Reach (MZ3)	-	-	-	-	-	-	-	-	-	-	-	-	-
Jurupa (MZ3)	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>West Fontana Channel / CB-18</b>													
Hickory (MZ2)	31.0	47.0	72.0	29.0	30.0	45.0	16.0	40.0	28.0	50.0	58.0	90.0	536.0
Banana (MZ3)	-	-	-	11.0	-	30.0	33.0	74.0	12.0	29.0	37.0	-	226.0
<b>DeClez Channel</b>													
RP3 Cell 1a (MZ3)	15.0	36.0	35.0	33.0	36.0	26.0	22.0	19.0	7.0	4.0	2.0	2.0	237.0
RP3 Cell 3b (MZ3)	15.0	20.0	18.0	34.0	31.0	90.0	83.0	147.0	21.0	88.0	18.0	-	565.0
DeClez (MZ3)	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>156.0</b>	<b>182.0</b>	<b>256.0</b>	<b>296.0</b>	<b>295.0</b>	<b>697.0</b>	<b>543.0</b>	<b>1,140.0</b>	<b>200.0</b>	<b>532.0</b>	<b>245.0</b>	<b>203.0</b>	<b>4,745.0</b>

## APPROPRIATIVE POOL WATER PRODUCTION SUMMARY FISCAL YEAR 2006-2007



Assessment Year 2007-2008 (Production Year 2006-2007)

### Pool 3 Water Production Summary

	Percent of Safe Operating Yield	Assigned Share of Operating Safe Yield	Carryover Beginning Balance	Prior Year Adjustments	2% Carryover Storage Loss	Net Ag Pool Reallocation	Water Transaction Activity
Arrowhead Mtn Spring Water Co	0.000%	0.000	0.000	0.000	0.000	0.000	0.000
Chino Hills, City Of	3.851%	2,111.422	2,111.422	0.000	(42.228)	1,863.356	266.200
Chino, City Of	7.357%	4,033.857	4,033.857	0.000	(80.677)	7,304.307	(4,933.500)
Cucamonga Valley Water District	6.601%	3,619.454	3,619.454	0.000	(72.389)	2,288.127	11,187.842
Desalter Authority	0.000%	0.000	0.000	0.000	0.000	0.000	0.000
Fontana Union Water Company	11.657%	6,391.736	0.000	0.000	0.000	3,165.794	(10,508.242)
Fontana Water Company	0.002%	1.000	0.000	0.000	0.000	691.082	13,507.694
Golden State Water Company	0.750%	411.476	411.476	0.000	(8.229)	203.684	0.000
Inland Empire Utilities Agency	0.000%	0.000	0.000	0.000	0.000	0.000	0.000
Jurupa Community Services District	3.759%	2,061.118	0.000	0.000	0.000	10,855.938	2,128.600
Los Serranos Country Club	0.000%	0.000	0.000	0.000	0.000	0.000	0.000
Marygold Mutual Water Company	1.195%	655.317	655.317	0.000	(13.106)	324.537	16.000
Metropolitan Water District	0.000%	0.000	0.000	0.000	0.000	0.000	0.000
Monte Vista Irrigation Company	1.234%	676.759	354.449	0.000	(7.088)	335.128	(1,300.000)
Monte Vista Water District	8.797%	4,823.954	0.000	0.000	0.000	2,434.680	2,143.778
Niagara Water Company	0.000%	0.000	0.000	0.000	0.000	0.000	0.000
Nicholson Trust	0.007%	4.000	2.134	0.000	(0.042)	1.901	(6.988)
Norco, City Of	0.368%	201.545	201.545	0.000	(4.030)	99.941	0.000
Ontario, City Of	20.742%	11,373.816	7,859.429	0.000	(157.188)	6,789.343	6,490.500
Pomona, City Of	20.454%	11,215.852	6,247.825	0.000	(124.956)	5,554.872	(2,387.322)
San Antonio Water Company	2.748%	1,506.888	1,506.888	0.000	(30.137)	746.298	0.000
San Bernardino County Shtg Prk	0.000%	0.000	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	2.373%	1,301.374	613.562	0.000	(12.271)	644.456	(1,969.000)
Upland, City Of	5.202%	2,852.401	2,852.401	0.000	(57.048)	1,412.753	4,257.978
West End Consolidated Water Company	1.728%	947.714	947.714	0.000	(18.954)	469.288	0.000
West Valley Water District	1.175%	644.317	644.317	0.000	(12.886)	319.105	(485.000)
	<b>100.00%</b>	<b>54,834.000</b>	<b>32,061.790</b>	<b>0.000</b>	<b>(641.229)</b>	<b>45,504.590</b>	<b>18,408.540</b>

Less Desalter Authority Production

Total Less Desalter Authority Production

Peace II

New Yield	Annual Production Right	Actual Fiscal Year Production	Storage and Recovery Program(s)	Total Production and Exchanges	Net Over-Production		Under Production Balances		
					85/15%	100%	Total Under-Produced	Carryover: Next Year Begin Bal	To Excess Carryover Account
0.000	0.000	391.836	0.000	391.836	0.000	391.836	0.000	0.000	0.000
462.120	6,772.292	1,582.587	2,900.000	4,482.587	0.000	0.000	2,289.704	2,111.422	178.282
882.839	11,240.682	5,080.652	2,980.900	8,061.552	0.000	0.000	3,179.129	3,179.129	0.000
792.120	21,434.608	18,786.439	0.000	18,786.439	0.000	0.000	2,648.169	2,648.169	0.000
0.000	0.000	26,356.217	0.000	26,356.217	0.000	26,356.217	0.000	0.000	0.000
1,398.840	448.127	0.000	0.000	0.000	0.000	0.000	448.127	448.127	0.000
0.240	14,200.015	16,124.031	0.000	16,124.031	1,924.016	0.000	0.000	0.000	0.000
90.000	1,108.407	880.691	0.000	880.691	0.000	0.000	227.715	227.715	0.000
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
451.080	15,496.735	17,840.274	0.000	17,840.274	2,343.538	0.000	0.000	0.000	0.000
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
143.400	1,781.464	183.530	0.000	183.530	0.000	0.000	1,597.934	655.317	942.617
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
148.080	207.328	0.000	0.000	0.000	0.000	0.000	207.328	207.328	0.000
1,055.640	10,458.051	11,279.391	6,600.000	17,879.391	7,421.339	0.000	0.000	0.000	0.000
0.000	0.000	1,106.307	0.000	1,106.307	0.000	1,106.306	0.000	0.000	0.000
0.840	1.845	0.000	0.000	0.000	0.000	0.000	1.845	1.845	0.000
44.160	543.160	0.000	0.000	0.000	0.000	0.000	543.160	201.545	341.615
2,489.040	34,844.939	23,905.407	1,300.000	25,205.407	0.000	0.000	9,639.532	9,639.532	0.000
2,454.480	22,960.751	10,893.597	3,376.900	14,270.497	0.000	0.000	8,690.253	8,690.253	0.000
329.760	4,059.697	1,325.883	0.000	1,325.883	0.000	0.000	2,733.813	1,506.888	1,226.925
0.000	0.000	15.832	0.000	15.832	15.832	0.000	0.000	0.000	0.000
284.760	862.881	272.806	0.000	272.806	0.000	0.000	590.075	590.075	0.000
624.240	11,942.724	1,520.940	2,478.200	3,999.140	0.000	0.000	7,943.583	2,852.401	5,091.182
207.360	2,553.122	0.000	0.000	0.000	0.000	0.000	2,553.122	947.714	1,605.408
141.000	1,250.853	0.000	0.000	0.000	0.000	0.000	1,250.853	644.317	606.536
<b>11,999.999</b>	<b>162,167.681</b>	<b>137,546.421</b>	<b>19,636.000</b>	<b>157,182.421</b>	<b>11,704.725</b>	<b>27,854.359</b>	<b>44,544.342</b>	<b>34,551.777</b>	<b>9,992.565</b>
		<u>26,356.217</u>		<u>26,356.217</u>		<u>26,356.217</u>			
		<u>111,190.204</u>		<u>130,826.204</u>		<u>1,498.142</u>			

## APPROPRIATIVE POOL STORAGE ACCOUNT TRANSACTIONS FISCAL YEAR 2006-2007



Assessment Year 2007-2008 (Production Year 2006-2007)

### Pool 3 Storage Account Transactions

	Storage and Recovery Program(s)				Excess Carry Ov		
	Carryover Beginning Balance	2% Carryover Storage Loss	Storage Exchanges	Ending Balance	Carryover Beginning Balance	2% Carryover Storage Loss	Transfers to / from
Arrowhead Mtn Spring Water Co	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Chino Hills, City Of	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Chino, City Of	0.000	0.000	0.000	0.000	8,828.404	(176.568)	0.000
Cucamonga Valley Water District	0.000	0.000	0.000	0.000	14,711.163	(294.223)	1,500.000
Desalter Authority	0.000	0.000	0.000	0.000	620.866	(12.417)	373,643.783
Fontana Union Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Fontana Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Golden State Water Company	0.000	0.000	0.000	0.000	852.348	(17.046)	0.000
Inland Empire Utilities Agency	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Jurupa Community Services District	0.000	0.000	0.000	0.000	5,730.170	(114.603)	0.000
Los Serranos Country Club	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Marygold Mutual Water Company	0.000	0.000	0.000	0.000	3,468.168	(69.363)	0.000
Metropolitan Water District	58,652.671	(1,173.053)	19,636.000	77,115.618	0.000	0.000	0.000
Monte Vista Irrigation Company	0.000	0.000	0.000	0.000	216.394	(4.327)	0.000
Monte Vista Water District	0.000	0.000	0.000	0.000	1,274.000	(25.480)	0.000
Niagara Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Nicholson Trust	0.000	0.000	0.000	0.000	0.000	0.000	(0.706)
Norco, City Of	0.000	0.000	0.000	0.000	726.661	(14.533)	0.000
Ontario, City Of	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Pomona, City Of	0.000	0.000	0.000	0.000	0.000	0.000	0.000
San Antonio Water Company	0.000	0.000	0.000	0.000	7,119.675	(142.393)	0.000
San Bernardino County Shtg Prk	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Upland, City Of	0.000	0.000	0.000	0.000	4,632.708	(92.654)	(10,893.000)
West End Consolidated Water Company	0.000	0.000	0.000	0.000	4,914.445	(98.288)	(3,800.000)
West Valley Water District	0.000	0.000	0.000	0.000	2,967.653	(59.353)	(1,500.000)
	<b>58,652.671</b>	<b>(1,173.053)</b>	<b>19,636.000</b>	<b>77,115.618</b>	<b>56,062.655</b>	<b>(1,121.248)</b>	<b>358,950.077</b>
Less Desalter Authority Production					<b>(620.866)</b>	<b>12.417</b>	<b>(400,000.000)</b>
Total Less Desalter Authority Production					<b>55,441.789</b>	<b>(1,108.831)</b>	<b>(8,662.511)</b>

Peace II

er Account (ECO)			Local Supplemental Storage Account						Combined	
From Local Supplemental Storage	From Under Production	Ending Balance	Carryover Beginning Balance	2% Carryover Storage Loss	Tranfers to / from	MZI 6,500 Eligible for Storage	Transfer to Excess Carryover	Ending Balance	Combined Storage Account Balance	
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
0.000	178.282	178.282	5,830.537	(116.610)	0.000	0.000	0.000	5,713.927	5,892.209	
0.000	0.000	8,651.836	3,625.803	(72.516)	0.000	0.000	0.000	3,553.287	12,205.123	
0.000	0.000	15,916.940	13,630.673	(272.613)	0.000	0.000	0.000	13,358.060	29,275.000	
0.000	0.000	374,252.232	0.000	0.000	0.000	0.000	0.000	0.000	374,252.232	
0.000	0.000	0.000	2,231.164	(44.623)	0.000	0.000	0.000	2,186.541	2,186.541	
0.000	0.000	0.000	0.031	0.000	0.000	0.000	0.000	0.031	0.031	
0.000	0.000	835.302	1,760.551	(35.211)	0.000	0.000	0.000	1,725.340	2,560.642	
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
0.000	0.000	5,615.567	1,198.374	(23.967)	0.000	0.000	0.000	1,174.407	6,789.974	
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
0.000	942.617	4,341.422	2,239.558	(44.791)	0.000	0.000	0.000	2,194.767	6,536.189	
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	77,115.618	
0.000	0.000	212.067	7,268.408	(145.368)	0.000	0.000	0.000	7,123.040	7,335.107	
0.000	0.000	1,248.520	6,692.506	(133.850)	0.000	0.000	0.000	6,558.656	7,807.176	
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
0.706	0.000	0.000	0.720	(0.014)	0.000	0.000	(0.706)	0.000	0.000	
0.000	341.615	1,053.743	117.319	(2.346)	0.000	0.000	0.000	114.973	1,168.716	
0.000	0.000	0.000	15,651.957	(313.039)	0.000	0.000	0.000	15,338.918	15,338.918	
0.000	0.000	0.000	15,182.995	(303.659)	0.000	0.000	0.000	14,879.336	14,879.336	
0.000	1,226.925	8,204.207	876.066	(17.521)	0.000	0.000	0.000	858.545	9,062.752	
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
0.000	0.000	0.000	585.643	(11.712)	0.000	0.000	0.000	573.931	573.931	
1,261.764	5,091.182	0.000	8,352.150	(167.042)	0.000	0.000	(1,261.764)	6,923.344	6,923.344	
0.000	1,605.408	2,621.565	550.889	(11.017)	0.000	0.000	0.000	539.872	3,161.437	
0.000	606.536	2,014.836	374.592	(7.491)	0.000	0.000	0.000	367.101	2,381.937	
<b>1,262.470</b>	<b>9,992.565</b>	<b>425,146.519</b>	<b>86,169.935</b>	<b>(1,723.390)</b>	<b>0.000</b>	<b>0.000</b>	<b>(1,262.470)</b>	<b>83,184.075</b>	<b>585,446.212</b>	
		<b>(400,608.449)</b>							<b>(400,608.449)</b>	
		<b>825,754.968</b>							<b>184,837.763</b>	

## APPROPRIATIVE POOL ASSESSMENT FEE SUMMARY FISCAL YEAR 2006-2007



Assessment Year 2007-2008 (Production Year 2006-2007)

### Pool 3 Assessment Fee Summary

	Appropriative Pool			Ag Pool SY Reallocation		Replen	
	AF Production	\$4.50 AF/Admin	\$31.80 AF/OBMP	AF Total Reallocation	\$167,967.00 \$3.69 AF/Admin	\$1,186,137.00 \$26.07 AF/OBMP	\$38.55 AF/15%
Arrowhead Mtn Spring Water Co	391.836	1,763.26	12,460.39	0.000	0.00	0.00	0.00
Chino Hills, City Of	4,482.587	20,171.64	142,546.27	1,863.356	6,878.04	48,570.82	17,607.29
Chino, City Of	8,061.552	36,276.99	256,357.36	7,304.307	26,961.73	190,396.36	31,665.21
Cucamonga Valley Water District	18,786.439	84,538.98	597,408.76	2,288.127	8,445.96	59,643.05	73,791.81
Fontana Union Water Company	0.000	0.00	0.00	3,165.794	11,685.61	82,520.58	0.00
Fontana Water Company	16,124.031	72,558.14	512,744.19	691.082	2,550.93	18,013.96	63,334.06
Golden State Water Company	880.691	3,963.11	28,005.97	203.684	751.84	5,309.29	3,459.29
Inland Empire Utilities Agency	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Jurupa Community Services District	17,840.274	80,281.23	567,320.70	10,855.938	40,071.55	282,974.30	70,075.34
Los Serranos Country Club	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Marygold Mutual Water Company	183.530	825.89	5,836.25	324.537	1,197.93	8,459.47	0.00
Metropolitan Water District	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Monte Vista Irrigation Company	0.000	0.00	0.00	335.128	1,237.03	8,735.56	0.00
Monte Vista Water District	17,879.391	80,457.26	568,564.62	2,131.680	8,986.91	63,163.13	70,228.89
Niagara Water Company	1,106.307	4,978.38	35,180.55	0.000	0.00	0.00	0.00
Nicholson Trust	0.000	0.00	0.00	1.901	7.02	49.55	0.00
Norco, City Of	0.000	0.00	0.00	99.941	368.90	2,605.09	0.00
Ontario, City Of	25,205.407	113,424.33	801,531.94	6,789.343	25,060.89	176,973.15	99,005.06
Pomona, City Of	14,270.497	64,217.24	453,801.82	5,554.872	20,504.20	144,795.05	0.00
San Antonio Water Company	1,325.883	5,966.47	42,163.08	746.298	2,754.74	19,453.25	5,207.98
San Bernardino County Shtg Prk	15.832	71.25	503.47	0.000	0.00	0.00	62.19
Santa Ana River Water Company	272.806	1,227.63	8,675.23	644.456	2,378.82	16,798.60	1,071.56
Upland, City Of	3,999.140	17,996.13	127,172.66	1,412.753	5,214.77	36,825.26	15,708.34
West End Consolidated Water Company	0.000	0.00	0.00	469.288	1,732.24	12,232.61	0.00
West Valley Water District	0.000	0.00	0.00	319.105	1,177.88	8,317.89	0.00
	<b>130,826.204</b>	<b>588,717.92</b>	<b>4,160,273.29</b>	<b>45,504.590</b>	<b>167,967.00</b>	<b>1,186,137.00</b>	<b>451,217.11</b>



Peace II

ishment Assessments		85/15 Water Transaction Activity				ASSESSMENTS DUE				
\$218.45 AF/85%	\$257.00 AF/100%	15% Producer Credits	15% Pro-rated Debits	Pomona Credit	Previous Year Adj	Total Production Based	MZ1 Supp- lemental Water	Recharge Debt Payment	Total Due	
0.00	100,701.85	0.00	0.00	0.00	0.00	114,925.51	0.00	0.00	114,925.51	
0.00	0.00	0.00	22,940.61	0.00	0.00	258,714.66	0.00	53,049.53	311,764.19	
0.00	0.00	0.00	41,256.73	0.00	0.00	582,914.38	0.00	101,346.50	684,260.88	
0.00	0.00	(83,362.50)	96,143.65	0.00	0.00	836,609.70	0.00	90,932.21	927,541.91	
0.00	0.00	0.00	0.00	0.00	0.00	94,206.19	0.00	160,581.24	254,787.43	
420,301.08	0.00	(369,256.56)	82,518.20	0.00	0.00	802,764.01	0.00	27.55	802,791.56	
0.00	0.00	0.00	4,507.13	0.00	0.00	45,996.64	0.00	10,331.64	56,328.28	
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
511,945.88	0.00	0.00	91,301.44	0.00	0.00	1,643,970.43	0.00	51,782.18	1,695,752.61	
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
0.00	0.00	0.00	0.00	0.00	0.00	16,319.55	0.00	16,461.75	32,781.29	
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
0.00	0.00	(43,875.00)	0.00	0.00	0.00	(33,902.41)	0.00	16,998.99	(16,903.42)	
1,621,191.50	0.00	(21,498.56)	91,501.63	0.00	0.00	2,482,895.49	0.00	121,183.25	2,604,078.74	
0.00	284,320.90	0.00	0.00	0.00	0.00	324,479.83	0.00	0.00	324,479.83	
0.00	0.00	0.00	0.00	0.00	0.00	56.57	0.00	96.43	153.00	
0.00	0.00	0.00	0.00	0.00	0.00	2,974.00	0.00	5,069.39	8,043.39	
0.00	0.00	0.00	128,994.10	0.00	0.00	1,344,989.48	0.00	285,731.84	1,630,721.31	
0.00	0.00	0.00	0.00	0.00	0.00	683,318.31	0.00	281,764.49	965,082.80	
0.00	0.00	0.00	6,785.49	0.00	0.00	82,331.02	0.00	37,855.13	120,186.15	
3,458.50	0.00	0.00	81.03	0.00	0.00	4,176.43	0.00	0.00	4,176.43	
0.00	0.00	(69,900.00)	1,396.14	0.00	0.00	(38,352.01)	0.00	32,689.31	(5,662.70)	
0.00	0.00	0.00	20,466.46	0.00	0.00	223,383.63	0.00	71,660.26	295,043.88	
0.00	0.00	0.00	0.00	0.00	0.00	13,964.85	0.00	23,804.10	37,768.95	
0.00	0.00	0.00	0.00	0.00	0.00	9,495.78	0.00	16,186.24	25,682.01	
<b>2,556,896.96</b>	<b>385,022.75</b>	<b>(587,892.62)</b>	<b>587,892.62</b>	<b>0.00</b>	<b>0.00</b>	<b>9,496,232.03</b>	<b>0.00</b>	<b>1,377,552.00</b>	<b>10,873,784.03</b>	

## APPROPRIATIVE POOL WATER TRANSACTIONS FISCAL YEAR 2006-2007



Peace II

Assessment Year 2007-2008 (Production Year 2006-2007)

### Pool 3 Water Transactions

	Water Transactions				Total Water Transactions
	Assigned Rights	General Transfer	Transfer from ECO Account	Recharged Recycled Water	
Arrowhead Mtn Spring Water Co	0.000	0.000	0.000	0.000	0.000
Chino Hills, City Of	0.000	0.000	0.000	266.200	266.200
Chino, City Of	0.000	(5,230.000)	0.000	296.500	(4,933.500)
Cucamonga Valley Water District	10,508.242	(2,500.000)	2,500.000	679.600	11,187.842
Desalter Authority	0.000	0.000	0.000	0.000	0.000
Fontana Union Water Company	(10,508.242)	0.000	0.000	0.000	(10,508.242)
Fontana Water Company	0.000	13,507.694	0.000	0.000	13,507.694
Golden State Water Company	0.000	0.000	0.000	0.000	0.000
Inland Empire Utilities Agency	0.000	0.000	0.000	0.000	0.000
Jurupa Community Services District	0.000	2,000.000	0.000	128.600	2,128.600
Los Serranos Country Club	0.000	0.000	0.000	0.000	0.000
Marygold Mutual Water Company	0.000	16.000	0.000	0.000	16.000
Metropolitan Water District	0.000	0.000	0.000	0.000	0.000
Monte Vista Irrigation Company	0.000	(1,300.000)	0.000	0.000	(1,300.000)
Monte Vista Water District	0.000	2,012.678	0.000	131.100	2,143.778
Niagara Water Company	0.000	0.000	0.000	0.000	0.000
Nicholson Trust	0.000	(7.694)	0.706	0.000	(6.988)
Norco, City Of	0.000	0.000	0.000	0.000	0.000
Ontario, City Of	0.000	5,310.000	0.000	1,180.500	6,490.500
Pomona, City Of	0.000	(2,387.322)	0.000	0.000	(2,387.322)
San Antonio Water Company	0.000	0.000	0.000	0.000	0.000
San Bernardino County Shtg Prk	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	0.000	(1,969.000)	0.000	0.000	(1,969.000)
Upland, City Of	0.000	(6,932.322)	10,893.000	297.300	4,257.978
West End Consolidated Water Company	0.000	(3,800.000)	3,800.000	0.000	0.000
West Valley Water District	0.000	(1,985.000)	1,500.000	0.000	(485.000)
	<b>0.000</b>	<b>(3,264.966)</b>	<b>18,693.706</b>	<b>2,979.800</b>	<b>18,408.540</b>

**APPROPRIATIVE POOL  
WATER TRANSACTIONS - RECAPTURE/SALES/TRANSFERS REPORTED  
FISCAL YEAR 2006-2007**

The Watermaster Board approved the following transactions:

Date	Description
August 23, 2007	<ul style="list-style-type: none"> <li>• Lease and Assignment of Safe Yield from the Santa Ana River Water Company to the Jurupa Community Services District in the amount of 2,000 acre-feet.</li> <li>• Lease and Assignment of Safe Yield from the City of Pomona to the Cucamonga Valley Water District in the amount of 3,500 acre-feet.</li> <li>• Purchase of Right to Produce Water in Storage from the City of Upland to the City of Pomona in the amount of 893 acre-feet.</li> </ul>
July 26, 2007	<ul style="list-style-type: none"> <li>• Purchase of Right to Produce Water in Storage from the City of Upland to the Fontana Water Company in the amount of 10,000 acre-feet.</li> <li>• Purchase of Right to Produce Water in Storage from the West Valley Water District to the Cucamonga Valley Water District in the amount of 500 acre-feet.</li> </ul>
June 28, 2007	<ul style="list-style-type: none"> <li>• Purchase of Right to Produce Water in Storage from the West End Consolidated Water Company to the City of Upland in the amount of 3,800 acre-feet.</li> </ul>
May 24, 2007	<ul style="list-style-type: none"> <li>• Lease and Assignment of Safe Yield from the West Valley Water District to the Monte Vista Water District in the amount of 500 acre-feet.</li> <li>• Purchase of Right to Produce Water in Storage and Annual Production Right from the Nicholson Trust to the Fontana Water Company in the amounts of 0.706 and 6.988 acre-feet, respectively.</li> </ul>
April 26, 2007	<ul style="list-style-type: none"> <li>• Purchase of Right to Produce Water in Storage from the West Valley Water District to the Fontana Water Company in the amount of 1,000 acre-feet.</li> <li>• Lease and Assignment of Safe Yield from the City of Chino to the City of Ontario in the amount of 5,230 acre-feet.</li> </ul>
March 22, 2007	<ul style="list-style-type: none"> <li>• Purchase of Right to Produce Water in Storage from the Cucamonga Valley Water District to the Fontana Water Company in the amount of 2,500 acre-feet.</li> </ul>
October 26, 2006	<ul style="list-style-type: none"> <li>• Lease and Assignment of Safe Yield from the Monte Vista Irrigation Company to the Monte Vista Water District in the amount of 1,300 acre-feet.</li> </ul>

## APPROPRIATIVE POOL WATER TRANSACTION SUMMARY FISCAL YEAR 2006-2007



### Chino Basin Watermaster Assessment Breakdown 2007-2008 Water Transactions

Peace II

Assessment Year 2007-2008 (Production Year 2006-2007)

To:	From:	Date of Submittal	Quantity	\$ / Acre Feet	Total \$	85%	15% WM Pays	
Cucamonga Valley Water District	Pomona, City Of Annual Account	6/7/2007	3,500.000	226.90	794,150.00	0.00	0.00	
	West Valley Water District Storage Account	5/24/2007	500.000	202.00	101,000.00	0.00	0.00	
Fontana Water Company	Cucamonga Valley Water District Storage Account	1/22/2007	2,500.000	222.30	555,750.00	472,387.50	83,362.50	Cucamonga Valley Water District
	Nicholson Trust Storage Account	3/15/2007	0.706	222.30	156.94	133.40	23.54	Fontana Water Company
	Nicholson Trust Annual Account	3/15/2007	6.988	222.30	1,553.43	1,320.42	233.01	Fontana Water Company
	Upland, City Of Storage Account	5/7/2007	10,000.000	225.00	2,250,000.00	1,912,500.00	337,500.00	Fontana Water Company
	West Valley Water District Storage Account	2/12/2007	1,000.000	210.00	210,000.00	178,500.00	31,500.00	Fontana Water Company
Jurupa Community Services District	Santa Ana River Water Company Annual Account	6/28/2007	2,000.000	233.00	466,000.00	396,100.00	69,900.00	Santa Ana River Water Company
Monte Vista Water District	Monte Vista Irrigation Company Annual Account	8/14/2006	1,300.000	225.00	292,500.00	248,625.00	43,875.00	Monte Vista Irrigation Company
	Monte Vista Water District Annual Account	6/30/2007	98.011	340.00	33,323.74	28,325.18	4,998.56	Monte Vista Water District
	West Valley Water District Annual Account	10/31/2006	500.000	220.00	110,000.00	93,500.00	16,500.00	Monte Vista Water District
	<i>Water injected into MVWD Well 30 to offset overproduction; \$/AF = MWD Tier 1 water rate plus IEUA surcharge</i>							
Ontario, City Of	Chino, City Of Annual Account	2/9/2007	5,230.000	225.00	1,176,750.00	0.00	0.00	
Pomona, City Of	Upland, City Of Storage Account	6/7/2007	893.000	0.00	0.00	0.00	0.00	
Upland, City Of	West End Consolidated Water Company Storage Account	4/11/2007	3,800.000	49.00	186,200.00	0.00	0.00	
			<b>31,328.705</b>		<b>\$6,177,384.12</b>	<b>\$3,331,391.50</b>	<b>\$587,892.62</b>	
							<b>Total Credits</b>	<b>\$587,892.62</b>

# APPROPRIATIVE POOL AGRICULTURAL POOL REALLOCATION SUMMARY FISCAL YEAR 2006-2007



Peace II

Assessment Year 2007-2008 (Production Year 2006-2007)

## Pool 3 Agricultural Pool Reallocation Summary

	% Share of Operating Safe Yield (AF)	Reallocation of Agricultural Pool Safe Yield				Net Ag Pool Reallocation
		32,800 AF Early Transfer	Land Use Conversions	Potential for Reallocation (AF)	Difference: Potential vs. Net	
Arrowhead Mtn Spring Water Co	0.000%	0.000	0.000	0.000	0.000	0.000
Chino Hills, City Of	3.851%	1,263.128	987.346	2,250.473	(387.117)	1,863.356
Chino, City Of	7.357%	2,413.096	6,408.700	8,821.796	(1,517.489)	7,304.307
Cucamonga Valley Water District	6.601%	2,165.128	598.364	2,763.492	(475.365)	2,288.127
Desalter Authority	0.000%	0.000	0.000	0.000	0.000	0.000
Fontana Union Water Company	11.657%	3,823.496	0.000	3,823.496	(657.702)	3,165.794
Fontana Water Company	0.002%	0.656	834.000	834.656	(143.574)	691.082
Golden State Water Company	0.750%	246.000	0.000	246.000	(42.316)	203.684
Inland Empire Utilities Agency	0.000%	0.000	0.000	0.000	0.000	0.000
Jurupa Community Services District	3.759%	1,232.952	11,878.336	13,111.288	(2,255.350)	10,855.938
Los Serranos Country Club	0.000%	0.000	0.000	0.000	0.000	0.000
Marygold Mutual Water Company	1.195%	391.960	0.000	391.960	(67.423)	324.537
Metropolitan Water District	0.000%	0.000	0.000	0.000	0.000	0.000
Monte Vista Irrigation Company	1.234%	404.752	0.000	404.752	(69.624)	335.128
Monte Vista Water District	8.797%	2,885.416	55.075	2,940.491	(505.811)	2,434.680
Niagara Water Company	0.000%	0.000	0.000	0.000	0.000	0.000
Nicholson Trust	0.007%	2.296	0.000	2.296	(0.395)	1.901
Norco, City Of	0.368%	120.704	0.000	120.704	(20.763)	99.941
Ontario, City Of	20.742%	6,803.376	1,396.471	8,199.847	(1,410.504)	6,789.343
Pomona, City Of	20.454%	6,708.912	0.000	6,708.912	(1,154.040)	5,554.872
San Antonio Water Company	2.748%	901.344	0.000	901.344	(155.046)	746.298
San Bernardino County Shtg Prk	0.000%	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	2.373%	778.344	0.000	778.344	(133.888)	644.456
Upland, City Of	5.202%	1,706.256	0.000	1,706.256	(293.503)	1,412.753
West End Consolidated Water Company	1.728%	566.784	0.000	566.784	(97.496)	469.288
West Valley Water District	1.175%	385.400	0.000	385.400	(66.295)	319.105
	<b>100.000%</b>	<b>32,800.000</b>	<b>22,158.292</b>	<b>54,958.291</b>	<b>(9,453.701)</b>	<b>45,504.590</b>

**APPROPRIATIVE POOL LAND USE CONVERSION SUMMARY  
FISCAL YEAR 2006-2007**

## NON-AGRICULTURAL POOL WATER PRODUCTION SUMMARY FISCAL YEAR 2006-2007



Assessment Year 2007-2008 (Production Year 2006-2007)

### Pool 2 Water Production Summary

Peace II

	Carryover Beginning Balance	Prior Year Adjustments	2% Carryover Storage Loss	Assigned Share of Operating Safe Yield (AF)	Water Transaction Activity	Annual Production Right	Actual Fiscal Year Production	Net Over Production	Under Production Balances		
									Total Under-Produced	Carryover: Next Year Begin Bal	To Local Storage Account
Ameron Inc	97.858	0.000	(1.957)	97.858	(9.786)	183.973	0.000	0.000	183.973	97.858	86.115
Angelica Textile Service	0.000	0.000	0.000	18.789	(1.879)	16.910	28.689	11.779	0.000	0.000	0.000
California Speedway	1,000.001	0.000	(20.000)	1,000.000	(100.000)	1,880.001	621.156	0.000	1,258.844	1,000.000	258.844
California Steel Industries Inc	1,300.000	0.000	(26.000)	1,300.000	(130.000)	2,444.000	1,284.026	0.000	1,159.973	1,159.973	0.000
CCG Ontario, Llc	630.274	0.000	(12.605)	630.274	(63.027)	1,184.916	0.000	0.000	1,184.916	630.274	554.642
General Electric Company	0.000	0.000	0.000	0.000	0.000	0.000	13.826	13.825	0.000	0.000	0.000
Praxair Inc	427.446	0.000	(8.548)	427.446	(42.745)	803.599	131.897	0.000	671.702	427.446	244.256
Reliant Energy Etiwanda	954.541	0.000	(19.090)	954.540	(95.454)	1,794.537	704.818	0.000	1,089.718	954.540	135.178
San Bernardino Cty (Chino Airport)	133.871	0.000	(2.677)	133.870	(13.387)	251.677	121.465	0.000	130.212	130.212	0.000
Southern California Edison Company	27.959	0.000	(0.559)	27.959	(2.796)	52.563	0.000	0.000	52.563	27.959	24.604
Space Center Mira Loma Inc.	0.000	0.000	0.000	104.121	(10.412)	93.708	104.121	10.412	0.000	0.000	0.000
Sunkist Growers Inc	1,873.403	0.000	(37.468)	1,873.402	(187.340)	3,521.997	299.503	0.000	3,222.493	1,873.402	1,349.091
Swan Lake Mobile Home Park	464.241	0.000	(9.284)	464.240	(46.424)	872.773	54.780	0.000	817.993	464.240	353.753
Vulcan Materials Company	317.845	0.000	(6.356)	317.844	(31.784)	597.548	4.799	0.000	592.749	317.844	274.905
West Venture Development	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	<b>7,227.439</b>	<b>0.000</b>	<b>(144.544)</b>	<b>7,350.343</b>	<b>(735.034)</b>	<b>13,698.202</b>	<b>3,369.080</b>	<b>36.016</b>	<b>10,365.136</b>	<b>7,083.748</b>	<b>3,281.388</b>

**NON-AGRICULTURAL POOL STORAGE ACCOUNT TRANSACTIONS  
FISCAL YEAR 2006-2007**



Peace II

Assessment Year 2007-2008 (Production Year 2006-2007)

**Pool 2 Water / Storage Account Transactions**

	Local Storage Account			
	Carryover Beginning Balance	2% Carryover Storage Loss	Transfers to / from Annual	Ending Balance
Ameron Inc	1,912.677	(38.253)	86.115	1,960.539
Angelica Textile Service	0.000	0.000	0.000	0.000
California Speedway	1,174.704	(23.494)	258.844	1,410.054
California Steel Industries Inc	3,226.300	(64.526)	0.000	3,161.774
CCG Ontario, Llc	8,676.615	(173.532)	554.642	9,057.725
General Electric Company	0.000	0.000	0.000	0.000
Kaiser Ventures Inc	0.000	0.000	0.000	0.000
Loving Savior Of The Hills	0.000	0.000	0.000	0.000
Praxair Inc	4,305.105	(86.102)	244.256	4,463.259
Reliant Energy Etiwanda	6,001.409	(120.028)	135.178	6,016.559
San Antonio Winery	0.000	0.000	0.000	0.000
San Bernardino Cty (Chino Airport)	187.769	(3.755)	0.000	184.014
Southern California Edison Company	191.799	(3.835)	24.604	212.568
Space Center Mira Loma Inc.	0.000	0.000	0.000	0.000
Sunkist Growers Inc	12,535.115	(250.702)	1,349.091	13,633.504
Swan Lake Mobile Home Park	2,323.263	(46.465)	353.753	2,630.551
Vulcan Materials Company	8,643.566	(172.871)	274.905	8,745.600
West Venture Development	0.000	0.000	0.000	0.000
	<b>49,178.322</b>	<b>(983.563)</b>	<b>3,281.388</b>	<b>51,476.147</b>



## NON-AGRICULTURAL POOL ASSESSMENT FEE SUMMARY FISCAL YEAR 2006-2007



Assessment Year 2007-2008 (Production Year 2006-2007)

Peace II

### Pool 2 Assessment Fee Summary

	Non-Agricultural Pool			Replenishment Assessments		Previous Year Adj	Total Assessments Due
	AF Production	\$4.50 Per AF Admin	\$31.80 Per AF OBMP	AF Exceeding Safe Yield	\$257.00 Per AF		
Ameron Inc	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Angelica Textile Service	28.689	129.10	912.32	11.779	3,027.20	0.00	4,068.62
California Speedway	621.156	2,795.20	19,752.77	0.000	0.00	0.00	22,547.98
California Steel Industries Inc	1,284.026	5,778.12	40,832.04	0.000	0.00	0.00	46,610.16
CCG Ontario, Llc	0.000	0.00	0.00	0.000	0.00	0.00	0.00
General Electric Company	13.826	62.22	439.66	13.825	3,553.28	0.00	4,055.15
Kaiser Ventures Inc	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Loving Savior Of The Hills	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Praxair Inc	131.897	593.54	4,194.32	0.000	0.00	0.00	4,787.86
Reliant Energy Etiwanda	704.818	3,171.68	22,413.22	0.000	0.00	0.00	25,584.90
San Antonio Winery	0.000	0.00	0.00	0.000	0.00	0.00	0.00
San Bernardino Cty (Chino Airport)	121.465	546.59	3,862.58	0.000	0.00	0.00	4,409.17
Southern California Edison Company	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Space Center Mira Loma Inc.	104.121	468.54	3,311.04	10.412	2,675.88	0.00	6,455.47
Sunkist Growers Inc	299.503	1,347.76	9,524.20	0.000	0.00	0.00	10,871.96
Swan Lake Mobile Home Park	54.780	246.51	1,741.99	0.000	0.00	0.00	1,988.50
Vulcan Materials Company	4.799	21.60	152.61	0.000	0.00	0.00	174.20
West Venture Development	0.000	0.00	0.00	0.000	0.00	0.00	0.00
	<b>3,369.080</b>	<b>15,160.86</b>	<b>107,136.74</b>	<b>36.016</b>	<b>9,256.37</b>	<b>0.00</b>	<b>131,553.97</b>

## HISTORIC ASSESSMENTS PER ACRE-FOOT OF PRODUCTION

<b>Fiscal Year</b>	<b>Agricultural Pool <sup>1</sup> (\$/AF)</b>	<b>Non-Ag Pool (\$/AF)</b>	<b>Appropriative Pool <sup>2</sup> (\$/AF)</b>	<b>Gross Replenishment <sup>1</sup> Water Rate (\$/AF)</b>
77-78	0.29	0.32	0.42	
78-79	0.65	1.29	0.77	51.00
79-80	0.54	0.20	0.51	56.20
80-81	0.32	0.00	0.00	62.51
81-82	0.10	0.00	0.00	63.78
82-83	0.10	0.00	0.00	81.46
83-84	0.10	0.00	0.00	102.18
84-85	0.10	0.00	0.10	154.00
85-86	0.10	0.00	0.45	149.39
86-87	0.10	0.00	0.41	155.10
87-88	0.10	0.00	0.25	155.42
88-89	0.09	0.00	0.67	155.33
89-90	3.27	0.00	0.48	115.00
90-91	2.31	0.00	0.43	117.55
91-92	3.53	0.12	0.11	132.55
92-93	7.03	4.07	3.41	169.89
93-94	12.37	6.67	2.51	210.69
94-95	9.86	3.24	2.06	222.00
95-96	11.68	3.43	1.57	233.15
96-97	19.70	7.55	3.69	233.15
97-98	15.19	6.56	2.73	237.15
98-99	19.04	9.85	7.77	243.00
99-00	26.30	14.12	11.75	243.00
00-01	18.15	25.79	24.74	242.00
01-02	34.37	29.93	25.42	243.00
02-03	35.69	26.72	21.35	244.00
03-04	34.10	25.39	22.90	244.00
04-05	26.15	25.43	25.43	250.00
05-06	19.91	27.94	27.94	251.00
06-07	28.23	40.72	40.72	251.00

<sup>1</sup> \$/AF of water reallocated to the Appropriative Pool.

<sup>2</sup> Excludes amounts related to the debt service of the Recharge Improvement Project, and supplemental and replenishment water purchases.

## SUMMARY BUDGET FISCAL YEAR 2006-2007

	FY 04-05 June Actual	FY 05-06 December Actual	FY 05-06 Current Budget	FY 06-07 Proposed Budget	Current vs. Proposed
<b>Ordinary Income</b>					
4000 Mutual Agency Revenue	\$895,733	\$19,879	\$132,000	\$138,000	\$6,000
4110 Appropriative Pool Assessments	4,807,004	4,781,347	4,834,117	7,227,619	2,393,502
4120 Non-Agricultural Pool Assessments	74,241	66,160	65,020	80,586	15,566
4730 Prorated Interest Income	211,607	111,779	78,330	136,500	58,170
4900 Miscellaneous Income	3,865	0	0	0	0
<b>Total Income</b>	<b>5,992,451</b>	<b>4,979,166</b>	<b>5,109,467</b>	<b>7,582,705</b>	<b>2,473,238</b>
<b>Administrative Expenses</b>					
6010 Salary Costs	427,958	225,436	404,153	447,037	42,884
6020 Office Building Expense	108,636	42,696	97,850	102,000	4,150
6030 Office Supplies & Equip.	66,089	12,978	54,000	51,500	-2,500
6040 Postage & Printing Costs	83,058	37,933	75,700	78,500	2,800
6050 Information Services	108,857	65,930	103,500	112,500	9,000
6060 WM Special Contract Services	168,168	1,939	130,500	131,000	500
6080 Insurance Expense	25,875	-691	24,210	25,210	1,000
6110 Dues and Subscriptions	19,073	2,502	14,000	16,750	2,750
6150 Field Supplies & Equipment	2,831	-1,832	4,050	4,000	-50
6170 Vehicle Maintenance Costs	20,291	44,240	45,200	19,350	-25,850
6190 Conferences & Seminars	16,022	5,632	17,500	22,500	5,000
6200 Advisory Committee Expenses	12,215	7,153	14,082	15,168	1,086
6300 Watermaster Board Expenses	34,943	19,032	29,782	36,955	7,173
6500 Education Fund Expenditures	0	375	375	375	0
8300 Appropriative Pool Administration	13,459	9,777	15,347	15,918	571
8400 Agricultural Pool Administration	87,794	69,642	73,756	95,633	21,877
8500 Non-Agricultural Pool Administration	3,065	2,174	7,423	6,694	-729
9500 Allocated G&A Expenditures	-307,227	-186,018	-378,284	-408,749	-30,465
<b>Total Administrative Expenses</b>	<b>891,107</b>	<b>358,900</b>	<b>733,144</b>	<b>772,341</b>	<b>39,197</b>
<b>General OBMP Expenditures</b>					
6900 Optimum Basin Mgmt Program	1,150,441	585,756	996,767	1,713,780	717,013
6950 Cooperative Efforts	57,631	15,755	75,000	5,000	-70,000
9501 Allocated G&A Expenditures	102,863	64,502	109,541	142,015	32,474
<b>Total General OBMP Expenditures</b>	<b>1,310,935</b>	<b>666,013</b>	<b>1,181,308</b>	<b>1,860,795</b>	<b>679,487</b>
<b>7000 OBMP Implementation Projects</b>					
7101 Production Monitoring	38,998	28,178	68,755	61,565	-7,190
7102 In-Line Meter Installation/Maintenance	26,093	16,575	97,954	64,904	-33,050
7103 Groundwater Quality Monitoring	126,327	35,098	66,503	149,713	83,210
7104 Groundwater Level Monitoring	93,148	51,866	184,812	191,953	7,141
7105 Basin Water Quality Monitoring	399,130	6,449	90,223	32,247	-57,976
7106 Water Level Sensors Install	0	0	5,734	0	-5,734
7107 Ground Level Monitoring	342,946	75,679	554,825	160,984	-393,841
7108 Hydraulic Control Monitoring Program	531,404	132,589	495,368	483,258	-12,110
7109 Recharge & Well Monitoring Program	0	81,442	133,061	146,350	13,289
7200 OBMP Pgm Element 2 - Comp Recharge Program	474,966	146,305	759,105	1,822,997	1,063,892
7300 OBMP Pgm Element 3 & 5 - Water Supply Plan - Desalter	1,418	339	12,548	4,676	-7,872
7400 OBMP Pgm Element 4 - Mgmt Zone Strategies	229,155	81,207	1,081,014	578,762	-502,252
7500 OBMP Pgm Element 6 & 7 - Coop Efforts/Salt Mgmt	49,744	46,274	255,769	310,507	54,738
7600 OBMP Pgm Element 8 & 9 Storage Mgmt/Conj Use	93,662	5,933	77,268	6,698	-70,570
7700 Inactive Well Protection Program	5,380	0	12,128	14,921	2,793
7690 Recharge Improvement Debt Payment	274,169	0	300,000	1,608,000	1,308,000
9502 Allocated G&A Expenditures	204,364	121,515	268,742	266,734	-2,008
<b>Total OBMP Implementation Projects</b>	<b>2,890,904</b>	<b>829,449</b>	<b>4,463,809</b>	<b>5,904,269</b>	<b>1,440,460</b>
<b>Total Expenses</b>	<b>5,092,946</b>	<b>1,854,363</b>	<b>6,378,261</b>	<b>8,537,405</b>	<b>2,159,144</b>
<b>Net Ordinary Income</b>	<b>899,505</b>	<b>3,124,803</b>	<b>-1,268,794</b>	<b>-954,700</b>	<b>314,094</b>
<b>Other Income</b>					
4210 Approp Pool-Replenishment	8,094,622	6,635,065	0	0	0
4220 Non-Ag Pool-Replenishment	2,485	0	0	0	0
4230 Groundwater Recharge Activity	1,625,000	0	600,000	0	-600,000
<b>Total Other Income</b>	<b>9,722,107</b>	<b>6,635,065</b>	<b>600,000</b>	<b>0</b>	<b>-600,000</b>
<b>Other Expense</b>					
5010 Groundwater Recharge	10,274,665	4,007,547	699,000	0	-699,000
<b>Total Other Expense</b>	<b>10,274,665</b>	<b>4,007,547</b>	<b>699,000</b>	<b>0</b>	<b>-699,000</b>
<b>Net Other Income</b>	<b>-552,558</b>	<b>2,627,519</b>	<b>-99,000</b>	<b>0</b>	<b>99,000</b>
<b>9800 From / (To) Reserves</b>	<b>-346,947</b>	<b>-5,752,322</b>	<b>1,367,794</b>	<b>954,700</b>	<b>-413,094</b>
<b>Net Income</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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**CHINO BASIN WATERMASTER**  
**BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA**  
**YEAR ENDED JUNE 30, 2007**  
**(WITH INDEPENDENT AUDITOR'S REPORT THEREON)**

CHINO BASIN WATERMASTER  
Basic Financial Statements and Supplemental Data  
Year ended June 30, 2007

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Board of Directors  
Chino Basin Watermaster  
Rancho Cucamonga, California

Independent Auditors' Report

We have audited the accompanying basic financial statements of the Chino Basin Watermaster as of and for the year ended June 30, 2007, as listed in the table of contents. These basic financial statements are the responsibility of the management of Chino Basin Watermaster. Our responsibility is to express an opinion on these basic financial statements based on our audit. The prior year partial comparative information has been derived from the Chino Basin Watermaster's basic financial statements for the year ended June 30, 2006 and, in our report dated August 10, 2006, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chino Basin Watermaster as of June 30, 2007, and respective changes in financial position and cash flows of the Chino Basin Watermaster for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *management's discussion and analysis* is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Chino Basin Watermaster's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information identified in the table of contents has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Mayer Hoffman McCann P.C.*

Irvine, California  
January 23, 2008



## CHINO BASIN WATERMASTER

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### **BACKGROUND**

The Chino Basin Watermaster (Watermaster) was established under a Judgment entered in the Superior Court of the State of California for the County of San Bernardino, entitled "Chino Basin Municipal Water District v. City of Chino, et al.," (originally Case No. SCV 164327, the file was transferred in August 1989 and assigned a new Case No. RCV 51010). The Judgment prescribes Watermaster's authorities and specifies classes of water production assessments to be used to fund certain activities. Those assessment categories are: administration, OBMP, special project and replenishment. Each class of assessment has a prescribed purpose and water production base. Assessment revenue is Watermaster's principal source of income.

Watermaster's operating revenues include not only funds for administrative, OBMP, special project and replenishment expenses collected in accordance with the annual budget, but also include money collected by appropriators to help pay for improvements to recharge basins within our boundaries and contributions received on behalf of expenditures related to cooperative projects as approved through the budget process.

The Unrestricted Net Asset amount listed on the Statement of Net Assets includes assessments on production of water in excess of production rights. These funds will be used to purchase replenishment water to mitigate annual overdraft in the coming year.

#### **BASIC FINANCIAL STATEMENTS**

To comply with governmental accounting standards, Watermaster's assessment funds have been compiled into a single set of comprehensive interrelated financial statements. The financial statements that accompany this report include Statement of Net Assets, Statements of Revenues, Expenses and Changes in Net Assets, and Statement of Cash Flows. The financial statements presented represent the year ended June 30, 2007 and June 30, 2006 for comparative purposes. Also included are various notes providing additional explanation and detail relating to this financial information.

The Statement of Net Assets lists Watermaster's total assets, liabilities, and net assets, or the amount of assets free of debt, as of June 30, 2007 and June 30, 2006. The Statements of Revenues, Expenses and Changes in Net Assets list Watermaster's income for the year and its expenses. Additionally, these statements identify the gain or loss in net assets for the fiscal years ending June 30, 2007 and June 30, 2006. Finally, the Statements of Cash Flows indicate how cash was received and spent throughout the past year, highlighting the net change in cash and investments for 2007 and 2006.

#### **SUMMARY OF FINANCIAL INFORMATION**

For the year ended June 30, 2007 and June 30, 2006, Watermaster's Total Net Assets was \$5,309,297 and \$6,402,408 respectively. These balances include funds that will be required to purchase water to meet the unmet replenishment obligation incurred during the previous fiscal year as well as funds set aside for specific use such as the Agricultural Pool funds.



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2007  
(With comparative totals for June 30, 2006)**

	<u>2007</u>	<u>2006</u>
<b>Assets</b>		
Current	\$ 8,026,597	\$ 8,251,351
Capital	<u>84,354</u>	<u>113,472</u>
<b>Total Assets</b>	8,110,951	8,364,823
<b>Liabilities</b>		
Current	2,686,624	1,877,815
Non current	<u>115,030</u>	<u>84,600</u>
<b>Total Liabilities</b>	2,801,654	1,962,415
<b>Net Assets</b>		
Invested in capital assets	84,354	113,472
Unrestricted	<u>5,224,943</u>	<u>6,288,936</u>
<b>Total Net Assets</b>	<u>\$ 5,309,297</u>	<u>\$ 6,402,408</u>

**REVIEW OF REVENUES AND EXPENSES**

Annual assessments are determined by dividing the adopted budget by the assessable production. Administrative assessment revenue increased over the previous year due to budgeted increases in OBMP expenses and recharge basin operations & maintenance expenses. Replenishment assessment revenue decreased due to decreases in production in excess of rights.

There was an increase in administrative expenditures over the previous year. Overall operating expenses (excluding replenishment activities) increased over the prior year from \$5,445,196 to \$8,569,855. This increase in expenses relates to increases in Administrative, OBMP and Special Project related expenditures.

Non-operating revenue represented interest income of \$256,311 and \$334,287 for the years ending June 30, 2007 and June 30, 2006. This decrease in income relates directly to the substantial decrease in the deposits held to purchase replenishment water from the 2006 fiscal year to the 2007 fiscal year.

The financial condition of Watermaster changed as indicated by the change in the Net Assets from the prior year in the amount of \$(1,093,111).

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2007**

**(With comparative totals for June 30, 2006)**

	<u>2006</u>	<u>2005</u>
Operating Revenues		
Administrative assessments (note 1)	\$ 7,923,502	\$ 4,895,755
Mutual agency project revenue	142,149	200,138
Replenishment water	2,690,983	6,548,139
Miscellaneous revenue	<u>-</u>	<u>42,500</u>
Total Operating Revenues	<u>10,756,634</u>	<u>11,686,532</u>
Operating Expenses		
Watermaster administration	752,865	594,421
Depreciation	29,118	31,713
Pool, Advisory and Board administration	169,967	211,505
Optimum Basin Management Plan	7,607,905	4,603,629
Mutual agency project costs	10,000	31,928
Groundwater replenishment	<u>3,536,201</u>	<u>8,989,023</u>
Total Operating Expenses	<u>12,106,056</u>	<u>14,462,219</u>
Income from operations	<u>(1,349,422)</u>	<u>(2,775,687)</u>
Non-Operating Revenues		
Interest	<u>256,311</u>	<u>334,287</u>
Total Nonoperating Revenues	<u>256,311</u>	<u>334,287</u>
Change in net assets	(1,093,111)	(2,441,400)
Net assets at beginning of year	<u>6,402,408</u>	<u>8,843,808</u>
Total net assets at end of year	<u>\$ 5,309,297</u>	<u>\$ 6,402,408</u>

**COMPARISON OF FY 2006-2007 ADMINISTRATION BUDGET TO ACTUAL REVENUES/EXPENSE**

The Administrative Assessment revenue exceeded budget because the actual cash on hand at the end of the fiscal year which was used to offset assessments was less than forecasted when the budget was prepared.

Actual operating expenses exceeded the budget in the categories of Administration, OBMP and Special Projects. Administrative expenses exceeded budget due to staff and overhead allocations. OBMP expenses exceeded budget due to unforeseen legal expenses related to the Santa Ana River hearings regarding water rights and general as well as special referee legal expenses due to continued Peace II negotiations. Special project expenses exceeded budget mostly relating to work done pertaining to Hydraulic Control.

Administration recorded a \$1,093,111 decrease in change in net assets for the year ending June 30, 2007, compared to a budgeted decrease of \$139,700.

CHINO BASIN WATERMASTER

Statement of Net Assets

June 30, 2007

(with comparative totals for June 30, 2006)

<u>Assets</u>	<u>2007</u>	<u>2006</u>
Current assets:		
Cash and investments (note 2)	\$ 4,834,960	7,137,616
Accounts receivable (note 9)	840,426	1,084,667
Prepaid expenses	<u>2,351,211</u>	<u>29,068</u>
Total current assets	<u>8,026,597</u>	<u>8,251,351</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation (note 3)	<u>84,354</u>	<u>113,472</u>
Total noncurrent assets	<u>84,354</u>	<u>113,472</u>
Total assets	<u>8,110,951</u>	<u>8,364,823</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	2,629,876	1,825,161
Accrued salaries and benefits	<u>56,748</u>	<u>52,654</u>
Total current liabilities	<u>2,686,624</u>	<u>1,877,815</u>
Noncurrent liabilities:		
Compensated absences (note 4)	<u>115,030</u>	<u>84,600</u>
Total noncurrent liabilities	<u>115,030</u>	<u>84,600</u>
Total liabilities	<u>2,801,654</u>	<u>1,962,415</u>
<u>Net Assets</u>		
Net assets:		
Invested in capital assets	84,354	113,472
Unrestricted	<u>5,224,943</u>	<u>6,288,936</u>
Total net assets	<u>\$ 5,309,297</u>	<u>6,402,408</u>

See accompanying notes to the basic financial statements.

CHINO BASIN WATERMASTER

Statement of Revenues, Expenses and Changes in Net Assets

Year ended June 30, 2007

(with comparative totals for June 30, 2006)

	<u>2007</u>	<u>2006</u>
Operating revenues:		
Administrative assessments (note 1)	\$ 7,923,502	4,895,755
Mutual agency project revenue	142,149	200,138
Replenishment water	2,690,983	6,548,139
Grant revenue	<u>-</u>	<u>42,500</u>
Total operating revenues	<u>10,756,634</u>	<u>11,686,532</u>
Operating expenses:		
Watermaster administration	752,865	594,421
Depreciation	29,118	31,713
Pool, advisory and Board administration	169,967	211,505
Optimum Basin Management Plan	7,607,905	4,603,629
Mutual agency project costs	10,000	31,928
Groundwater replenishment	<u>3,536,201</u>	<u>8,989,023</u>
Total operating expenses	<u>12,106,056</u>	<u>14,462,219</u>
Income (loss) from operations	<u>(1,349,422)</u>	<u>(2,775,687)</u>
Nonoperating revenues:		
Interest income	<u>256,311</u>	<u>334,287</u>
Total nonoperating revenues	<u>256,311</u>	<u>334,287</u>
Change in net assets	(1,093,111)	(2,441,400)
Net assets at beginning of year	<u>6,402,408</u>	<u>8,843,808</u>
Total net assets at end of year	<u>\$ 5,309,297</u>	<u>6,402,408</u>

See accompanying notes to the basic financial statements.

CHINO BASIN WATERMASTER

Statement of Cash Flows

Year ended June 30, 2007

(with comparative totals for June 30, 2006)

	2007	2006
Cash flows from operating activities:		
Cash received from customers	\$ 10,858,726	11,300,252
Cash received from other agencies	142,149	242,638
Cash paid to employees for services	(1,159,406)	(1,002,721)
Cash paid to suppliers of goods and services	(12,400,436)	(12,466,155)
Net cash provided by (used for) operating activities	(2,558,967)	(1,925,986)
Cash flows from capital financing activities:		
Acquisition of capital assets	-	(66,006)
Net cash provided by (used for) capital financing activities	-	(66,006)
Cash flows from investing activities:		
Interest received	256,311	334,287
Net cash provided by (used for) investing activities	256,311	334,287
Net increase (decrease) in cash	(2,302,656)	(1,657,705)
Cash and investments at the beginning of year	7,137,616	8,795,321
Cash and investments at the end of year	\$ 4,834,960	7,137,616
Reconciliation of operating income to net cash used for operating activities:		
Operating income (loss)	\$ (1,349,422)	(2,775,687)
Adjustment to reconcile operating income (loss) to net cash used for operating activities:		
Depreciation	29,118	31,712
(Increase) decrease in accounts receivable	244,241	(143,642)
(Increase) decrease in prepaid expenses	(2,322,143)	5,038
Increase (decrease) in account payable	804,715	920,712
Increase (decrease) in accrued salaries and benefits	4,094	16,878
Increase (decrease) in compensated absences	30,430	19,003
Net cash used for operating activities	\$ (2,558,967)	(1,925,986)

Noncash investing, capital and financing activities:

There were no noncash investing, capital or financing activities during the fiscal year ended June 30, 2007.

See accompanying notes to the basic financial statements.

# CHINO BASIN WATERMASTER

## Notes to the Basic Financial Statements

Year Ended June 30, 2007

### (1) Reporting Entity and Summary of Significant Accounting Policies

#### Description of Reporting Entity

The Chino Basin Watermaster (“Watermaster”) was established under a judgment entered in Superior Court of the State of California for the County of San Bernardino as a result of Case No. RCV 51010 (formerly Case No. SCV 164327) entitled “Chino Basin Municipal Water District v. City of Chino, et al.”, signed by the Honorable Judge Howard B. Wiener on January 27, 1978. The effective date of this Judgment for accounting and operations was July 1, 1977.

Pursuant to the Judgment, the Chino Basin Municipal Water District (CBMWD) five member Board of Directors was initially appointed as “Watermaster”. Their term of appointment as Watermaster was for five years, and the Court, by subsequent orders, provides for successive terms or for a successor Watermaster. Pursuant to a recommendation of the Advisory Committee, the Honorable J. Michael Gunn appointed a nine-member board as Watermaster on September 28, 2000.

Under the Judgment, three Pool committees were formed: (1) Overlying (Agricultural) Pool which includes the State of California and all producers of water for overlying uses other than industrial or commercial purposes; (2) Overlying (Non-Agricultural) Pool which represents producers of water for overlying industrial or commercial purposes; and (3) Appropriative Pool which represents cities, districts, other public or private entities and utilities. The three Pools act together to form the “Advisory Committee”.

The Watermaster provides the Chino Groundwater Basin service area with services which primarily include: accounting for water appropriations and components of acre-footage of stored water by agency, purchase of replenishment water, groundwater monitoring and implementation of special projects.

Watermaster expenditures are allocated to the pools based on the prior year’s production volume (or the same percentage used to set the annual assessments). Allocations for fiscal year 2006-07 expenses are based on the 2005-06 production volume.

	2005-06	
	<u>Acre Feet</u>	<u>%</u>
Production Volume:		
Appropriative Pool	124,315	77.099
Agricultural Pool	33,900	21.024
Non-Agricultural Pool	<u>3,026</u>	<u>1.877</u>
Total Production Volume	<u>161,241</u>	<u>100.000</u>

## CHINO BASIN WATERMASTER

### Notes to the Basic Financial Statements

(Continued)

#### (1) Reporting Entity and Summary of Significant Accounting Policies, (Continued)

The Agricultural Pool members ratified an agreement with the Appropriative Pool at their meeting of June 16, 1988, wherein the Appropriative Pool assumes Agricultural Pool administrative expenses and special project cost allocations in exchange for an accelerated transfer of unpumped agricultural water to the Appropriative Pool. In addition the Agricultural Pool transferred all pool administrative reserves at June 30, 1988 to the Appropriative Pool effective July 1, 1988.

In July of 2000, the principal parties in the Basin signed an agreement, known as the Peace Agreement, which among other things formalized the commitment of the Basin parties to implement an Optimum Basin Management Program. The Peace Agreement was signed by all of the parties, and the Court has approved the agreement and ordered the Watermaster to proceed in accordance with the terms of the agreement. The Court has approved revisions to the Chino Basin Watermaster Rules and Regulations.

#### Basis of Accounting

The Watermaster is accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges. The Watermaster utilizes the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as they are incurred.

#### Cash and Investments

Investments are reported in the accompanying balance sheet at fair value. Changes in fair value that occur during a fiscal year are recognized as interest income reported for that fiscal year.

Watermaster pools cash and investments of all fund balance reserves. Interest income earned by the pooled investments is allocated quarterly to the various reserves based on each reserve's average cash and investments balance.

#### Cash Equivalents

For the purposes of the statements of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of three months or less.

# CHINO BASIN WATERMASTER

## Notes to the Basic Financial Statements

(Continued)

### (1) Reporting Entity and Summary of Significant Accounting Policies, (Continued)

#### Capital Assets

Capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. The Watermaster capitalizes all assets with a historical cost of at least \$5,000 and a useful life of at least three years. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciation is computed utilizing the straight-line method over the following estimated useful lives:

Computer equipment and software	5 years
Office furniture and fixtures	7 years
Leasehold improvements	10 years
Automotive equipment	7 years

#### Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### Appropriative Interest Revenue Allocation

On August 30, 1979, the Appropriative Pool unanimously approved assessment procedures whereby any interest earned from the Watermaster assessments paid by Appropriative Pool members would reduce the total current assessment due from those members. Fiscal year 2005-06 interest revenue was allocated to the Appropriative Pool, resulting in a reduction of the 2006-07 assessments. The amount of administrative assessment received for the year ended June 30, 2007 was \$7,923,502.

#### Prior Year Data

The information included in the accompanying financial statements for the prior year has been presented for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles.



CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments

Cash and investments as of June 30, 2007 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	<u>\$4,834,960</u>
Total cash and investments	<u>\$4,834,960</u>

Cash and investments as of June 30, 2007 consist of the following:

Cash on hand	\$ 500
Deposits with financial institutions	509,011
Investments	<u>4,325,449</u>
Total cash and investments	<u>\$4,834,960</u>

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments

Investments Authorized by the California Government Code and the Watermaster's Investment Policy

The table below identifies the investment types that are authorized for the Watermaster by the California Government Code and the Watermaster's investment policy. The table also identifies certain provisions of the California Government Code (or the Watermaster's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Investment Types	Authorized By Investment	*Maximum	*Maximum Percentage Of	*Maximum Investment In One
<u>Authorized by State Law</u>	<u>Policy</u>	<u>Maturity</u>	<u>Portfolio</u>	<u>Issuer</u>
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	25%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase Agreements	Yes	92 days	20% of base value	None
Medium-Term Notes	Yes	5 years	30%	None
Mutual Funds	Yes	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	Yes	5 years	20%	None
County Pooled Investment Funds	Yes	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None
JPA Pools (other investment pools)	Yes	N/A	None	None

\* Based on state law requirements or investment policy requirements, whichever is more restrictive.

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Watermaster manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Watermaster's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the Watermaster's investment by maturity:

<u>Investment Type</u>	<u>Remaining Maturity (in Months)</u>			
	<u>Total Amount</u>	<u>12 Months Or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>
Local Agency Investment Fund	<u>\$4,325,449</u>	<u>4,325,449</u>	<u>-</u>	<u>-</u>
Total	<u>\$4,325,449</u>	<u>4,325,449</u>	<u>-</u>	<u>-</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Watermaster's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

<u>Investment Type</u>	<u>Total Amount</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>		
			<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
Local Agency Investment Fund	<u>\$4,325,449</u>	N/A	<u>-</u>	<u>-</u>	<u>4,325,449</u>
Total	<u>\$4,325,449</u>		<u>-</u>	<u>-</u>	<u>4,325,449</u>

## CHINO BASIN WATERMASTER

### Notes to the Basic Financial Statements

(Continued)

#### (2) Cash and Investments, (Continued)

##### Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Watermaster's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Watermaster deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2007, \$922,801 of the Watermaster's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

##### Investment in State Investment Pool

The Watermaster is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Watermaster's investment in this pool is reported in the accompanying financial statements at amounts based upon the Watermaster's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

## CHINO BASIN WATERMASTER

### Notes to the Basic Financial Statements

(Continued)

#### (3) Capital Assets

Capital asset activity for the year ended June 30, 2007 is as follows:

	<u>Balances at</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances at</u> <u>June 30, 2007</u>
Computer equipment and software	\$75,244	-	-	75,244
Office furniture and fixtures	42,291	-	-	42,291
Leasehold improvements	23,443	-	-	23,443
Automotive equipment	<u>90,484</u>	<u>-</u>	<u>-</u>	<u>90,484</u>
Total costs of depreciable assets	<u>231,462</u>	<u>-</u>	<u>-</u>	<u>231,462</u>
Less accumulated depreciation:				
Computer equipment and software	(46,436)	(10,063)	-	(56,499)
Office furniture and fixtures	(17,813)	(6,380)	-	(24,193)
Leasehold improvements	(7,033)	(2,345)	-	(9,378)
Automotive equipment	<u>(46,708)</u>	<u>(10,330)</u>	<u>-</u>	<u>(57,038)</u>
Total accumulated depreciation	<u>(117,990)</u>	<u>(29,118)</u>	<u>-</u>	<u>(147,108)</u>
Net capital assets	<u>\$113,472</u>	<u>(29,118)</u>	<u>-</u>	<u>84,354</u>

#### (4) Compensated Absences

Permanent Watermaster employees earn from 10 to 20 vacation days a year, depending upon their length of employment and 12 sick days a year. Employees may carry vacation days forward up to the equivalent number of days earned in the immediately preceding twenty-four (24) month period. There is no maximum accumulation of sick leave; and upon retirement or resignation at age 55 or greater, employees with continuous employment for a minimum of twenty (20) years are compensated for all accumulated sick leave at 50% of their rate of pay at termination. Other employees are paid based upon length of employment and age at time of retirement or resignation. The amount of compensated absences outstanding as of June 30, 2007 was \$115,030.

## CHINO BASIN WATERMASTER

### Notes to the Basic Financial Statements

(Continued)

#### (5) Deferred Compensation Plan

The Watermaster has established deferred compensation plans for all employees of Watermaster in accordance with Internal Revenue Code Section 457, whereby employees authorize the Watermaster to defer a portion of their salary to be deposited in individual investment accounts. Participation in the plans is voluntary and may be revoked at any time upon advance written notice. The amount of compensation subject to deferral until retirement, disability, or other termination by a participant may not exceed the maximum legal amounts for deferred compensation plans. Amounts withheld by Watermaster under this plan are deposited regularly with California Public Employees' Retirement System. The Watermaster makes no contribution under the plan. As of June 30, 2007, the deferred compensation plan assets were held in trust accounts for the sole benefit of the employees and their beneficiaries, and accordingly have been excluded from Watermaster's reported assets.

#### (6) Operating Lease

The Watermaster entered into a new lease for rent of office space on September 1, 2003, expiring August 30, 2013. The amount paid under this lease was \$63,552 for the year ended June 30, 2007. The future minimum lease payments for this lease are as follows:

<u>Year Ending June 30:</u>	<u>Amount</u>
2008	\$ 64,200
2009	64,200
2010	64,200
2011	64,200
2012	64,200
2013	64,200
2014	<u>10,700</u>
Total	<u>\$395,900</u>

#### (7) Defined Benefit Pension Plan (PERS)

##### Plan Description

The Chino Basin Watermaster contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

# CHINO BASIN WATERMASTER

## Notes to the Basic Financial Statements

(Continued)

### (7) Defined Benefit Pension Plan (PERS), (Continued)

#### Contributions

Participants are required to contribute 7% of their annual covered salary. The Watermaster makes the contributions required of the employees on their behalf and for their account. Benefit provisions and all other requirements are established by state statute and the Watermaster contract with employee bargaining groups.

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2006 to June 30, 2007 has been determined by an actuarial valuation of the plan as of June 30, 2004. The contribution rate indicated for the period is 10.947% of payroll for the Retirement Program. The Watermaster's covered payroll for PERS was \$641,628 for the year ended June 30, 2007, while the Watermaster's total payroll for all employees was \$733,404 during the same period. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2007, this contribution rate would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2006 to June 30, 2007.

#### *Three-Year Trend Information*

#### Annual Pension Cost (Employer Contribution)

<u>Fiscal Year</u>		<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/05	\$106,742	100%	-
6/30/06	136,372	100%	-
6/30/07	148,515	100%	-

### (8) Project Commitments

Under a financing agreement developed pursuant to the OBMP Recharge Master Plan, the Watermaster is obligated to pay for one-half of the fixed project costs for certain recharge facilities in the Chino Basin area that are being constructed to increase the recharge of imported water, storm water, and recycled water to the Chino Groundwater Basin. The recharge facilities being constructed will be owned by the Inland Empire Utilities Agency pursuant to a Recharge Operations Agreement. When complete, the recharge project will enable the Watermaster to increase annual recharge supplemental water to the Chino Groundwater Basin. In addition, stormwater and recycled water recharge would be increased. Fixed project costs include construction costs, debt service on the related bond financing and reserves for repair, replacement, improvement and debt service.

## CHINO BASIN WATERMASTER

### Notes to the Basic Financial Statements

(Continued)

(9) Receivables from Inland Empire Utilities Agency

Chino Basin Watermaster works closely with Inland Empire Utilities Agency on a variety of regionally beneficial and required projects. The Agreement for Cooperative Efforts Common Monitoring Programs between Chino Basin Watermaster (Watermaster) and Inland Empire Utilities Agency (IEUA) was entered into in 2004. The agreement called for work to be performed by Watermaster and its consultants for which IEUA would reimburse Watermaster an agreed upon percentage of costs, depending on the type of work performed. The work undertaken in the Annual Monitoring Program (AMP) is required by the Regional Water Quality Control Board and is comprised of the following monitoring programs: water quality and water level monitoring in support of the triennial ambient Water Quality update, water quality and water level monitoring in support of the Hydraulic Control Monitoring Program, For 2004/2005 and 2005/2006, IEUA reimbursed Watermaster the amount invoiced. IEUA is contesting the \$618,115.29 that was invoiced by Watermaster and recorded as a receivable as of June 30, 2007.



**SUPPLEMENTARY INFORMATION**

CHINO BASIN WATERMASTER

Combining Schedule of Revenues, Expenses and Changes in Working Capital (by subfund)

For the period July 1, 2006 through June 30, 2007

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION AND SPECIAL PROJECTS APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	GROUNDWATER OPERATIONS GROUNDWATER REPLENISHMENT	SB222 FUNDS	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2006-2007
Administrative Revenues										
Administrative Assessments			7,800,290		123,212				7,923,502	\$7,308,205
Interest Revenue			232,105	15,893	8,225			88	256,311	136,500
Mutual Agency Project Revenue		142,149							142,149	138,000
Total Revenues	-	142,149	8,032,395	15,893	131,437	-	-	88	8,321,962	7,582,705
Administrative & Project Expenditures										
Watermaster Administration	781,608								781,608	601,598
Watermaster Board-Advisory Committee	51,554								51,554	52,123
Pool Administration			21,947	90,413	6,053				118,413	118,245
Optimum Basin Mgmt Administration		2,373,383							2,373,383	1,855,795
OBMP Project Costs		5,234,522							5,234,522	5,089,269
Education Funds Use								375	375	375
Mutual Agency Project Costs	10,000								10,000	5,000
Total Administrative/OBMP Expenses	843,162	7,607,905	21,947	90,413	6,053			375	8,569,855	7,722,405
Net Administrative/OBMP Income	(843,162)	(7,465,756)								
Allocate Net Admin Income To Pools	843,162		650,069	177,270	15,823				-	0
Allocate Net OBMP Income To Pools		7,465,756	5,756,023	1,569,631	140,102				-	0
Agricultural Expense Transfer			1,826,464	(1,826,464)					-	0
Total Expenses			8,254,504	10,850	161,977	-	-	375	8,569,855	7,722,405
Net Administrative Income			(222,109)	5,043	(30,540)			(287)	(247,893)	(139,700)
Other Income/(Expense)										
Replenishment Water Purchases						2,690,983			2,690,983	0
MZ1 Supplemental Water Assessments									-	0
Water Purchases									-	0
MZ1 Imported Water Purchase									-	0
Groundwater Replenishment						(3,536,201)			(3,536,201)	0
Net Other Income			-	-	-	(845,218)	-	-	(845,218)	0
Net Transfers To/(From) Reserves			(222,109)	5,043	(30,540)	(845,218)	-	(287)	(1,093,111)	(139,700)
Working Capital, July 1, 2006			4,444,971	470,561	187,068	1,139,615	158,251	1,942	6,402,408	
Working Capital, End Of Period			4,222,862	475,604	156,528	294,397	158,251	1,655	5,309,297	
05/06 Assessable Production			124,315,140	33,899,960	3,025,832				161,240,932	
05/06 Production Percentages			77.099%	21.024%	1.877%				100.000%	

CHINO BASIN WATERMASTER

Combining Schedule of Revenues, Expenses and Changes in Working Capital (by subfund)

For the period July 1, 2005 through June 30, 2006

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION AND SPECIAL APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	GROUNDWATER OPERATIONS GROUNDWATER REPLENISHMENT	SB222 FUNDS	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2004-05
Administrative Revenues										
Administrative Assessments			4,829,595		66,160				4,895,755	\$3,984,888
Interest Revenue			307,788	16,958	9,462			79	334,287	78,330
Mutual Agency Project Revenue		200,138							200,138	0
Grant Income		42,500							42,500	0
Miscellaneous Income									-	0
Total Revenues	-	242,638	5,137,383	16,958	75,622	-	-	79	5,472,680	4,063,218
Administrative & Project Expenditures										
Watermaster Administration	625,759								625,759	621,784
Watermaster Board-Advisory Committee	56,707								56,707	37,018
Pool Administration			20,015	130,683	4,100				154,798	91,153
Optimum Basin Mgmt Administration		1,455,200							1,455,200	1,019,183
OBMP Project Costs		3,148,429							3,148,429	3,733,694
Education Funds Use								375	375	375
Mutual Agency Project Costs	31,928								31,928	80,004
Total Administrative/OBMP Expenses	714,394	4,603,629	20,015	130,683	4,100			375	5,473,196	5,583,211
Net Administrative/OBMP Income	(714,394)	(4,360,991)							-	0
Allocate Net Admin Income To Pools	714,394		554,762	149,532	10,100				-	0
Allocate Net OBMP Income To Pools		4,360,991	3,386,526	912,812	61,653				-	0
Agricultural Expense Transfer			1,181,977	(1,181,977)					-	0
Total Expenses			5,143,281	11,050	75,852	-	-	375	5,473,196	5,583,211
Net Administrative Income			(5,898)	5,908	(230)			(296)	(516)	(1,519,993)
Other Income/(Expense)										
Replenishment Water Purchases						6,548,139			6,548,139	0
MZ1 Supplemental Water Assessments									-	2,179,500
Water Purchases									-	0
MZ1 Imported Water Purchase									-	(2,278,500)
Groundwater Replenishment						(8,989,023)			(8,989,023)	0
Net Other Income			-	-	-	(2,440,884)	-	-	(2,440,884)	(99,000)
Net Transfers To/(From) Reserves			(5,898)	5,908	(230)	(2,440,884)	-	(296)	(2,441,400)	(1,618,993)
Working Capital, July 1, 2005			4,450,869	464,653	187,298	3,580,499	158,251	2,238	8,843,808	
Working Capital, End Of Period			4,444,971	470,561	187,068	1,139,615	158,251	1,942	6,402,408	
04/05 Production			127,810,967	34,450,449	2,326,836				164,588,252	
04/05 Production Percentages			77.655%	20.931%	1.414%				100.000%	

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Chino Basin Watermaster  
**THIRTIETH ANNUAL REPORT**

Fiscal Year 2006-07

