

CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Thursday, January 13, 2005

9:00 a.m. – Annual Appropriative Pool Meeting
11:00 a.m. – Annual Non-Agricultural Pool Meeting

AT THE CHINO BASIN WATERMASTER OFFICES

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

Tuesday, January 18, 2005

9:00 a.m. – Annual Agricultural Pool Meeting

AT THE INLAND EMPIRE UTILITIES AGENCY OFFICES

6075 Kimball Ave. Bldg. A Board Room
Chino, CA 91710
(909) 993-1600



CHINO BASIN WATERMASTER

January 13, 2005

9:00 a.m. - Annual Appropriative Pool Meeting

11:00 a.m. - Annual Non-Agricultural Pool Meeting

January 18, 2005

9:00 a.m. – Annual Agricultural Pool Meeting

AGENDA PACKAGE



**CHINO BASIN WATERMASTER
ANNUAL MEETING
APPROPRIATIVE POOL
9:00 a.m. - January 13, 2004
At The Offices Of
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730**

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

I. ANNUAL ELECTIONS – Action

A. Calendar Year 2005 Appropriative Pool Officers

Nominations will be heard for Pool Chair, followed by nominations for Pool Vice-Chair, to serve during calendar year 2005.

| | |
|---------------------|--|
| Chair | |
| Vice-Chair | |
| Secretary/Treasurer | <u>Watermaster Chief Executive Officer</u> |

B. Calendar Year 2005 Non-Major Appropriators on the Advisory Committee

Non-Major Appropriators will be asked to elect two representatives to serve on the Advisory Committee during calendar year 2005.

- () Arrowhead Mountain Springs Water Company
- () Inland Empire Utilities Agency
- () Los Serranos Country Club
- () Marygold Mutual Water Company
- () Monte Vista Irrigation Company
- () Nicholson Trust
- () Norco, City of
- () San Antonio Water Company
- () Santa Ana River Water Company
- () San Bernardino, County of (Prado Shooting Park)
- () Southern California Water Company
- () Upland, City of
- () West End Consolidated Water Company
- () West San Bernardino County Water District

C. Calendar Year 2005 Advisory Committee Members & Officers

According to the rotation sequence established among the pools, the appropriators will be asked to appoint a designated representative to serve on the Advisory Committee during calendar year 2005.

| | | |
|----------------------------|---------------------------|--|
| Chair | Non-Agricultural Pool | |
| Vice-Chair | Appropriative Pool | |
| 2 nd Vice-Chair | Agricultural Pool | |

D. Calendar Year 2005 Pool Representation on the Watermaster Board

Based on the Court-adopted Rotation Schedule for Representatives to the Watermaster, during calendar year 2005, the City of Chino Hills, Jurupa Community Services, and the Fontana Union Water Company will represent the Appropriative Pool on the Watermaster Board. The City of Chino Hills and the Fontana Union Water Company representatives will remain the same and Jurupa Community Services has selected Paul Hamrick as their interim.

II. CONSENT CALENDAR

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

A. MINUTES

1. Minutes of the of the Appropriative Pool held November 18, 2004 *(Page 1)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of November 2004 *(Page 15)*
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2004 through October 31, 2004 *(Page 19)*
3. Treasurer's Report of Financial Affairs for the Period October 1, 2004 through October 31, 2004 *(Page 21)*
4. Profit & Loss Budget vs. Actual July 2004 through October 2004 *(Page 23)*
5. Cash Disbursements for the month of December 2004 *(Page 25)*
6. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2004 through November 30, 2004 *(Page 29)*
7. Treasurer's Report of Financial Affairs for the Period November 1, 2004 through November 30, 2004 *(Page 31)*
8. Profit & Loss Budget vs. Actual July 2004 through November 2004 *(Page 33)*

C. INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS FOR YEAR ENDED

Consider Receiving and Filing the Annual Audited Financial Statements for Year Ended June 30, 2004 *(Page 35)*

D. CHINO BASIN WATERMASTER INVESTMENT POLICY

Resolution 05-01 - Resolution of the Chino Basin Watermaster, San Bernardino County, California, re-authorizing the Watermaster's Investment Policy *(Page 61)*

E. LOCAL AGENCY INVESTMENT FUND

Resolution 05-02 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF) *(Page 63)*

F. ASSESSMENTS

Resolution 05-03 – Resolution of the Chino Basin Watermaster Levying Replenishment and Administrative Assessments for Fiscal Year 2004-2005 *(Page 65)*

G. NOTICE OF INTENT

Annual Filing of Notice of Intent Regarding the Determination of Operating Safe Yield *(Page 69)*

III. BUSINESS ITEMS

A. ESTABLISH TWO NEW POSITIONS

Consider the Establishment of the Watermaster Positions for a GIS Specialist and Environmental Specialist (Page 73)

B. SALE OF WATERMASTER TRUCKS TO WILDERMUTH ENVIRONMENTAL, INC.

Consider the sale of Three Watermaster Trucks to Wildermuth Environmental, Inc. (Page 85)

IV. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

- 1. Attorney-Manager Meetings
- 2. Comments to Western/Muni EIR (Page 91)
- 3. Santa Ana Water Rights Application (Page 93)
- 4. North Gualala Decision (Page 95)
- 5. Santa Ana Sucker Critical Habitat Decision (Page 107)

B. CEO/STAFF REPORT

- 1. Information Regarding AB2733 Retro Act
- 2. Chief Executive Officer Goals and Objectives Report
- 3. Redesign of Chino Basin Watermaster Logo
- 4. Public Information Campaign Update
- 5. Revised Water Supply Plans for the OBMP
- 6. Status of the State of the Basin

V. INFORMATION

- 1. Newspaper Articles (Page 111)
- 2. Mapping the System – GIS Conversion Keeps Data Current (Page 119)
- 3. Replenishment Service Availability Update for Calendar Year 2005 (Page 121)

VI. POOL MEMBER COMMENTS

VII. OTHER BUSINESS

VIII. FUTURE MEETINGS

| | | |
|-------------------|------------|---|
| January 13, 2005 | 9:00 a.m. | Appropriative Pool Annual Meeting |
| January 13, 2005 | 11:00 a.m. | Non-Agricultural Pool Annual Meeting |
| January 18, 2005 | 9:00 a.m. | Agricultural Pool Annual Meeting |
| January 27, 2005 | 9:00 a.m. | Advisory Committee Annual Meeting |
| January 27, 2005 | 11:00 a.m. | Watermaster Board Annual Meeting |
| February 10, 2005 | 9:00 a.m. | Appropriative & Non-Agricultural Pool Meeting |
| February 15, 2005 | 9:00 a.m. | Agricultural Pool Meeting @ IEUA |
| February 24, 2005 | 9:00 a.m. | Advisory Committee Meeting |
| February 24, 2005 | 11:00 a.m. | Watermaster Board Meeting |

Meeting Adjourn

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**CHINO BASIN WATERMASTER
ANNUAL MEETING
NON-AGRICULTURAL POOL**
11:00 a.m. - January 13, 2005
**At The Offices Of
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730**

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

I. ANNUAL ELECTIONS – Action

A. Calendar-Year 2005 Non-Agricultural Pool Officers

Nominations will be heard for Pool Chair, followed by nominations for Pool Vice-Chair, to serve during Calendar-Year 2005.

| | |
|---------------------|--|
| Chair | _____ |
| Vice-Chair | _____ |
| Secretary/Treasurer | <u>Watermaster Chief Executive Officer</u> |

B. Calendar-Year 2005 Advisory Committee Members

Pool member(s) will be asked to elect representatives and alternates to serve on the Advisory Committee during Calendar-Year 2005.

| | |
|---------------|------------------|
| Member: _____ | Alternate: _____ |
| Member: _____ | Alternate: _____ |
| Member: _____ | Alternate: _____ |

C. Calendar-Year 2005 Advisory Committee Officers

Based on the rotation sequence established among the pools, the members of the Non-Agricultural Pool will be asked to appoint a designated representative, Vice-Chair of the Advisory Committee during Calendar-Year 2005. If the appointed representative is unable to attend an Advisory Committee meeting, a remaining pool officer may serve as his/her alternate.

| | |
|------------------------------|----------------------------------|
| Non-Agricultural Pool | Chair _____ |
| Appropriative Pool | Vice-Chair _____ |
| Agricultural Pool | 2 nd Vice-Chair _____ |

D. Calendar-Year 2005 Pool Representation on Watermaster Board

The Pool members will be asked to select one representative to serve on the Watermaster Board during Calendar-Year 2005 and one alternate representative.

Member: _____ Alternate: _____

II. CONSENT CALENDAR

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

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F. ASSESSMENTS

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III. BUSINESS ITEMS**A. ESTABLISH TWO NEW POSITIONS**

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Meeting Adjourn

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**CHINO BASIN WATERMASTER
ANNUAL MEETING
AGRICULTURAL POOL**
9:00 a.m. – January 18, 2004
At The Offices Of
Inland Empire Utilities Agency
6075 Kimball Ave., Bldg. A, Board Room
Chino, CA 91710

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

I. ANNUAL ELECTIONS – Action

A. Calendar-Year 2005 Agricultural Pool Members

The Agricultural Pool membership shall consist of not less than ten representatives selected at large by members of the pool. Pool members will be asked to make any necessary changes to the following list in order to establish pool membership and alternates during calendar year 2004:

Current Agricultural Pool Members

Crops: Glen Durrington
Jeff Pierson
Dairy: Robert Feenstra
Gene Koopman
Peter Hettinga
Nathan deBoom
John Huitsing
State: Pete Hall
Wayne Davidson
Barbara Swanson
Joe Delgado

Current Alternates:

Crops:
Dairy: Don Galleano
Syp Vander Dussen
State:
Duffy Blau

B. Calendar Year 2005 Agricultural Pool Officers

Nominations will be heard for Pool Chair, followed by nominations for Pool Vice-Chair.

| | |
|---------------------|--|
| Chair | |
| Vice-Chair | |
| Secretary/Treasurer | <u>Watermaster Chief Executive Officer</u> |

C. Calendar Year 2005 Advisory Committee Members & Officers

The pool members will be asked to determine the ten agricultural representatives to serve on the Advisory Committee and, according to the rotation sequence established among the pools, appoint a representative to serve as 2nd Vice-Chair of the Advisory Committee during calendar year 2005

| | | |
|----------------------------|-----------------------|--|
| Chair | Non-Agricultural Pool | |
| Vice-Chair | Appropriative Pool | |
| 2 nd Vice-Chair | Agricultural Pool | |

D. Calendar-Year 2005 Pool Representation on Watermaster Board

The Pool members will be asked to consider selecting two representatives to serve on the Watermaster Board during Calendar-Year 2005 and one or two alternate representatives.

Member: _____ Alternate: _____

Member: _____ Alternate: _____

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C. PARTICIPATION IN THE CHINO BASIN PUBLIC OUTREACH CAMPAIGN

Participation of Agricultural Pool in the Basin Public Outreach Campaign (*Page 87*)

IV. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

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Meeting Adjourn

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CHINO BASIN WATERMASTER

II. CONSENT CALENDAR

A. MINUTES

1. Joint Appropriative, Non-Agricultural Pool and Advisory Committee – November 18, 2004



Draft Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE, NON-AGRICULTURAL POOL
AND ADVISORY COMMITTEE MEETING
November 18, 2004

The Joint Appropriative, Non-Agricultural Pool and Advisory Committee Meeting were held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on November 18, 2004 at 9:00 a.m.

APPROPRIATIVE POOL AND ADVISORY COMMITTEE MEMBERS PRESENT

Appropriative Pool

| | |
|---|-------------------------------|
| Ken Jeske, Chair Advisory Committee | City of Ontario |
| Nathan deBoom | Milk Producers Council |
| Gerald Black | Fontana Union Water Company |
| Mark Kinsey | Monte Vista Water Company |
| Dave Crosley, Vice-Chair Appropriative Pool | City of Chino |
| Ray Wellington | San Antonio Water Company |
| J. Arnold Rodriguez | Santa Ana River Water Company |
| Jim Taylor | City of Pomona |
| Mike Maestas | City of Chino Hills |

Agricultural Pool

| | |
|---------------|------------------------|
| Gene Koopman | Milk Producers Council |
| Pete Hettinga | Dairy |
| John Huitsing | Crops |

Non-Agricultural Pool

| | |
|-------------|--|
| Bob Bowcock | Vulcan Materials Company (Calmat Division) |
|-------------|--|

Watermaster Board Members Present

| | |
|----------------|--------------------------------|
| Terry Catlin | Inland Empire Utilities Agency |
| Robert Neufeld | Fontana Union Water Company |
| Paul Hofer | Agricultural Pool, Crops |

Watermaster Staff Present

| | |
|--------------------|-------------------------|
| Kenneth R. Manning | Chief Executive Officer |
| Sheri Rojo | Finance Manager |
| Gordon Treweek | Project Engineer |
| Danielle Maurizio | Senior Engineer |
| Sheri Lynne Molino | Recording Secretary |

Watermaster Consultants Present

| | |
|-----------------|-------------------------------|
| Michael Fife | Hatch & Parent |
| Mark Wildermuth | Wildermuth Environmental Inc. |

Others Present

| | |
|-------------------|--|
| Rich Atwater | Inland Empire Utilities Agency |
| Martha Davis | Inland Empire Utilities Agency |
| Dave Hill | Inland Empire Utilities Agency |
| Rick Rees | Geomatrix Consultants, Inc. |
| Rick Hansen | Three Valleys Municipal Water District |
| Justin Scott-Coe | Vulcan Materials Company (Calmat Division) |
| Steven G. Lee | Ag Pool Legal Counsel |
| Josephine Johnson | Monte Vista Water District |

Chair Jeske called the meeting to order for the Advisory Committee and Vice-Chair Crosley acknowledged the Appropriative Pool Meeting at 9:15 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to this agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Joint Appropriative & Non-Agricultural Pool Meeting held on October 14, 2004
2. Minutes of the Advisory Committee Meeting held on October 28, 2004

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of October 2004
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2004 through September 30, 2004
3. Treasurer's Report of Financial Affairs for the Period September 1 through September 30, 2004
4. Profit & Loss Budget vs. Actual July through September 2004

C. TWENTY-SIXTH ANNUAL REPORT

D. WATER TRANSACTION – (FOR ADVISORY COMMITTEE MOTION ONLY)

1. Consider Approval for Transaction of Notice of Sale or Transfer from City of Pomona to Monte Vista Water District in the amount of 2,500 acre-feet; Date of Application: September 1, 2004

*Motion by Wellington, second by Kinsey, and by unanimous vote – Non-Ag concurred
Moved to approve Consent Calendar Items A through D, as presented*

*Motion by Wellington, second by Black, and by unanimous vote
Moved to approve Consent Calendar Items A through D, as presented*

II. BUSINESS ITEMS

A. ANALYSIS OF MATERIAL PHYSICAL INJURY

Mr. Manning stated that Mr. Wildermuth will address this item that is regarding the proposed application by Inland Empire Utilities Agency (IEUA) for the proposed Phase II for Recycled Water Program. Mr. Wildermuth referred to the staff letter and request written by IEUA starting on page 53 of the packet. IEUA is requesting Watermaster perform a material physical injury analysis on Phase II of their Recycled Water Recharge Program. A few years ago IEUA made a similar request and Watermaster approved a "conditional" approval depending upon IEUA being able to provide demonstration that they have completed the DHS process and they were able to secure a permit from the Regional Board. This is a similar request, only in this case, rather than having IEUA provide all the documentation for review, IEUA is requesting Watermaster to actually perform the technical work or at least a portion of the technical work to support that program since IEUA will be reimbursing Watermaster all costs incurred. There is no new cost to Watermaster to perform this task; Watermaster's consultant would do this based on their proposal using the data bases and modeling work that is already available. Mr. Wildermuth was requested to give an overview of the type of analysis that Wildermuth, Inc. will undertake to determine if there is any material physical injury. Mr. Wildermuth stated they would be investigating what is in the proposed Title 22 regulations, which is what DHS would use to come back with a finding that there is no harm, the other criteria that would be dealt with is in respect to Hydraulic Control, water quality impacts, and Basin Plan issues, which will all be examined. The question of what type of action is this request was presented. Counsel Fife noted there is no budget impact since IEUA is reimbursing Watermaster. Mr. Wildermuth

stated Wildermuth, Inc. would not just be reviewing other parties' work, that there is a pretty substantial chunk of work which needs to be conducted. Counsel Fife commented since this does involve Watermaster in IEUA's permitting process it would be helpful to obtain clear instruction from the Pools, Advisory Committee, and the Board directing staff to participate in this process. Chair Jeske stated that a motion for a budget change would have to be made because this item was not in the budget and Mr. Manning concurred that this item was not in the budget. Mr. Atwater gave a brief history regarding this process which began in June of 2002 noting Watermaster approved the Phase I of this project at that time. With the Basin Plan approved, the Regional Board will have on its consent calendar to approve the permit to do the recharge for Phase I. We need to maintain Watermaster's independence in reviewing IEUA's application whether on Phase I or now with Phase II with the remaining reports. Having Wildermuth, Inc. perform the work is the most cost effective way and still allows the independence in review that all parties are looking for. Phase I permit will be secured in the next few months and Phase II is anticipated to be complete by next summer. The question regarding processes was presented. Mr. Atwater confirmed that even though Phase I was approved the same process in requesting Phase II and a letter will be forthcoming requesting that process to start.

Motion by Jeske, second by Wellington, and by unanimous vote – Non-Ag concurred
Moved to approve analysis of material physical injury for IEUA's proposed Phase II Recycled Water Recharge Program and to direct Watermaster to set up a revenue and expense account for it, as presented

Motion by Wellington, second by Crosley, and by unanimous vote
Moved to approve analysis of material physical injury for IEUA's proposed Phase II Recycled Water Recharge Program and to direct Watermaster to set up a revenue and expense account for it, as presented

B. FY 2004-2005 ASSESSMENT PACKAGE

Chair Jeske noted there was an assessment package workshop last week which was chaired by Mr. Maestas; there were some recommendations that came out of that workshop. Mr. Manning confirmed that the workshop covered the assessment package in detail and reviewed some formatting changes; spoke about where Watermaster thinks the vision of the assessment package will be going. At that workshop there were some suggestions that we look into a few issues including look backs as well as the water rights assignment issue; those are just two of the issues that we will be looking at in the future. Those two issues are referenced in the handout letter written to Mark Kinsey on the back table; it summarizes some of the issues which were discussed at the workshop. Mr. Manning noted the assessment package looks very similar to the package which has been handed out for the past several years; however, there are some substantial differences in it. The staff has gone through the package and attempted to make it easier to read, and this is the first phase of some additional changes Watermaster will be making over the next year. Mr. Manning thanked Ms. Rojo for a wonderful job in putting together the package and her availability to answer questions. Ms. Rojo noted that most of the committee members present today were at the workshop and unless it was deemed necessary she would not review the entire package and just take questions. Ms. Rojo stated that at the workshop policy issues and assessment package issues were raised. Chair Jeske inquired to the committee member's pleasure and it was noted only questions would be needed at this time. Ms. Rojo commented before she would take any questions she wanted to inform the committee members there was a revised edition of the Assessment Package available on the back table. The question of whether this revised copy included the allocation of the 12,000 acre foot was presented. Ms. Rojo stated that it did not include that figure. Mr. Manning stated that if it was the wish of this body to include the 12,000 acre feet, what we will need is a finding by the group that in fact substantial completion of the recharge project was met and then the 12,000 acre feet would go into the Assessment Package. The question of which 12,000 acre feet staff's referring to was presented.

Mr. Manning stated this is the new yield resulting from the recharge facilities improvement project. Mr. Manning noted that staff is prepared to give a detailed description of construction progress as of June 30, 2004 which will also include the two recent storms from this past October. It was noted that the committee members wanted to hear the breakdown of completion. Mr. Manning stated Mr. Treweek has prepared a chart capturing said data and asked Mr. Treweek to review that chart at this time. Mr. Treweek referred to the hand out titled, "CBFIP Construction Status" which gives a detailed description of construction activities for the West Fontana, DeClez, San Sevaime, Day Creek, Deer Creek/Cucamonga, West Cucamonga, and San Antonio Basins. The handout was reviewed line by line in detail; examining the status of Excavation, Rubber Dam/Drop Inlet, SCADA/Sluice Gate, and MWDSC Turnouts for each basin. Chair Jeske added comment noting what was agreed to as far as substantial completion was if you look at the column titled, "Rubber Dam/Drop Inlet", to ascertain status. Chair Jeske inquired about Hickory East and West and Mr. Treweek verified those were not pertinent to storm water. Chair Jeske inquired about Victoria and Jurupa and Mr. Treweek verified those were not going to be completed until 2006. Mr. Manning stated that from an operational point of view, which will be part of the staff report which is being reported on later in the agenda, between the first two storms these facilities recharged about 3,000 acre feet of water. A discussion regarding capacity ensued. Chair Jeske reiterated the reason for today's discussion is to come to an agreement as to when to start applying storm water and not recycled water or imported water. Chair Jeske inquired if the committee felt there was "substantial completion" of the facilities to allow the facilities to take storm water in. Ms. Rojo noted that on page 57 of the package which references "Potential Source Water Recharge Capacities for the Chino Basin Recycled Water Groundwater Recharge Project" which outlines the ultimate potential for recharge by basin. Mr. Kinsey offered history on past discussions regarding making the decision to review this situation and come to a conclusion regarding the 12,000 acre feet which should be added to this assessment package. Mr. Manning recognized the representatives from the Agricultural Pool and noted this is not a regular occurrence. The appointed three member committee is prepared to approve any alterations that may be made to the assessment package or offer comment so that this may go to the Board this afternoon with all Pool and Advisory Committee recommendations. A discussion ensued regarding man power and operational capabilities. Mr. Manning stated there is a meeting scheduled at IEUA next week to discuss staffing in more detail. Mr. Koopman reviewed the discussion which took place during the recent Agricultural Pool meeting regarding the 5 year review average and a discussion ensued. Mr. Wildermuth noted the process which was adopted by Watermaster was to treat the recharge hydrology the "new hydrology" captured by the storms just like we treat all the other inflows to the Chino Basin that make up the safe yield; we do not change the yield every year based on how much it rains, we know in the long term the yield is about 40,000 acre feet. We looked at how our basins would perform as they were designed and took away some of the features because they were still undecided upon or some of them were not quite definable and those were left off. If we then find out the basins do not perform as we thought they would and the actual recharge was less, due to the perc rates or hydraulic capacity; after we get 5 years of data and rerun the hydrology with the different basin characteristics we can either add or delete and can then true up numbers. A discussion ensued regarding Mr. Wildermuth's comments. It was asked of Ms. Rojo to point out the adjustments and/or changes relative to the tables which were handed out at the workshop on the Assessment Package. Ms. Rojo noted those were handed out at the workshop and were not included in the package today, however copies were still available if needed. Ms. Rojo stated the adjustments were included in the figures presented in the packet and were reflected as adjustments of the water in storage and adjustment to the dollars assessed which is reflected on page 9 of the assessment package. Mr. Manning reiterated there were two items at the workshop left open, one was the assignments and the other was the period of time for adjustments for past reporting errors. In reviewing the presented documentations and discussions a motion was made to adopt the presented Assessment Package including the 12,000 acre feet, the assignment of storm water recharge, to refer the prior years of adjustments as they relate to the Jurupa discrepancy for further review, and make final

substantial completion of the storm water facilities. Ms. Rojo added to the motion regarding a typographic error in the current package where the interest pro ration, numbers should be negatives (reducing assessments) not positive (adding to assessments).

Motion by Jeske, second by Wellington, and by unanimous vote – Non-Ag concurred
Moved to approve the FY 2004-2005 Assessment Package to include the 12,000 acre feet, refer the prior years of the Jurupa discrepancy for further review, make final substantial completion of storm water facilities, and make the changes to the positive numbers on page 9 to negative which will reduce the assessment numbers, as presented

Motion by Kinsey, second by Crosley, and by unanimous vote
Moved to approve the FY 2004-2005 Assessment Package to include the 12,000 acre feet, refer the prior years of the Jurupa discrepancy for further review, make final substantial completion of storm water facilities, and make the changes to the positive numbers on page 9 to negative which will reduce the assessment numbers, as presented

Motion by Koopman, second by Huitsing, and by unanimous vote
Moved to ratify the motion made by the Agricultural Pool on November 16, 2004 to the FY 2004-2005 Assessment Package to include the 12,000 acre feet, refer the prior years of the Jurupa discrepancy for further review, make final substantial completion of storm water facilities, and make the changes to the positive numbers on page 9 to negative which will reduce the assessment numbers, as presented

Added Comment:

Mr. Manning added comment by informing the committee members that next years assessment process will be slightly different. As this year's assessment package process was undertaken, it was noted that there basically existed two different processes that were involved. The first related to the actual water transactions of the previous year, namely, production, transfers of rights, buy/sell transactions, etc. The other process was assigning a dollar value to the final water activity. To simplify the process next year, the water activity will be summarized and presented to the individual group members for approval prior to compiling the data and assigning dollar values to the transactions to avoid multiple versions of the assessment package with constantly changing dollar amounts as the water activity changes. This will help simplify the process and keep the water activity separate from the actual numbers. The second change with the adoption of protocols that are included within the assessment package; we have a computer program which is currently being implemented which will turn these numbers into a routine process that will be logical and easily followed on a year to year basis.

C. 2004-2005 ANNUAL MONITORING PLAN AND BUDGET

Mr. Wildermuth noted that this past May/June the cooperative agreement with IEUA was approved by the Pools, Advisory Committee, and Board. In that agreement was a vacancy purposely left in the agreement because we were unsure as to what the costs were going to be for the construction of wells and lysimeters needed to monitor recharge where recycled water was going to occur. Since that time the findings of fact have come out by DHS and IEUA wants to move forward in constructing wells and lysimeter nests to do the necessary monitoring for compliance purposes. Inland Empire would like to reimburse Watermaster to have Watermaster staff and Wildermuth, Inc. get the wells and lysimeters designed and installed. What is required is an amendment to the Annual Monitoring Plan.

Motion by Wellington, second by Black, and by unanimous vote – Non-Ag concurred
Moved to approve the revised Annual Monitoring Plan and Budget as contained in the staff report, as presented

Motion by Wellington, second by Black, and by unanimous vote

*Moved to approve the revised Annual Monitoring Plan and Budget as contained in
the staff report, as presented*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River

Counsel Fife stated there was only one item to report on, however, there has been an update on the Hydraulic Control Report which involved suspending the Attorney/Manager process while waiting for this report. It was reported the results from that report will be available in December; we are anticipating when all parties return from the holidays the Attorney/Manager meetings will begin meeting again and we will begin reviewing that report.

At the American Groundwater Trust conference which was held a few weeks ago a presentation on the Santa Ana River was given. It was noted that this process will be much more difficult than anybody had anticipated ten years ago when it started. Watermaster, as a part of our efforts with our application are pushing the parties to come together with their Environmental Impact Report (EIR) rather than doing it on their own we could do it as a group technical analysis and look at the whole process as a group instead of individually. The question regarding the two other entities who are working on their EIR's and if they have been contacted to participate in the "group" effort was presented. Counsel Fife noted that Watermaster has initiated the discussions with Western and with OCWD.

B. STAFF REPORT

1. Cyclic Account Update

Mr. Manning stated that while we did take in water in October that will not change our decision to take water out of the cyclic storage by the end of year; the end number has not been decided fully, however we are still anticipating it to be at least the 11,000 acre feet of carry over replenishment from the prior year. Watermaster will update the parties of the final number in January.

2. Stormwater Recharge Update

Mr. Manning stated instead of fully reviewing what was previously discussed to refer to the handout titled, "Chino Basin Groundwater Recharge FY 2004/2005 Storm Event 1". Mr. Manning reviewed the bottom line total which was approximately 1,500 of captured water. We are learning from every storm event exactly how to operate these basins more efficiently. There is a meeting scheduled next week to discuss staffing so that we can get 24 hour coverage with IEUA and others. As we move forward we will keep all parties informed on storm events. Mr. Manning noted Watermaster is creating a reporting process by which each storm event the Pools, Advisory Committee, and Board will receive information about the performance of the recharge to the basins.

3. College Heights Monitoring Update

Mr. Manning commented that the Watermaster Board approved going ahead with the two monitoring wells that were directly to the west and southwest of the Upland Basin. Those are moving forward; staff concurred with the Board's decision that the monitoring well to the northwest of the project directly west of College Heights was not needed. Watermaster has had discussions with the City of Upland and have encouraged them to speak with their developers to possibly install that monitoring well themselves because they would have more benefit from that than we would at this point in time.

4. Discuss holiday meeting schedules

Mr. Manning noted there were no meetings scheduled for the month of December and stated that the Watermaster staff is available and will accommodate the desires of any member if the need arises to schedule a meeting. There is an MZ1 meeting scheduled for December 8, 2004. Lunch will be served today and Mr. Manning encourages all to stay if their schedules allowed.

Added Question:

The question of whether all recharge basins are equipped with a suitable measuring devices was presented. Mr. Manning stated all have methods computed to measure captured water, although, they are not what Watermaster wants down the line; once the SCADA system is complete we will have a much more accurate measuring system in place.

C. METROPOLITAN WATER DISTRICT MEMBER AGENCY REPORT

1) INLAND EMPIRE UTILITIES AGENCY

a. Rialto Pipeline Shutdown – Task Force Update – Rich Atwater

Mr. Atwater noted that last Tuesday Rick Hansen and he met with representatives at Metropolitan regarding work on the Rialto Pipeline. The issue is after the emergency shutdown last June, can we put in the isolation valves or blind flanges, so that we can isolate portions of the 30 miles of the Rialto Pipeline. Operations are looking at installing those items; there is a meeting in January to review the plans.

b. MWD Status Report – Rich Atwater

Mr. Atwater commented on the issue of the groundwater replenishment rates. In working with several agencies it is felt there is not going to be a great increase on the five dollars next year; it will be frozen and we are working on a case study in the main San Gabriel Basin to get rid of the MWD proposal and try and improve and enhance the existing replenishment program.

c. FY 2003/04 Water Production Report

No comment was made regarding this item.

d. Water Resources Report (handout)

No comment was made regarding this item.

e. Water Conservation Status Report

Mr. Atwater stated that others voted against staff's direction to continue the horizontal washing machine rebate.

f. Recycled Water Program

No comment was made regarding this item.

g. Chino Basin Facilities Improvement Project

No comment was made regarding this item.

h. State/Federal Legislation

No comment was made regarding this item.

i. Public Relations

Mr. Atwater commented on a recent meeting regarding the drought in trying to make sure that we get community based environmental messages out to the public. Mr. Atwater mentioned that in last Saturday's issue of Daily Bulletin there was a story printed about the new model homes and that each of the new models will have

outdoor California friendly landscape and indoor state of the art water appliances. IEUA is trying to connect with the public and make those messages known. This is a real positive effort.

Mr. Atwater noted the inland feeder is way behind schedule and over budget and the contractor just literally walked off the job.

Mr. Atwater reminded the committee members about the water workshop on November 16, 2004 from 7:30 a.m. to 11:00 a.m. which is being hosted by IEUA, Three Valleys Municipal Water District and the Metropolitan Water District. The event will feature information on how to conserve water and how people can earn rebates.

2) THREE VALLEYS MUNICIPAL WATER DISTRICT

a. Relevant Activities – Rick Hansen (oral)

Mr. Hansen thanked Watermaster for putting his item on the agenda; however he had nothing to report on at this time.

IV. INFORMATION

1. Reminder That the Reorganization of Board, Advisory Committee, and Pools Take Place in January

Chair Jeske noted this item was included to remind the various committee members there would be reorganization in January and to start planning now as to the rotation schedule. Mr. Manning stated a rotation schedule would be made available prior to the annual meetings.

2. Newspaper Articles

No comments were made regarding this item.

V. POOL MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

| | | |
|------------------|------------|---|
| January 13, 2005 | 9:00 a.m. | Annual Appropriative Pool Meeting |
| January 13, 2005 | 11:00 a.m. | Annual Non-Agricultural Pool Meeting |
| January 18, 2005 | 9:00 a.m. | Annual Agricultural Pool Meeting @ IEUA |
| January 27, 2005 | 9:00 a.m. | Annual Advisory Committee Meeting |
| January 27, 2005 | 11:00 a.m. | Annual Watermaster Board Meeting |

The Joint Appropriative, Non-Agricultural Pool and Advisory Committee Meeting Adjourned at 10:30 a.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

II. CONSENT CALENDAR

A. MINUTES

1. Agricultural Pool – November 15, 2004



Draft Minutes
CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING
November 16, 2004

The Agricultural Pool Meeting was held at the offices of the Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA, on November 16, 2004 at 9:00 a.m.

Agricultural Pool Members Present

| | |
|----------------------|---|
| Nathan deBoom, Chair | Milk Producers Council |
| Gene Koopman | Milk Producers Council |
| Glen Durrington | Crops |
| John Huitsing | Dairy |
| Robert Nobles | State of California, California Institute for Men |
| Pete Hettinga | Dairy |

Watermaster Board Member Present

| | |
|------------|-------|
| Paul Hofer | Crops |
|------------|-------|

Watermaster Staff Present

| | |
|--------------------|-------------------------|
| Kenneth R. Manning | Chief Executive Officer |
| Sheri Rojo | Finance Manager |
| Gordon Treweek | Project Engineer |
| Danielle Maurizio | Senior Engineer |
| Sheri Lynne Molino | Recording Secretary |

Watermaster Consultants Present

| | |
|--------------|----------------|
| Michael Fife | Hatch & Parent |
|--------------|----------------|

Others Present

| | |
|-----------|-------------------|
| Steve Lee | Reid & Hellyer |
| Rick Rees | Geomatrix for CIM |

Chair deBoom called the Agricultural Pool meeting to order at 9:10 a.m.

AGENDA - ADDITIONS/REORDER

No additions or reorders were made to this agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Agricultural Pool Meeting held on October 19, 2004

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of October 2004
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2004 through September 30, 2004
3. Treasurer's Report of Financial Affairs for the Period September 1 through September 30, 2004
4. Profit & Loss Budget vs. Actual July through September 2004

C. TWENTY-SIXTH ANNUAL REPORT

*Motion by Durrington, second by Koopman, and by unanimous vote
Moved to approve Consent Calendar Items A through C, as presented*

II. BUSINESS ITEMS**A. ANALYSIS OF MATERIAL PHYSICAL INJURY**

Mr. Manning referred to page 53 of the package that is a request for an Analysis of Material Physical Injury for IEUA's Proposed Phase II Recycled Water Recharge Program. Mr. Manning commented staff is recommending approval for this request.

*Motion by Koopman, second by Durrington, and by unanimous vote
Moved to approve Analysis of Material Physical Injury for IEUA's Proposed
Phase II Recycled Water Recharge Program, as presented*

B. FY 2004-2005 ASSESSMENT PACKAGE

Mr. Manning introduced Ms. Rojo to provide information on the proposed FY 04-05 Assessment Package and noted there were some formatting changes made to this year's assessment package. Mr. Manning stated Watermaster will make changes to future assessment packages in a two step process; this year there is some re-formatting to the package, next year Watermaster will focus on introducing a computer program, which is being designed presently. The reformatting of the current package is a necessary first step in the process to convert the current spreadsheet calculations involving many manual calculations – exposing the package to potential clerical errors to the automated program currently being developed. After a brief review of the package, the question regarding safe yield versus the actual production as far as the assessment package shows was presented. Ms. Rojo verified the question was only regarding the Agricultural Pool and stated the Appropriative Pool assessment is based on their production, the Appropriative Pool their agreement with the Agricultural Pool is required to pay the Agricultural Pool's share of their assessments. The amount required to be paid by each appropriator is dependent on the benefit each receives as their portion of the reassignment of unused Agricultural Pool rights. This is how the assessment has always been calculated and the only change is how it is presented in the assessment package. A discussion ensued with regard to transfers and land use conversion. Ms. Rojo gave a detailed description on conversion areas and how it applies to land use conversion which lies mostly in Chino and Jurupa. Counsel Fife offered comment on an assignment as opposed to a transfer with regards to the discussion. Counsel Fife stated there has been a policy issue brought up at the recent workshop with regards to parks. This has not been an issue that has been addressed previously and Counsel felt this item needs to be discussed further and at a later date with the Watermaster group because it is becoming an issue as these areas converge in the southern end of the basin. Chair deBoom inquired if Ms. Rojo could go through the steps of the Agricultural portion of the budget. Ms. Rojo commented that Watermaster is a budget driven organization; the budget was approved earlier in the year and noted the first few line items in the assessment were taken directly from the budget. Ms. Rojo gave a detailed accounting of the process to arrive at the bottom line and noted that the cover sheet does not include billing for the 6500 acre-feet, any replenishment for over production, or the debt service for the recharge payment (those are listed separately in the assessment package). A question regarding Ag Pool overproduction was presented. Ms. Rojo explained this was over assignment of water to the appropriators. A discussion on the rolling five year average ensued. Counsel Fife offered comment regarding the Peace Agreement and the agreement to do an early transfer rather than a rolling five year average basis. A discussion regarding transfers ensued. Ms. Rojo stated there were two main issues which arose in putting together the package; the assessment package is a two part process; it is water activity, and it is dollar assigned to water activity. Next year we will present the water activity summary to each appropriator first, and then go back and assign dollars to it. The final

numbers get changed because there are several production changes and corrections by appropriators where a number was forgot or added and sequentially this will affect all the numbers down the line including dollar amounts. Ms. Rojo stated her goal will be to submit to the appropriators numbers have them give a positive confirmation that those are their correct numbers, and take that back and move forward assigning dollar values to production results. Chair deBoom requested the 12,000 acre feet issue be presented to the Board. Ms. Rojo commented that the Recharge Improvement Project the Appropriators were told they would be receiving 12,000 acre feet in this current assessment package that would offset replenishment obligations in the future because the recharge basins should be completed. Watermaster is not clear as to whether or not the criteria they have established to receive the 12,000 acre feet have been met. There have been different view points presented; that were reviewed at the Assessment Package Workshop. The 12,000 acre feet were not incorporated into this Assessment. Mr. Manning stated Watermaster is asking the Advisory Committee, the Appropriative Pool, and the Board to make the determination whether or not the 12,000 needs to be added because the minutes and past discussion are not clear and if the determination is made to include the 12,000 acre feet that would be an adjustment made to the Assessment Package. Counsel Fife offered comment and history on the 12,000 acre feet. Mr. Treweek noted that during the two recent storms approximately 3,000 acre feet of storm water were captured. Ms. Rojo commented that Mr. Wildermuth's plan was to true up the numbers every five years which addressed a comment regarding droughts. Counsel Fife stated the decision to use the 12,000 acre feet was made in 2003; the decision that they will be making this Thursday is simply to instruct Watermaster as to when do we start doing the 12,000. It was discussed in 2003 that it would possibly start in the 2004 assessment package.

Motion by Koopman, second by Durrington, and by unanimous vote
Moved to approve FY 04-05 Assessment Package, as presented

C. 2004-2005 ANNUAL MONITORING PLAN AND BUDGET

Counsel Fife stated Watermaster approved a Hydraulic Control Monitoring Plan within the last quarter and part of what Inland Empire Utilities Agency (IEUA) is requesting for its Recycled Water Recharge Program are wells to be drilled and monitoring to be performed. What IEUA is proposing is to modify the Hydraulic Control Monitoring Plan to add in the element to do their Recycled Water monitoring so that they can get economy of scale. Wildermuth Inc. will perform both tasks at the same time and IEUA will pick up the cost for the increment of additional work concerning their recycled water proposal. There is no cost to Watermaster; however, since it is an amendment to the Watermaster Hydraulic Control Monitoring Plan it has come back for approval.

Motion by Koopman, second by Durrington, and by unanimous vote
Moved to approve the 2004-2005 Annual Monitoring Plan and Budget, as presented

D. ATTENDANCE OF THE NOVEMBER ADVISORY COMMITTEE MEETING

Chair deBoom noted a discussion took place last month to agendize this item this month in order to send three members from the Agricultural Pool to the combined Appropriative, Non-Agricultural Pool, and Advisory Committee meeting on November 18 in order to offer comment or ratify the motion made regarding the FY 04-05 Assessment Package. It was noted the Appropriative and Non-Agricultural Pools typically meet prior to the Agricultural Pool although due to the holiday schedule the three pools will be joining after the Agricultural Pool and discussions regarding the 12,000 acre feet as presented in item A will be heard. It was decided that Nathan deBoom, Gene Koopman, and John Huitsing will attend the joint meeting on November 18, 2004 and no motion needs to be made for this item.

III. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT****1. Santa Ana River**

- Counsel Fife stated this item is for the Santa Ana River application which is now before the State Water Resources Control Board. Counsel Fife noted there is an increase in action regarding the Santa Ana River. The parties are beginning to realize there is a substantial amount of technical work which needs to be done. Western Municipal Water District has recently put out their Environmental Impact Report (EIR); Orange County Water District's EIR came out in June. Watermaster is suggesting to the groups to come together and deal with all the applications and technical analysis, as a group, maybe through SAWPA or the Santa Ana Watermaster to create some kind of comprehensive approach to these applications.

A question regarding the Basin Plan was presented. Counsel Fife noted there was no updates to report on other than it was approved by the State Board on September 30, 2004, then would be going to the office of Administrative Law, and onto the Environmental Protection Agency and the formal process is unknown for approval.

A question regarding the Chino Land and Water case was presented. Counsel Fife stated that nothing has been heard from them since their case was dismissed.

B. STAFF REPORT**1. Cyclic Account Update**

Mr. Manning reviewed the numbers which were given at last month's meeting and noted that due to the two recent rain storms Gordon Treweek would be providing an update regarding the cyclic account and storm water recharge.

2. Stormwater Recharge Update

Mr. Treweek referred to the handout titled "Chino Basin Groundwater Recharge FY 2004/2005 Storm Event 1" which describes in detail the captured stormwater per basin from the recent storms. Mr. Treweek noted Watermaster has been performing demonstration projects at the facilities as they are completed. The term "completed" means the earth work excavation is complete and the connection has been made between the channel and the recharge facility; this does not mean the SCADA system is completed. The work on the SCADA system is anticipated to be completed after January 1, 2005. The demonstration projects allow Watermaster to monitor and measure the flow coming down the channel by using Metropolitan Water District facilities. The first storm event happened October 16 through October 19, 2004 and posed a challenge to capture water due to excavation/construction in several of the basins. The second storm event happened October 20 through October 26, 2004 and with compiling the data from the first and second storm Watermaster has recorded an estimated 1,497 acre-feet of new yield/recharged water. Mr. Treweek briefly reviewed each of the basins listed on the hand out and the recharge capabilities and/or construction status. The question regarding debris from last year's Christmas storm was presented. Mr. Treweek noted it took seven to eight months for the water to percolate due to the amount of debris and silt; the Flood Control District just cleared the rest of the debris from the basin right before the October storm hit, which carried a whole new batch of debris from the fires. The question of perc rates was presented and Mr. Treweek noted these were average rates being used for calculations. The best method will be the SCADA system once it is up and running to acquire accurate numbers.

3. College Heights Monitoring Update

Mr. Manning stated the College Heights basins are currently under investigation noting they are not being used for recharge. Mr. Manning stated this item was taken to the Advisory Committee and the Watermaster Board and noted they had reservations

regarding installing the monitoring well at the northwest portion adjacent to the College Heights basin. It was noted that that monitoring well would not be beneficial to Watermaster's requirements at this time and staff concurred. Mr. Manning will be approaching the City of Upland about installing this monitoring well because of the benefits and value it could provide them.

4. Discuss holiday meeting schedules

Mr. Manning noted there were no meetings scheduled for the month of December and stated that the Watermaster staff is available and will accommodate the desires of any member if the need arises to schedule a meeting.

IV. INFORMATION

1. Reminder That the Reorganization of Board, Advisory Committee, and Pools Take Place in January

Mr. Manning reminded the committee members that there will be a reorganization of members for the Pools, Advisory Committee, and Watermaster Board this coming January and to keep this in mind for the annual meeting.

2. Newspaper Articles

Mr. Manning noted there were some interesting newspaper articles in the package and wanted to pay special attention to the article regarding one of our Board members, Paul Hofer.

V. POOL MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

| | | |
|------------------|------------|---|
| January 13, 2005 | 9:00 a.m. | Annual Appropriative Pool Meeting |
| January 13, 2005 | 11:00 a.m. | Annual Non-Agricultural Pool Meeting |
| January 18, 2005 | 9:00 a.m. | Annual Agricultural Pool Meeting @ IEUA |
| January 27, 2005 | 9:00 a.m. | Annual Advisory Committee Meeting |
| January 27, 2005 | 11:00 a.m. | Annual Watermaster Board Meeting |

No meetings are currently planned for the month of December 2004

The Agricultural Pool Meeting Adjourned at 10:20 a.m.

Secretary: _____

Minutes Approved: _____

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CHINO BASIN WATERMASTER

II. CONSENT CALENDAR

B. FINANCIAL REPORTS

1. Cash Disbursements November 2004
2. Combining Schedule of Revenue, Expenses and changes in Working Capital for the Period July 1, 2004 through October 31, 2004
3. Treasurer's Report of Financial Affairs for August 1 through August 31, 2004
4. Profit & Loss Budget vs. Actual July 2004 through October 2004
5. Cash Disbursements December 2004
6. Combining Schedule of Revenue, Expenses and changes in Working Capital for the Period July 1, 2004 through November 30, 2004
7. Treasurer's Report of Financial Affairs for November 1 through November 30, 2004
8. Profit & Loss Budget vs. Actual July 2004 through November 2004





CHINO BASIN WATERMASTER

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Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: January 13, 2005
January 18, 2005
January 27, 2005

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report – November 2004

SUMMARY

Issue – Record of cash disbursements for the month of November 2004.

Recommendation – Staff recommends the Cash Disbursements for November 2004 be received and filed as presented.

Fiscal Impact – All funds disbursed were included in the FY 2004-05 Watermaster Budget.

BACKGROUND

A monthly cash disbursement report is provided to keep all members apprised of Watermaster expenditures.

DISCUSSION

Total cash disbursements during the month of November 2004 were \$677,529.09. The most significant expenditures during the month were Vineyard National Bank in the amount of \$400,000.00, Wildermuth Environmental Inc. in the amount of \$123,145.31, and Hatch and Parent in the amount of \$44,323.48.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
November 2004

| Type | Date | Num | Name | Amount |
|-----------------|------------|---------|--|--------------------|
| Nov 04 | | | | |
| General Journal | 11/1/2004 | 04/11/8 | PAYROLL | -5.69 |
| Bill Pmt -Check | 11/3/2004 | 9106 | BOWCOCK, ROBERT | -730.40 |
| Bill Pmt -Check | 11/3/2004 | 9107 | VERIZON | -444.08 |
| Bill Pmt -Check | 11/3/2004 | 9108 | A & R TIRE | -11.00 |
| Bill Pmt -Check | 11/3/2004 | 9109 | APPLIED COMPUTER TECHNOLOGIES | -3,103.75 |
| Bill Pmt -Check | 11/3/2004 | 9110 | ARROWHEAD MOUNTAIN SPRING WATER | -33.16 |
| Bill Pmt -Check | 11/3/2004 | 9111 | BOWCOCK, ROBERT | -375.00 |
| Bill Pmt -Check | 11/3/2004 | 9114 | CATLIN, TERRY | -125.00 |
| Bill Pmt -Check | 11/3/2004 | 9112 | DIRECTV | -71.98 |
| Bill Pmt -Check | 11/3/2004 | 9113 | HOFFMAN VIDEO | -6,745.26 |
| Bill Pmt -Check | 11/3/2004 | 9115 | HOME DEPOT | -310.00 |
| Bill Pmt -Check | 11/3/2004 | 9116 | INLAND EMPIRE UTILITIES AGENCY | -6,666.67 |
| Bill Pmt -Check | 11/3/2004 | 9117 | KRUGER, W. C. "BILL" | -125.00 |
| Bill Pmt -Check | 11/3/2004 | 9118 | KUHN, BOB | -250.00 |
| Bill Pmt -Check | 11/3/2004 | 9119 | MCCALL'S METER SALES & SERVICE | -761.53 |
| Bill Pmt -Check | 11/3/2004 | 9120 | MEDIA JIM | -450.00 |
| Bill Pmt -Check | 11/3/2004 | 9121 | NEUFELD, ROBERT | -500.00 |
| Bill Pmt -Check | 11/3/2004 | 9122 | NEXTEL COMMUNICATIONS | -704.58 |
| Bill Pmt -Check | 11/3/2004 | 9123 | OFFICE DEPOT | -1,364.67 |
| Bill Pmt -Check | 11/3/2004 | 9124 | PATRAL CUSTOM CABINETS | -1,699.60 |
| Bill Pmt -Check | 11/3/2004 | 9125 | PAYCHEX | -165.20 |
| Bill Pmt -Check | 11/3/2004 | 9126 | POWERS ELECTRIC PRODUCTS CO. | -235.48 |
| Bill Pmt -Check | 11/3/2004 | 9127 | PURCHASE POWER | -2,034.26 |
| Bill Pmt -Check | 11/3/2004 | 9128 | SAVIN CORPORATION dba RICOH BUSINESS | -36.00 |
| Bill Pmt -Check | 11/3/2004 | 9129 | STAPLES | -401.07 |
| Bill Pmt -Check | 11/3/2004 | 9130 | STATE COMPENSATION INSURANCE FUND | -1,594.32 |
| Bill Pmt -Check | 11/3/2004 | 9131 | UNION 76 | -348.97 |
| Bill Pmt -Check | 11/3/2004 | 9132 | VANDEN HEUVEL, GEOFFREY | -125.00 |
| Bill Pmt -Check | 11/3/2004 | 9133 | VELASQUEZ JANITORIAL | -1,200.00 |
| Bill Pmt -Check | 11/3/2004 | 9134 | VERIZON | -38.54 |
| Bill Pmt -Check | 11/3/2004 | 9135 | YUKON DISPOSAL SERVICE | -123.90 |
| Bill Pmt -Check | 11/3/2004 | 9136 | PETTY CASH | -514.17 |
| Bill Pmt -Check | 11/5/2004 | 9137 | VINEYARD NATIONAL BANK | -400,000.00 |
| General Journal | 11/6/2004 | 04/11/4 | PAYROLL | -5,209.01 |
| General Journal | 11/6/2004 | 04/11/4 | PAYROLL | -17,320.35 |
| Bill Pmt -Check | 11/9/2004 | 9138 | CAFE CALATO | -202.03 |
| Bill Pmt -Check | 11/17/2004 | 9139 | A & R TIRE | -915.15 |
| Bill Pmt -Check | 11/17/2004 | 9140 | ACWA SERVICES CORPORATION | -160.80 |
| Bill Pmt -Check | 11/17/2004 | 9141 | BANK OF AMERICA | -3,628.39 |
| Bill Pmt -Check | 11/17/2004 | 9142 | CALCPA | -125.00 |
| Bill Pmt -Check | 11/17/2004 | 9143 | CHEVRON | -128.45 |
| Bill Pmt -Check | 11/17/2004 | 9144 | COPLAND CATERING | -256.98 |
| Bill Pmt -Check | 11/17/2004 | 9145 | FIRST AMERICAN REAL ESTATE SOLUTIONS | -125.00 |
| Bill Pmt -Check | 11/17/2004 | 9146 | HATCH AND PARENT | -44,323.48 |
| Bill Pmt -Check | 11/17/2004 | 9147 | IDEAL GRAPHICS | -84.05 |
| Bill Pmt -Check | 11/17/2004 | 9148 | INLAND COUNTIES INSURANCE SERVICES, INC. | -216.77 |
| Bill Pmt -Check | 11/17/2004 | 9149 | MCI | -900.15 |
| Bill Pmt -Check | 11/17/2004 | 9150 | OFFICE DEPOT | -68.09 |
| Bill Pmt -Check | 11/17/2004 | 9151 | PARK PLACE COMPUTER SOLUTIONS, INC. | -2,750.00 |
| Bill Pmt -Check | 11/17/2004 | 9152 | QUILL | -1,301.51 |
| Bill Pmt -Check | 11/17/2004 | 9153 | RAUCH COMMUNICATION CONSULTANTS, LLC | -2,353.74 |
| Bill Pmt -Check | 11/17/2004 | 9154 | RBM LOCK & KEY | -9.05 |
| Bill Pmt -Check | 11/17/2004 | 9155 | REID & HELLYER | -5,888.00 |
| Bill Pmt -Check | 11/17/2004 | 9156 | RETAIL SERVICES | -287.48 |
| Bill Pmt -Check | 11/17/2004 | 9157 | RICOH BUSINESS SYSTEMS-Lease | -3,591.31 |
| Bill Pmt -Check | 11/17/2004 | 9158 | STAULA, MARY L | -136.61 |
| Bill Pmt -Check | 11/17/2004 | 9159 | UNITED PARCEL SERVICE | -409.39 |
| Bill Pmt -Check | 11/17/2004 | 9160 | UNITEK TECHNOLOGY INC. | -767.19 |
| Bill Pmt -Check | 11/17/2004 | 9161 | SAVIN CORPORATION dba RICOH BUSINESS | -493.55 |
| Bill Pmt -Check | 11/17/2004 | 9162 | PUBLIC EMPLOYEES' RETIREMENT SYSTEM | -4,001.80 |
| Bill Pmt -Check | 11/17/2004 | 9163 | PUBLIC EMPLOYEES' RETIREMENT SYSTEM | -4,001.80 |
| Bill Pmt -Check | 11/17/2004 | 9164 | WILDERMUTH ENVIRONMENTAL INC | -123,145.31 |
| General Journal | 11/20/2004 | 04/11/6 | PAYROLL | -5,348.89 |
| General Journal | 11/20/2004 | 04/11/6 | PAYROLL | -18,010.07 |
| Bill Pmt -Check | 11/22/2004 | 9165 | JUAN POLLO | -75.41 |
| | | | | -677,529.09 |
| Nov 04 | | | | |

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CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE
 PERIOD JULY 1, 2004 THROUGH OCTOBER 31, 2004

| | 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 2004-05 |
|--|-------------------------------|--------------------------------|---|----------------------|--------------------|--|----------------|--------------------|-----------------|-------------------|
| Administrative Revenues | | | | | | | | | | |
| Administrative Assessments | | | - | | - | | | | - | \$3,984,888 |
| Interest Revenue | | | 27,807 | 1,949 | 1,014 | | | - | 30,770 | 78,330 |
| Mutual Agency Project Revenue | | - | | | | | | | - | 0 |
| Grant Income | | | | | | | | | - | 0 |
| Miscellaneous Income | - | | | | | | | | - | 0 |
| Total Revenues | - | - | 27,807 | 1,949 | 1,014 | - | - | - | 30,770 | 4,063,218 |
| Administrative & Project Expenditures | | | | | | | | | | |
| Watermaster Administration | 282,441 | | | | | | | | 282,441 | 621,784 |
| Watermaster Board-Advisory Committee | 19,325 | | | | | | | | 19,325 | 37,018 |
| Pool Administration | | | 4,633 | 26,870 | 876 | | | | 32,379 | 91,153 |
| Optimum Basin Mgmt Administration | | 450,730 | | | | | | | 450,730 | 1,019,183 |
| OBMP Project Costs | | 915,274 | | | | | | | 915,274 | 3,733,694 |
| Education Funds Use | | | | | | | | - | - | 375 |
| Mutual Agency Project Costs | 20,000 | | | | | | | | 20,000 | 80,004 |
| Total Administrative/OBMP Expenses | 321,766 | 1,366,004 | 4,633 | 26,870 | 876 | | | - | 1,720,149 | 5,583,211 |
| Net Administrative/OBMP Income | (321,766) | (1,366,004) | | | | | | | | |
| Allocate Net Admin Income To Pools | 321,766 | | 242,261 | 74,343 | 5,162 | | | | - | 0 |
| Allocate Net OBMP Income To Pools | | 1,366,004 | 1,028,481 | 315,609 | 21,914 | | | | - | 0 |
| Agricultural Expense Transfer | | | 414,196 | (414,196) | | | | | - | 0 |
| Total Expenses | | | 1,689,572 | 2,625 | 27,952 | - | - | - | 1,720,149 | 5,583,211 |
| Net Administrative Income | | | (1,661,765) | (676) | (26,938) | | | - | (1,689,379) | (1,519,993) |
| Other Income/(Expense) | | | | | | | | | | |
| Replenishment Water Purchases | | | | | | - | | | - | 0 |
| MZ1 Supplemental Water Assessments | | | | | | - | | | - | 2,179,500 |
| Water Purchases | | | | | | | | | - | 0 |
| MZ1 Imported Water Purchase | | | | | | | | | - | (2,278,500) |
| Groundwater Replenishment | | | | | | (996,804) | | | (996,804) | 0 |
| Net Other Income | | | - | - | - | (996,804) | - | - | (996,804) | (99,000) |
| Net Transfers To/(From) Reserves | | | (1,661,765) | (676) | (26,938) | (996,804) | - | - | (2,686,183) | (1,618,993) |
| Working Capital, July 1, 2004 | | | 3,471,229 | 463,055 | 173,739 | 4,133,061 | 158,251 | 2,195 | 8,401,530 | |
| Working Capital, End Of Period | | | 1,809,464 | 462,379 | 146,801 | 3,136,257 | 158,251 | 2,195 | 5,715,347 | |
| 03/04 Production | | | 136,795.139 | 41,978.182 | 2,914.774 | | | | 181,688.095 | |
| 03/04 Production Percentages | | | 75.291% | 23.105% | 1.604% | | | | 100.000% | |

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**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
OCTOBER 1 THROUGH OCTOBER 31, 2004**

DEPOSITORIES:

| | | | | |
|---|------------|---------|-----------|------------------|
| Cash on Hand - Petty Cash | | | \$ | 500 |
| Bank of America | | | | |
| Governmental Checking-Demand Deposits | \$ | 136,563 | | |
| Savings Deposits | | 9,635 | | |
| Zero Balance Account - Payroll | | - | | 146,198 |
| Local Agency Investment Fund - Sacramento | | | | 5,967,217 |
| TOTAL CASH IN BANKS AND ON HAND | | | \$ | 6,113,915 |
| TOTAL CASH IN BANKS AND ON HAND | 10/31/2004 | | | 6,919,402 |
| | 9/30/2004 | | | |
| PERIOD INCREASE (DECREASE) | | | \$ | (805,487) |

CHANGE IN CASH POSITION DUE TO:

| | | | | |
|--|--|--|-----------|------------------|
| Decrease/(Increase) in Assets: Accounts Receivable | | | \$ | 30,763 |
| Assessments Receivable | | | | - |
| Prepaid Expenses, Deposits & Other Current Assets | | | | 2,266 |
| (Decrease)/Increase in Liabilities: Accounts Payable | | | | (387,573) |
| Accrued Payroll, Payroll Taxes & Other Current Liabilities | | | | 21,058 |
| Transfer to/(from) Reserves | | | | (472,001) |
| PERIOD INCREASE (DECREASE) | | | \$ | (805,487) |

SUMMARY OF FINANCIAL TRANSACTIONS:

| | Petty Cash | Gov't'l Checking Demand | Zero Balance Account Payroll | Savings | Local Agency Investment Funds | Totals |
|--------------------------------------|---------------|----------------------------|------------------------------------|-----------------|----------------------------------|---------------------|
| Balances as of 9/30/2004 | \$ 500 | \$ (27,187) | \$ - | \$ 9,635 | \$ 6,936,454 | \$ 6,919,402 |
| Deposits | | - | - | - | 30,763 | 30,763 |
| Transfers | | 953,611 | 46,389 | - | (1,000,000) | - |
| Withdrawals/Checks | | (789,861) | (46,389) | - | - | (836,250) |
| Balances as of 10/31/2004 | \$ 500 | \$ 136,563 | \$ - | \$ 9,635 | \$ 5,967,217 | \$ 6,113,915 |
| PERIOD INCREASE OR (DECREASE) | \$ - | \$ 163,750 | \$ - | \$ - | \$ (969,237) | \$ (805,487) |

CHINO BASIN WATERMASTER
 TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
 OCTOBER 1 THROUGH OCTOBER 31, 2004

INVESTMENT TRANSACTIONS

| Effective Date | Transaction | Depository | Activity | Redeemed | Days to Maturity | Interest Rate(*) | Maturity Yield |
|--------------------------------------|-------------|------------|---------------------|----------|------------------|------------------|----------------|
| 10/15/2004 | Deposit | L.A.I.F. | \$ 30,763 | | | | |
| 10/7/2004 | Withdrawal | L.A.I.F. | (200,000) | | | | |
| 10/25/2004 | Withdrawal | L.A.I.F. | (800,000) | | | | |
| TOTAL INVESTMENT TRANSACTIONS | | | \$ (969,237) | - | | | |

* The earnings rate for L.A.I.F. is a daily variable rate; 1.67% was the effective yield rate at the Quarter ended September 30, 2004

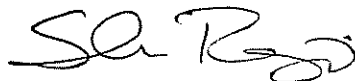
INVESTMENT STATUS
 October 31, 2004

| <u>Financial Institution</u> | <u>Principal Amount</u> | <u>Number of Days</u> | <u>Interest Rate</u> | <u>Maturity Date</u> |
|------------------------------|-------------------------|-----------------------|----------------------|----------------------|
| Local Agency Investment Fund | \$ 5,967,217 | | | |
| Time Certificates of Deposit | - | | | |
| TOTAL INVESTMENTS | \$ 5,967,217 | | | |

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

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

Respectfully submitted,



Sheri M. Rojo, CPA
 Finance Manager
 Chino Basin Watermaster

CHINO BASIN WATERMASTER
Profit & Loss Budget vs. Actual
July through October 2004

| | <u>Jul - Oct 04</u> | <u>Budget</u> | <u>\$ Over Budget</u> | <u>% of Budget</u> |
|-------------------------------------|---------------------|---------------------|-----------------------|--------------------|
| Ordinary Income/Expense | | | | |
| Income | | | | |
| 4010 · Local Agency Subsidies | 0 00 | 132,000 00 | -132,000 00 | 0 0% |
| 4110 · Admin Asmnts-Approp Pool | 0 00 | 3,755,236 00 | -3,755,236 00 | 0 0% |
| 4120 · Admin Asmnts-Non-Agri Pool | 0 00 | 97,652 00 | -97,652 00 | 0 0% |
| 4700 · Non Operating Revenues | <u>30,769.53</u> | <u>78,330.00</u> | <u>-47,560.47</u> | <u>39.28%</u> |
| Total Income | <u>30,769.53</u> | <u>4,063,218.00</u> | <u>-4,032,448.47</u> | <u>0.76%</u> |
| Gross Profit | 30.769 53 | 4,063,218 00 | -4,032,448 47 | 0.76% |
| Expense | | | | |
| 6010 · Salary Costs | 124,667 40 | 401,704 00 | -277,036 60 | 31.04% |
| 6020 · Office Building Expense | 38,057 28 | 100,800 00 | -62,742 72 | 37.76% |
| 6030 · Office Supplies & Equip. | 21,501 40 | 45,500 00 | -23,998 60 | 47.26% |
| 6040 · Postage & Printing Costs | 31,811 49 | 67,100 00 | -35,288 51 | 47.41% |
| 6050 · Information Services | 48,603 15 | 105,076 00 | -56,472 85 | 46.26% |
| 6060 · Contract Services | 91,775 35 | 106,000 00 | -14,224 65 | 86.58% |
| 6080 · Insurance | 8,277 68 | 21,710 00 | -13,432 32 | 38.13% |
| 6110 · Dues and Subscriptions | 2,151 00 | 16,600 00 | -14,449 00 | 12.96% |
| 6140 · Other WM Admin Expenses | 1,056 22 | 2,500 00 | -1,443 78 | 42.25% |
| 6150 · Field Supplies | 65 48 | 4,250 00 | -4,184 52 | 1.54% |
| 6170 · Travel & Transportation | 4,101 01 | 24,650 00 | -20,548 99 | 16.64% |
| 6190 · Conferences & Seminars | 5,549 20 | 16,000 00 | -10,450 80 | 34.68% |
| 6200 · Advisory Comm - WM Board | 4,175 35 | 13,459 00 | -9,283 65 | 31.02% |
| 6300 · Watermaster Board Expenses | 15,149 84 | 23,559 00 | -8,409 16 | 64.31% |
| 8300 · Appr PI-WM & Pool Admin | 4,631 78 | 13,659 00 | -9,027 22 | 33.91% |
| 8400 · Agri Pool-WM & Pool Admin | 5,660.35 | 16,417 00 | -10,756 65 | 34.48% |
| 8467 · Agri-Pool Legal Services | 18,585 12 | 45,000 00 | -26,414 88 | 41.3% |
| 8470 · Ag Meeting Attend -Special | 2,625 00 | 10,000 00 | -7,375 00 | 26.25% |
| 8500 · Non-Ag PI-WM & Pool Admin | 875.52 | 6,077 00 | -5,201 48 | 14.41% |
| 6500 · Education Funds Use Expens | 0 00 | 375 00 | -375 00 | 0 0% |
| 9500 · Allocated G&A Expenditures | <u>-95,175.18</u> | <u>-290,106.00</u> | <u>194,930.82</u> | <u>32.81%</u> |
| Subtotal G&A Expenses | <u>334,144 44</u> | <u>750,330 00</u> | <u>-416,185 56</u> | <u>44.53%</u> |
| 6900 · Optimum Basin Mgmt Plan | 412,117 05 | 933,566 00 | -521,448 95 | 44.14% |
| 6950 · Mutual Agency Projects | 20,000 01 | 80,004 00 | -60,003 99 | 25 0% |
| 9501 · G&A Expenses Allocated-OBMP | <u>38,613.00</u> | <u>85,617.00</u> | <u>-47,004.00</u> | <u>45.1%</u> |
| | <u>470,730 06</u> | <u>1,099,187 00</u> | <u>-628,456 94</u> | <u>42.83%</u> |
| 7101 · Production Monitoring | 14,600 66 | 54,957 00 | -40,356 34 | 26.57% |
| 7102 · In-line Meter Installation | 2,590 77 | 93,969 00 | -91,378 23 | 2.76% |
| 7103 · Grdwtr Quality Monitoring | 55,188 01 | 148,792 00 | -93,603 99 | 37.09% |
| 7104 · Gdwtr Level Monitoring | 29,083 00 | 135,072 00 | -105,989 00 | 21.53% |
| 7105 · Sur Wtr Qual Monitoring | 24,843 07 | 282,220 00 | -257,376 93 | 8 8% |
| 7106 · Wtr Level Sensors Install | 0 00 | 19,114 00 | -19,114 00 | 0 0% |
| 7107 · Ground Level Monitoring | 63,464 68 | 433,720 00 | -370,255 32 | 14.63% |
| 7108 · Hydraulic Control Monitoring | 86,461 94 | 437,987 00 | -351,525 06 | 19.74% |
| 7200 · PE2- Comp Recharge Pgm | 237,926 32 | 413,177 00 | -175,250 68 | 57.59% |
| 7300 · PE3&5-Water Supply/Desalte | 0 00 | 20,885 00 | -20,885 00 | 0 0% |
| 7400 · PE4- Mgmt Plan | 36,816 60 | 795,099 00 | -758,282 40 | 4.63% |
| 7500 · PE6&7-CoopEfforts/SaltMgmt | 11,815 28 | 251,343 00 | -239,527 72 | 4 7% |

CHINO BASIN WATERMASTER
Profit & Loss Budget vs. Actual
July through October 2004

| | <u>Jul - Oct 04</u> | <u>Budget</u> | <u>\$ Over Budget</u> | <u>% of Budget</u> |
|--|----------------------|---------------------|-----------------------|--------------------|
| 7600 · PE8&9-StorageMgmt/Conj Use | 21,752.47 | 140,400.00 | -118,647.53 | 15.49% |
| 7690 · Recharge Improvement Debt Pymt | 274,169.00 | 274,169.00 | 0.00 | 100.0% |
| 7700 · Inactive Well Protection Prgm | 0.00 | 28,302.00 | -28,302.00 | 0.0% |
| 9502 · G&A Expenses Allocated-Projects | 56,562.16 | 204,488.00 | -147,925.84 | 27.66% |
| | <u>915,273.96</u> | <u>3,733,694.00</u> | <u>-2,818,420.04</u> | <u>24.51%</u> |
| | | | | |
| Total Expense | <u>1,720,148.46</u> | <u>5,583,211.00</u> | <u>-3,863,062.54</u> | <u>30.81%</u> |
| | | | | |
| Net Ordinary Income | -1,689,378.93 | -1,519,993.00 | -169,385.93 | 111.14% |
| | | | | |
| Other Income/Expense | | | | |
| Other Income | | | | |
| 4231 · MZ1 Assigned Water Sales | 0.00 | 600,000.00 | -600,000.00 | 0.0% |
| 4230 · MZ1 Sup Wtr Assessment | 0.00 | 1,579,500.00 | -1,579,500.00 | 0.0% |
| Total Other Income | <u>0.00</u> | <u>2,179,500.00</u> | <u>-2,179,500.00</u> | <u>0.0%</u> |
| | | | | |
| Other Expense | | | | |
| 5010 · Groundwater Replenishment | 996,804.20 | 2,278,500.00 | -1,281,695.80 | 43.75% |
| 9999 · To/(From) Reserves | -2,686,183.13 | -1,618,993.00 | -1,067,190.13 | 165.92% |
| Total Other Expense | <u>-1,689,378.93</u> | <u>659,507.00</u> | <u>-2,348,885.93</u> | <u>-256.16%</u> |
| | | | | |
| Net Other Income | <u>1,689,378.93</u> | <u>1,519,993.00</u> | <u>169,385.93</u> | <u>111.14%</u> |
| | | | | |
| Net Income | <u><u>0.00</u></u> | <u><u>0.00</u></u> | <u><u>0.00</u></u> | <u><u>0.0%</u></u> |



CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: January 13, 2005
January 18, 2005
January 27, 2005

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report – December 2004

SUMMARY

Issue – Record of cash disbursements for the month of December 2004.

Recommendation – Staff recommends the Cash Disbursements for December 2004 be received and filed as presented.

Fiscal Impact – All funds disbursed were included in the FY 2004-05 Watermaster Budget.

BACKGROUND

A monthly cash disbursement report is provided to keep all members apprised of Watermaster expenditures.

DISCUSSION

Total cash disbursements during the month of December 2004 were \$796,789.30. The most significant expenditures during the month were Inland Empire Utilities Agency in the amount of \$294,217.11, Wildermuth Environmental Inc. in the amount of \$207,617.80, Inland Empire Utilities Agency in the amount of \$130,620.11, and Hatch and Parent in the amount of \$34,636.75.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
December 2004

| Type | Date | Num | Name | Amount |
|-----------------|------------|---------|--|-------------|
| Dec 04 | | | | |
| Bill Pmt -Check | 12/1/2004 | 9166 | VIP AUTO DETAILING | -719.90 |
| General Journal | 12/1/2004 | 04/12/3 | PAYROLL | -1,240.38 |
| General Journal | 12/1/2004 | 04/12/3 | PAYROLL | -10,999.23 |
| Bill Pmt -Check | 12/2/2004 | 9167 | JAMES JOHNSTON | -990.00 |
| Bill Pmt -Check | 12/6/2004 | 9168 | ARROWHEAD MOUNTAIN SPRING WATER | -58.66 |
| Bill Pmt -Check | 12/6/2004 | 9169 | BLACK & VEATCH CORPORATION | -2,897.50 |
| Bill Pmt -Check | 12/6/2004 | 9170 | CALPERS | -2,174.72 |
| Bill Pmt -Check | 12/6/2004 | 9171 | CUCAMONGA VALLEY WATER DISTRICT | -4,900.00 |
| Bill Pmt -Check | 12/6/2004 | 9172 | ELLISON, SCHNEIDER & HARRIS, LLP | -6,964.14 |
| Bill Pmt -Check | 12/6/2004 | 9173 | INLAND EMPIRE UTILITIES AGENCY | -130,620.11 |
| Bill Pmt -Check | 12/6/2004 | 9174 | MWH MONTGOMERY WATSON HARZA | -6,704.99 |
| Bill Pmt -Check | 12/6/2004 | 9175 | R&D PEST SERVICES | -85.00 |
| Bill Pmt -Check | 12/6/2004 | 9176 | PUBLIC EMPLOYEES' RETIREMENT SYSTEM | -4,001.80 |
| Bill Pmt -Check | 12/6/2004 | 9177 | PUBLIC EMPLOYEES' RETIREMENT SYSTEM | -4,001.80 |
| Bill Pmt -Check | 12/6/2004 | 9178 | VERIZON | -377.76 |
| Bill Pmt -Check | 12/6/2004 | 9179 | SAVIN CORPORATION dba RICOH BUSINESS | -36.00 |
| Bill Pmt -Check | 12/6/2004 | 9180 | SAVIN CORPORATION dba RICOH BUSINESS | -639.50 |
| Bill Pmt -Check | 12/6/2004 | 9181 | SAVIN CORPORATION dba RICOH BUSINESS | -79.68 |
| Bill Pmt -Check | 12/6/2004 | 9182 | A & R TIRE | -132.38 |
| Bill Pmt -Check | 12/6/2004 | 9183 | ADEX MEDICAL INC | -130.95 |
| Bill Pmt -Check | 12/6/2004 | 9184 | CITISTREET | -2,800.00 |
| Bill Pmt -Check | 12/6/2004 | 9185 | DIRECTV | -71.98 |
| Bill Pmt -Check | 12/6/2004 | 9186 | HATCH AND PARENT | -34,636.75 |
| Bill Pmt -Check | 12/6/2004 | 9187 | INLAND EMPIRE UTILITIES AGENCY | -6,666.67 |
| Bill Pmt -Check | 12/6/2004 | 9188 | MATSON, JANET | -192.50 |
| Bill Pmt -Check | 12/6/2004 | 9189 | MWH LABORATORIES | -7,515.00 |
| Bill Pmt -Check | 12/6/2004 | 9190 | NEXTEL COMMUNICATIONS | -702.57 |
| Bill Pmt -Check | 12/6/2004 | 9191 | OFFICE DEPOT | -972.79 |
| Bill Pmt -Check | 12/6/2004 | 9192 | PAYCHEX | -158.20 |
| Bill Pmt -Check | 12/6/2004 | 9193 | PETTY CASH | -405.99 |
| Bill Pmt -Check | 12/6/2004 | 9194 | PURCHASE POWER | -16.27 |
| Bill Pmt -Check | 12/6/2004 | 9195 | REID & HELLYER | -3,830.56 |
| Bill Pmt -Check | 12/6/2004 | 9196 | RETAIL SERVICES | -272.35 |
| Bill Pmt -Check | 12/6/2004 | 9197 | SOURCE 1 PRINTING, PACKAGING & MEDIA | -3,209.23 |
| Bill Pmt -Check | 12/6/2004 | 9198 | STANDARD INSURANCE CO. | -457.85 |
| Bill Pmt -Check | 12/6/2004 | 9199 | STANLEY STEAMER | -703.20 |
| Bill Pmt -Check | 12/6/2004 | 9200 | STATE COMPENSATION INSURANCE FUND | -1,047.39 |
| Bill Pmt -Check | 12/6/2004 | 9201 | UNION 76 | -230.84 |
| Bill Pmt -Check | 12/6/2004 | 9202 | UNITEK TECHNOLOGY INC | -1,041.30 |
| Bill Pmt -Check | 12/6/2004 | 9203 | VERIZON | -39.21 |
| Bill Pmt -Check | 12/6/2004 | 9204 | WHEELER METER MAINTENANCE | -2,100.00 |
| Bill Pmt -Check | 12/6/2004 | 9206 | YUKON DISPOSAL SERVICE | -123.90 |
| Bill Pmt -Check | 12/9/2004 | 9207 | NEUFELD, ROBERT | -250.00 |
| Bill Pmt -Check | 12/16/2004 | 9208 | INLAND EMPIRE UTILITIES AGENCY | -294,217.11 |
| Bill Pmt -Check | 12/16/2004 | 9209 | MWH LABORATORIES | -11,745.00 |
| Bill Pmt -Check | 12/16/2004 | 9210 | WILDERMUTH ENVIRONMENTAL INC | -207,617.80 |
| Bill Pmt -Check | 12/16/2004 | 9211 | APPLIED COMPUTER TECHNOLOGIES | -2,343.75 |
| Bill Pmt -Check | 12/16/2004 | 9212 | BANK OF AMERICA | -533.62 |
| Bill Pmt -Check | 12/16/2004 | 9213 | BLACK & VEATCH CORPORATION | -1,515.00 |
| Bill Pmt -Check | 12/16/2004 | 9214 | BOWCOCK, ROBERT | -125.00 |
| Bill Pmt -Check | 12/16/2004 | 9215 | CATLIN, TERRY | -250.00 |
| Bill Pmt -Check | 12/16/2004 | 9216 | CHARLES MEISNER INC. | -150.00 |
| Bill Pmt -Check | 12/16/2004 | 9217 | CHEVRON | -105.55 |
| Bill Pmt -Check | 12/16/2004 | 9218 | FIRST AMERICAN REAL ESTATE SOLUTIONS | -125.00 |
| Bill Pmt -Check | 12/16/2004 | 9219 | GREENLEE, GAIL | -81.00 |
| Bill Pmt -Check | 12/16/2004 | 9220 | HOFFMAN VIDEO | -210.11 |
| Bill Pmt -Check | 12/16/2004 | 9221 | INLAND COUNTIES INSURANCE SERVICES, INC. | -216.77 |
| Bill Pmt -Check | 12/16/2004 | 9222 | KRUGER, W. C. "BILL" | -125.00 |
| Bill Pmt -Check | 12/16/2004 | 9223 | KUHN, BOB | -125.00 |
| Bill Pmt -Check | 12/16/2004 | 9224 | LOS ANGELES TIMES | -42.00 |
| Bill Pmt -Check | 12/16/2004 | 9225 | MARK IV COMMUNICATIONS, INC | -1,171.22 |
| Bill Pmt -Check | 12/16/2004 | 9226 | MCI | -900.15 |
| Bill Pmt -Check | 12/16/2004 | 9227 | MWH MONTGOMERY WATSON HARZA | -3,226.31 |
| Bill Pmt -Check | 12/16/2004 | 9228 | OFFICE DEPOT | -58.76 |
| Bill Pmt -Check | 12/16/2004 | 9229 | RBM LOCK & KEY | -269.38 |
| Bill Pmt -Check | 12/16/2004 | 9230 | RICOH BUSINESS SYSTEMS-Lease | -3,591.31 |
| Bill Pmt -Check | 12/16/2004 | 9231 | SAVIN CORPORATION dba RICOH BUSINESS | -36.00 |
| Bill Pmt -Check | 12/16/2004 | 9232 | STAULA, MARY L | -136.61 |

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
December 2004

| Type | Date | Num | Name | Amount |
|-----------------|------------|---------|----------------------------------|--------------------|
| Bill Pmt -Check | 12/16/2004 | 9233 | UNITED PARCEL SERVICE | -338.94 |
| Bill Pmt -Check | 12/16/2004 | 9234 | VANDEN HEUVEL, GEOFFREY | -125.00 |
| Bill Pmt -Check | 12/16/2004 | 9235 | VELASQUEZ JANITORIAL | -1,200.00 |
| General Journal | 12/20/2004 | 04/12/6 | PAYROLL | -5,171.89 |
| General Journal | 12/20/2004 | 04/12/6 | PAYROLL | -16,991.96 |
| Bill Pmt -Check | 12/22/2004 | 9236 | ACWA SERVICES CORPORATION | -160.80 |
| Bill Pmt -Check | 12/22/2004 | 9237 | BOWCOCK, ROBERT | -125.00 |
| Bill Pmt -Check | 12/22/2004 | 9238 | CATLIN, TERRY | -125.00 |
| Bill Pmt -Check | 12/22/2004 | 9239 | DE BOOM, NATHAN | -500.00 |
| Bill Pmt -Check | 12/22/2004 | 9240 | DURRINGTON, GLEN | -250.00 |
| Bill Pmt -Check | 12/22/2004 | 9241 | ELLISON, SCHNEIDER & HARRIS. LLP | -5,010.00 |
| Bill Pmt -Check | 12/22/2004 | 9242 | FEENSTRA, BOB | -125.00 |
| Bill Pmt -Check | 12/22/2004 | 9243 | Hettinga, Peter | -500.00 |
| Bill Pmt -Check | 12/22/2004 | 9244 | HUITSING, JOHN | -500.00 |
| Bill Pmt -Check | 12/22/2004 | 9245 | KOOPMAN, GENE | -250.00 |
| Bill Pmt -Check | 12/22/2004 | 9246 | KRUGER, W C. "BILL" | -125.00 |
| Bill Pmt -Check | 12/22/2004 | 9247 | NEUFELD, ROBERT | -125.00 |
| Bill Pmt -Check | 12/22/2004 | | OFFICE DEPOT | -358.55 |
| Bill Pmt -Check | 12/22/2004 | 9248 | STANDARD INSURANCE CO. | -457.85 |
| Bill Pmt -Check | 12/22/2004 | 9249 | VANDEN HEUVEL, GEOFFREY | -125.00 |
| Bill Pmt -Check | 12/22/2004 | 9250 | VIP AUTO DETAILING | -334.45 |
| General Journal | 12/23/2004 | 04/12/8 | PAYROLL | -5,406.36 |
| General Journal | 12/23/2004 | 04/12/8 | PAYROLL | 18,209.00 |
| Bill Pmt -Check | 12/23/2004 | 9251 | MWH LABORATORIES | -2,576.00 |
| | | | | -796,789.30 |

Dec 04

CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE
 PERIOD JULY 1, 2004 THROUGH NOVEMBER 30, 2004

| | 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 2004-05 |
|---|-------------------------------|--------------------------------|---|----------------------|--------------------|--|----------------|--------------------|-------------------|--------------------|
| Administrative Revenues | | | | | | | | | | |
| Administrative Assessments | | | 4,807,004 | | 74,241 | | | | 4,881,245 | \$3,984,888 |
| Interest Revenue | | | 27,807 | 2,596 | 1,014 | | | - | 31,417 | 78,330 |
| Mutual Agency Project Revenue | | - | | | | | | | - | 0 |
| Grant Income | | | | | | | | | - | 0 |
| Miscellaneous Income | - | | | | | | | | - | 0 |
| Total Revenues | - | - | 4,834,811 | 2,596 | 75,255 | - | - | - | 4,912,662 | 4,063,218 |
| Administrative & Project Expenditures | | | | | | | | | | |
| Watermaster Administration | 349,446 | | | | | | | | 349,446 | 621,784 |
| Watermaster Board-Advisory Committee | 23,998 | | | | | | | | 23,998 | 37,018 |
| Pool Administration | | | 4,801 | 32,895 | 945 | | | | 38,641 | 91,153 |
| Optimum Basin Mgmt Administration | | 550,490 | | | | | | | 550,490 | 1,019,183 |
| OBMP Project Costs | | 1,109,662 | | | | | | | 1,109,662 | 3,733,694 |
| Education Funds Use | | | | | | | | - | - | 375 |
| Mutual Agency Project Costs | 26,666 | | | | | | | | 26,666 | 80,004 |
| Total Administrative/OBMP Expenses | 400,110 | 1,660,152 | 4,801 | 32,895 | 945 | - | - | - | 2,098,903 | 5,583,211 |
| Net Administrative/OBMP Income | (400,110) | (1,660,152) | | | | | | | | 0 |
| Allocate Net Admin Income To Pools | 400,110 | | 301,248 | 92,444 | 6,419 | | | | - | 0 |
| Allocate Net OBMP Income To Pools | | 1,660,152 | 1,249,948 | 383,570 | 26,633 | | | | - | 0 |
| Agricultural Expense Transfer | | | 506,284 | (506,284) | | | | | - | 0 |
| Total Expenses | 2,062,281 | 2,625 | 2,062,281 | 2,625 | 33,997 | - | - | - | 2,098,903 | 5,583,211 |
| Net Administrative Income | 2,772,530 | (29) | 2,772,530 | (29) | 41,258 | - | - | - | 2,813,759 | (1,519,993) |
| Other Income/(Expense) | | | | | | | | | | |
| Replenishment Water Purchases | | | | | | 8,097,107 | | | 8,097,107 | 0 |
| MZ1 Supplemental Water Assessments | | | | | | 1,625,000 | | | 1,625,000 | 2,179,500 |
| Water Purchases | | | | | | | | | - | 0 |
| MZ1 Imported Water Purchase | | | | | | | | | - | (2,278,500) |
| Groundwater Replenishment | | | | | | (1,290,815) | | | (1,290,815) | 0 |
| Net Other Income | - | - | - | - | - | 8,431,292 | - | - | 8,431,292 | (99,000) |
| Net Transfers To/(From) Reserves | - | - | 2,772,530 | (29) | 41,258 | 8,431,292 | - | - | 11,245,051 | (1,618,993) |
| Working Capital, July 1, 2004 | | | 3,471,229 | 463,055 | 173,739 | 4,133,061 | 158,251 | 2,195 | 8,401,530 | |
| Working Capital, End Of Period | | | 6,243,759 | 463,026 | 214,997 | 12,564,353 | 158,251 | 2,195 | 19,646,581 | |
| 03/04 Production | | | 136,795.139 | 41,978.182 | 2,914.774 | | | | 181,688.095 | |
| 03/04 Production Percentages | | | 75.291% | 23.105% | 1.604% | | | | 100.000% | |

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**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
NOVEMBER 1 THROUGH NOVEMBER 30, 2004**

| | | |
|---|-------------------|---------------------|
| DEPOSITORIES: | | |
| Cash on Hand - Petty Cash | | \$ 500 |
| Bank of America | | |
| Governmental Checking-Demand Deposits | \$ 159,071 | |
| Savings Deposits | 9,635 | |
| Zero Balance Account - Payroll | - | 168,706 |
| Vineyard Bank CD - Agricultural Pool | | 400,647 |
| Local Agency Investment Fund - Sacramento | | 5,267,217 |
| TOTAL CASH IN BANKS AND ON HAND | 11/30/2004 | \$ 5,837,070 |
| TOTAL CASH IN BANKS AND ON HAND | 10/31/2004 | 6,113,915 |
| PERIOD INCREASE (DECREASE) | | \$ (276,845) |

CHANGE IN CASH POSITION DUE TO:

| | | |
|------------------------------------|--|---------------------|
| Decrease/(Increase) in Assets: | Accounts Receivable | \$ - |
| | Assessments Receivable | (14,603,354) |
| | Prepaid Expenses, Deposits & Other Current Assets | 2,069 |
| (Decrease)/Increase in Liabilities | Accounts Payable | 387,138 |
| | Accrued Payroll, Payroll Taxes & Other Current Liabilities | 6,067 |
| | Transfer to/(from) Reserves | 13,931,235 |
| PERIOD INCREASE (DECREASE) | | \$ (276,845) |

| <u>SUMMARY OF FINANCIAL TRANSACTIONS:</u> | Petty Cash | Govt'l Checking Demand | Zero Balance Account Payroll | Savings | Vineyard Bank | Local Agency Investment Funds | Totals |
|---|---------------|---------------------------|------------------------------------|-----------------|-------------------|----------------------------------|---------------------|
| Balances as of 10/31/2004 | \$ 500 | \$ 136,563 | \$ - | \$ 9,635 | \$ - | \$ 5,967,217 | \$ 6,113,915 |
| Deposits | | 37 | - | - | 647 | - | 684 |
| Transfers | | 254,106 | 45,894 | - | 400,000 | (700,000) | - |
| Withdrawals/Checks | | (231,635) | (45,894) | - | | - | (277,529) |
| Balances as of 11/30/2004 | \$ 500 | \$ 159,071 | \$ - | \$ 9,635 | \$ 400,647 | \$ 5,267,217 | \$ 5,837,070 |
| PERIOD INCREASE OR (DECREASE) | \$ - | \$ 22,508 | \$ - | \$ - | \$ 400,647 | \$ (700,000) | \$ (276,845) |

**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
NOVEMBER 1 THROUGH NOVEMBER 30, 2004**

INVESTMENT TRANSACTIONS

| Effective Date | Transaction | Depository | Activity | Redeemed | Days to Maturity | Interest Rate(*) | Maturity Yield |
|--------------------------------------|-------------|------------|---------------------|----------|------------------|------------------|----------------|
| 11/8/2004 | Withdrawal | L.A.I.F. | (700,000) | | | | |
| TOTAL INVESTMENT TRANSACTIONS | | | \$ (700,000) | - | | | |

* The earnings rate for L.A.I.F. is a daily variable rate; 1.67% was the effective yield rate at the Quarter ended September 30, 2004

**INVESTMENT STATUS
November 30, 2004**

| <u>Financial Institution</u> | <u>Principal Amount</u> | <u>Number of Days</u> | <u>Interest Rate</u> | <u>Maturity Date</u> |
|------------------------------|-------------------------|-----------------------|----------------------|----------------------|
| Local Agency investment Fund | \$ 5,267,217 | | | |
| Time Certificates of Deposit | - | | | |
| TOTAL INVESTMENTS | \$ 5,267,217 | | | |

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

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

Respectfully submitted,



Sheri M. Rojo, CPA
Finance Manager
Chino Basin Watermaster

| | <u>Jul - Nov 04</u> | <u>Budget</u> | <u>\$ Over Budget</u> | <u>% of Budget</u> |
|-------------------------------------|---------------------|---------------------|-----------------------|--------------------|
| Ordinary Income/Expense | | | | |
| Income | | | | |
| 4010 · Local Agency Subsidies | 0.00 | 132,000.00 | -132,000.00 | 0.00% |
| 4110 · Admin Asmnts-Approp Pool | 4,807,004.41 | 3,755,236.00 | 1,051,768.41 | 128.01% |
| 4120 · Admin Asmnts-Non-Agri Pool | 74,240.93 | 97,652.00 | -23,411.07 | 76.03% |
| 4700 · Non Operating Revenues | 31,416.83 | 78,330.00 | -46,913.17 | 40.11% |
| Total Income | <u>4,912,662.17</u> | <u>4,063,218.00</u> | <u>849,444.17</u> | <u>120.91%</u> |
| Gross Profit | 4,912,662.17 | 4,063,218.00 | 849,444.17 | 120.91% |
| Expense | | | | |
| 6010 · Salary Costs | 172,712.31 | 401,704.00 | -228,991.69 | 43.00% |
| 6020 · Office Building Expense | 46,273.61 | 100,800.00 | -54,526.39 | 45.91% |
| 6030 · Office Supplies & Equip. | 23,317.34 | 45,500.00 | -22,182.66 | 51.25% |
| 6040 · Postage & Printing Costs | 36,549.19 | 67,100.00 | -30,550.81 | 54.47% |
| 6050 · Information Services | 57,153.05 | 105,076.00 | -47,922.95 | 54.39% |
| 6060 · Contract Services | 104,135.02 | 106,000.00 | -1,864.98 | 98.24% |
| 6080 · Insurance | 10,347.10 | 21,710.00 | -11,362.90 | 47.66% |
| 6110 · Dues and Subscriptions | 340.73 | 16,600.00 | -16,259.27 | 2.05% |
| 6140 · Other WM Admin Expenses | 1,228.56 | 2,500.00 | -1,271.44 | 49.14% |
| 6150 · Field Supplies | 196.43 | 4,250.00 | -4,053.57 | 4.62% |
| 6170 · Travel & Transportation | 6,722.74 | 24,650.00 | -17,927.26 | 27.27% |
| 6190 · Conferences & Seminars | 6,054.92 | 16,000.00 | -9,945.08 | 37.84% |
| 6200 · Advisory Comm - WM Board | 5,122.40 | 13,459.00 | -8,336.60 | 38.06% |
| 6300 · Watermaster Board Expenses | 18,875.35 | 23,559.00 | -4,683.65 | 80.12% |
| 8300 · Appr PI-WM & Pool Admin | 4,800.60 | 13,659.00 | -8,858.40 | 35.15% |
| 8400 · Agri Pool-WM & Pool Admin | 7,854.73 | 16,417.00 | -8,562.27 | 47.85% |
| 8467 · Agri-Pool Legal Services | 22,415.68 | 45,000.00 | -22,584.32 | 49.81% |
| 8470 · Ag Meeting Attend -Special | 2,625.00 | 10,000.00 | -7,375.00 | 26.25% |
| 8500 · Non-Ag PI-WM & Pool Admin | 944.77 | 6,077.00 | -5,132.23 | 15.55% |
| 6500 · Education Funds Use Expens | 0.00 | 375.00 | -375.00 | 0.00% |
| 9500 · Allocated G&A Expenditures | <u>-115,585.43</u> | <u>-290,106.00</u> | <u>174,520.57</u> | <u>39.84%</u> |
| Subtotal G&A Expenses | 412,084.10 | 750,330.00 | -338,245.90 | 54.92% |
| 6900 · Optimum Basin Mgmt Plan | 504,205.41 | 933,566.00 | -429,360.59 | 54.01% |
| 6950 · Mutual Agency Projects | 26,666.68 | 80,004.00 | -53,337.32 | 33.33% |
| 9501 · G&A Expenses Allocated-OBMP | <u>46,285.10</u> | <u>85,617.00</u> | <u>-39,331.90</u> | <u>54.06%</u> |
| | 577,157.19 | 1,099,187.00 | -522,029.81 | 52.51% |
| 7101 · Production Monitoring | 14,663.16 | 54,957.00 | -40,293.84 | 26.68% |
| 7102 · In-line Meter Installation | 4,690.77 | 93,969.00 | -89,278.23 | 4.99% |
| 7103 · Grdwtr Quality Monitoring | 60,094.38 | 148,792.00 | -88,697.62 | 40.39% |
| 7104 · Gdwtr Level Monitoring | 31,446.29 | 135,072.00 | -103,625.71 | 23.28% |
| 7105 · Sur Wtr Qual Monitoring | 45,513.18 | 282,220.00 | -236,706.82 | 16.13% |
| 7106 · Wtr Level Sensors Install | 0.00 | 19,114.00 | -19,114.00 | 0.00% |
| 7107 · Ground Level Monitoring | 168,180.29 | 433,720.00 | -265,539.71 | 38.78% |
| 7108 · Hydraulic Control Monitoring | 104,700.67 | 437,987.00 | -333,286.33 | 23.91% |
| 7200 · PE2- Comp Recharge Pgm | 251,859.46 | 413,177.00 | -161,317.54 | 60.96% |
| 7300 · PE3&5-Water Supply/Desalte | 0.00 | 20,885.00 | -20,885.00 | 0.00% |

| | <u>Jul - Nov 04</u> | <u>Budget</u> | <u>\$ Over Budget</u> | <u>% of Budget</u> |
|--|----------------------|----------------------|-----------------------|--------------------|
| 7400 · PE4- Mgmt Plan | 48,398.38 | 795,099.00 | -746,700.62 | 6.09% |
| 7500 · PE6&7-CoopEfforts/SaltMgmt | 13,240.28 | 251,343.00 | -238,102.72 | 5.27% |
| 7600 · PE8&9-StorageMgmt/Conj Use | 23,405.83 | 140,400.00 | -116,994.17 | 16.67% |
| 7690 · Recharge Improvement Debt Pymt | 274,169.00 | 274,169.00 | 0.00 | 100.0% |
| 7700 · Inactive Well Protection Prgm | 0.00 | 28,302.00 | -28,302.00 | 0.0% |
| 9502 · G&A Expenses Allocated-Projects | 69,300.31 | 204,488.00 | -135,187.69 | 33.89% |
| | <u>1,109,662.00</u> | <u>3,733,694.00</u> | <u>-2,624,032.00</u> | <u>29.72%</u> |
| Total Expense | <u>2,098,903.29</u> | <u>5,583,211.00</u> | <u>-3,484,307.71</u> | <u>37.59%</u> |
| Net Ordinary Income | <u>2,813,758.88</u> | <u>-1,519,993.00</u> | <u>4,333,751.88</u> | <u>-185.12%</u> |
| Other Income/Expense | | | | |
| Other Income | | | | |
| 4231 · MZ1 Assigned Water Sales | 0.00 | 600,000.00 | -600,000.00 | 0.0% |
| 4210 · Approp Pool-Replenishment | 8,094,622.16 | | | |
| 4220 · Non-Ag Pool-Replenishment | 2,485.40 | | | |
| 4230 · MZ1 Sup Wtr Assessment | 1,625,000.25 | 1,579,500.00 | 45,500.25 | 102.88% |
| Total Other Income | <u>9,722,107.81</u> | <u>2,179,500.00</u> | <u>7,542,607.81</u> | <u>446.07%</u> |
| Other Expense | | | | |
| 5010 · Groundwater Replenishment | 1,290,815.00 | 2,278,500.00 | -987,685.00 | 56.65% |
| 9999 · To/(From) Reserves | 11,245,051.69 | -1,618,993.00 | 12,864,044.69 | -694.57% |
| Total Other Expense | <u>12,535,866.69</u> | <u>659,507.00</u> | <u>11,876,359.69</u> | <u>1,900.79%</u> |
| Net Other Income | <u>-2,813,758.88</u> | <u>1,519,993.00</u> | <u>-4,333,751.88</u> | <u>-185.12%</u> |
| Net Income | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.0%</u> |



CHINO BASIN WATERMASTER

II. CONSENT CALENDAR

C. INDEPENDENT AUDITOR'S REPORT ON FINCNIAL STATEMENTS FOR YEAR ENDED 2004



CHINO BASIN WATERMASTER
Basic Financial Statements and Supplemental Data
Year ended June 30, 2004

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CHINO BASIN WATERMASTER
Basic Financial Statements and Supplemental Data
Year ended June 30, 2004

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| Independent Auditors' Report on Financial Statements | 1 |
| Management's Discussion and Analysis (Required Supplementary Information) | 3 |
| Basic Financial Statements: | |
| Statement of Net Assets | 6 |
| Statement of Revenues, Expenses and Changes in Net assets | 7 |
| Statement of Cash Flows | 8 |
| Notes to the Basic Financial Statements | 10 |
| Supplementary Information: | |
| Combining Schedule of Revenue, Expenses, and Changes in Working Capital | 21 |

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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, 2004, as listed in the accompanying table of contents. These basic financial statements are the responsibility of the Chino Basin Watermaster's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 basic financial statements referred to above present fairly, in all material respects, the financial position of Chino Basin Watermaster as of June 30, 2004 and the results of its operations and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed further in the notes to the basic financial statements, the accompanying financial statements reflect certain changes in the presentation of financial data required as a result of the implementation of GASB No. 34 for the year ended June 30, 2004.

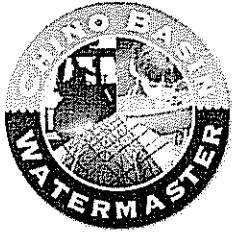
The information identified in the accompanying table of contents as *management's discussion and analysis* is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it.

Board of Directors
Chino Basin Watermaster
Page Two

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis of the basic financial statements and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the examination 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. The scope of our audit did not include the statistical schedules listed in the table of contents and we do not express an opinion on them.

Conrad and Associates LLP

September 1, 2004



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 includes money collected by appropriators to help pay for improvements to the recharge basins within our boundaries, as approved through the budget process.

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

BASIC FINANCIAL STATEMENTS

To comply with new government accounting standards, all of 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 Statements of Cash Flows. Also included are various notes providing additional explanation and detail relating to this financial information.

The Statement of Net Assets states Watermaster's total assets, its liabilities, and its net assets, or the amount of assets free of debt, as of June 30, 2004. The Statements of Revenues, Expenses and Changes in Net Assets lists Watermaster's income for the year compared to its expenses. Additionally, these statements identify the gain or loss in net assets for 2004. 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 2004.

SUMMARY OF FINANCIAL INFORMATION

During the year ended June 30, 2004, Watermaster's Total Net Assets was \$8,491,708. This balance includes cash that will be required to purchase water to meet the replenishment obligation incurred during the previous fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2004

| | |
|----------------------------|---------------------|
| Assets | |
| Current | \$ 8,967,186 |
| Capital | <u>106,641</u> |
| Total Assets | 9,073,827 |
| Liabilities | |
| Current | 535,428 |
| Non current | <u>46,691</u> |
| Total Liabilities | 582,119 |
| Net Assets | |
| Invested in capital assets | 106,641 |
| Unrestricted | <u>8,385,067</u> |
| Total Net Assets | <u>\$ 8,491,708</u> |

REVIEW OF REVENUES AND EXPENSES

Administrative assessment revenue increased from the prior year by 2.5%. Replenishment assessment revenue also increased due to significant production in excess of rights.

Operating expenses (excluding replenishment activities) decreased over the prior year from \$4.88 million to \$4.36 million due to the completion of the In Line Meter Installation Program in fiscal year 2002-2003 and a significant reduction in water level monitoring from the prior year. This reduction in expenses was partially offset by increased costs related to Hydraulic Control Monitoring.

Interest income represented Nonoperating Revenue of \$91,863 for the year ending June 30, 2004, and reflected a 2.2% decrease from the previous year due to a continued decline in interest rates.

The financial condition of the Watermaster improved as indicated by the increase in Net Assets from the prior year in the amount of \$4.52 million. Though Watermaster's FY 2003-04 administrative budget anticipated a deficit to take advantage of past cost savings, this shortfall was more than offset by a reduction in water purchases from the previous year, resulting in an increase in net assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended June 30, 2004

| | <u>2004</u> |
|--|---------------------|
| Operating Revenues | |
| Administrative assessments | \$ 4,736,516 |
| Mutual agency project revenue | 301,209 |
| Replenishment water | 4,135,998 |
| MZ1 supplemental water assessments | <u>1,585,854</u> |
| Total Operating Revenues | <u>10,759,77</u> |
| Operating Expenses | |
| Watermaster administration | 755,442 |
| Pool, Advisory and Board administration | 311,099 |
| Educational | 375 |
| Optimum Basin Management Plan | 3,240,788 |
| Mutual agency project costs | 81,416 |
| Groundwater replenishment | 984,671 |
| MZ1 imported water | <u>870,623</u> |
| Total Operating Expenses | <u>6,244,414</u> |
| Income from operations | <u>4,515,163</u> |
| Non-Operating Revenues | |
| Interest | <u>91,863</u> |
| Total Nonoperating Revenues | <u>91,863</u> |
| Change in net assets | 4,607,026 |
| Net assets at beginning of year, as restated | <u>3,884,682</u> |
| Total net assets at end of year | <u>\$ 8,491,708</u> |

COMPARISON OF FY 2003-2004 ADMINISTRATION BUDGET TO ACTUAL REVENUES/EXPENSE

The revenue exceeded budget primarily resulting from assessments related to replenishment obligations incurred.

Actual expenses fell short of the budget by \$1.04 million. This was due to a reduction in planned expenses in monitoring programs especially hydraulic control and ground level monitoring, as well as a substantial shortfall in expense related to operating and maintenance expenses for the recharge basins.

Administration recorded an operating income of \$769,270 (before replenishment activities) for the year ending June 30, 2004, compared to a budgeted loss \$1.27 million. This planned operating deficit was as a result of a desired usage of accumulated net assets.

CHINO BASIN WATERMASTER

Statement of Net Assets

June 30, 2004

| <u>Assets</u> | <u>2004</u> |
|--|---------------------|
| Current assets: | |
| Cash and investments (note 2) | \$ 8,763,233 |
| Accounts receivable | 167,905 |
| Prepaid expenses | <u>36,048</u> |
| Total current assets | <u>8,967,186</u> |
| Noncurrent assets: | |
| Capital assets, net of accumulated depreciation (note 3) | <u>106,641</u> |
| Total noncurrent assets | <u>106,641</u> |
| Total assets | <u>9,073,827</u> |
| | |
| <u>Liabilities</u> | |
| Current liabilities: | |
| Accounts payable | 527,307 |
| Accrued salaries and benefits | <u>8,121</u> |
| Total current liabilities | <u>535,428</u> |
| Noncurrent liabilities: | |
| Compensated absences (note 4) | <u>46,691</u> |
| Total noncurrent liabilities | <u>46,691</u> |
| Total liabilities | <u>582,119</u> |
| | |
| <u>Net Assets</u> | |
| Net assets: | |
| Invested in capital assets, net of related debt | 106,641 |
| Unrestricted | <u>8,385,067</u> |
| Total net assets | <u>\$ 8,491,708</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, 2004

| | <u>2004</u> |
|---|-----------------------|
| Operating revenues: | |
| Administrative assessments (note 1) | \$ 4,736,516 |
| Mutual agency project revenue | 301,209 |
| Replenishment water | 4,135,998 |
| MZ1 supplemental water assessments | <u>1,585,854</u> |
| Total operating revenues | <u>10,759,577</u> |
| Operating expenses: | |
| Watermaster administration | 755,442 |
| Pool, advisory and Board administration | 311,099 |
| Educational | 375 |
| Optimum Basin Management Plan | 3,240,788 |
| Mutual agency project costs | 81,416 |
| Groundwater replenishment | 984,671 |
| MZ1 imported water | <u>870,623</u> |
| Total operating expenses | <u>6,244,414</u> |
| Income (loss) from operations | <u>4,515,163</u> |
| Nonoperating revenues (expenses): | |
| Interest | <u>91,863</u> |
| Total nonoperating revenues | <u>91,863</u> |
| Change in net assets | 4,607,026 |
| Net assets at beginning of year, as restated (note 3) | <u>3,884,682</u> |
| Total net assets at end of year | <u>\$ 8,491,708</u> |

See accompanying notes to the basic financial statements

CHINO BASIN WATERMASTER

Statement of Cash Flows

Year ended June 30, 2004

| | <u>2004</u> |
|--|---------------------|
| Cash flows from operating activities: | |
| Cash received from customers | \$ 4,603,399 |
| Cash received from other agencies | 301,209 |
| Cash received from replenishment water | 4,135,998 |
| Cash received from M21 supplemental water assessments | 1,585,854 |
| Cash paid to employees for services | (923,760) |
| Cash paid to suppliers of goods and services | <u>(5,401,274)</u> |
| Net cash provided by (used for) operating activities | <u>4,301,426</u> |
| Cash flows from capital financing activities: | |
| Acquisition of capital assets | <u>(90,177)</u> |
| Net cash provided by (used for) capital financing activities | <u>(90,177)</u> |
| Cash flows from investing activities: | |
| Interest received | <u>91,863</u> |
| Net cash provided by (used for) investing activities | <u>91,863</u> |
| Net increase (decrease) in cash | 4,303,112 |
| Cash and investments at the beginning of year | <u>4,460,031</u> |
| Cash and investments at the end of year | <u>\$ 8,763,143</u> |

(Continued)

See accompanying notes to the basic financial statements

CHINO BASIN WATERMASTER

Statement of Cash Flows

Year ended June 30, 2004

| | <u>2004</u> |
|--|---------------------|
| Reconciliation of operating income to net cash used for operating activities: | |
| Operating income | \$ 648,605 |
| Adjustment to reconcile operating income (loss) to net cash used for operating activities: | |
| Depreciation | 28,804 |
| Other revenue (expenses) | 3,866,558 |
| (Increase) decrease in accounts receivable | (133,117) |
| (Increase) decrease in prepaid expenses | (4,173) |
| Increase (decrease) in account payable | (77,796) |
| Increase (decrease) in accrued salaries and benefits | (14,595) |
| Increase (decrease) in compensated absences | <u>(12,770)</u> |
| Net cash used for operating activities | <u>\$ 4,301,516</u> |

Noncash investing, capital and financing activities:

There were no noncash investing, capital or financing activities during the fiscal year ended June 30, 2004

See accompanying notes to the basic financial statements

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

Year Ended June 30, 2004

(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 2003-04 expenses are based on the 2002-03 production volume.

| | <u>2002-03</u> | |
|-----------------------|------------------|----------------|
| | <u>Acre Feet</u> | <u>%</u> |
| Appropriative Pool | 121,586 | 74.185 |
| Agricultural Pool | 37,457 | 22.854 |
| Non-Agricultural Pool | <u>4,853</u> | <u>2.961</u> |
| Total Production | <u>163,896</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. Investment 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 2002-03 interest revenue was allocated to the Appropriative Pool, resulting in a reduction of the 2003-04 assessments. Amount of administrative assessment received for the year ended June 30, 2004 was \$4,736,516.

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments

Cash and investments are classified in the accompanying Statements of Net Assets as follows:

| | <u>2004</u> |
|----------------------------|--------------------|
| Current assets: | |
| Cash | \$ 62,684 |
| Investments | <u>8,700,549</u> |
| Total cash and investments | <u>\$8,763,233</u> |

Cash and investments held by the Watermaster consisted of the following:

| | <u>2004</u> |
|-------------|--------------------|
| Petty cash | \$ 500 |
| Deposits | 62,184 |
| Investments | <u>8,700,549</u> |
| | <u>\$8,763,233</u> |

State statutes and the Watermaster's investment policy authorize the Watermaster to invest in certificates of deposit with financial institutions having an operating branch within the Watermaster's geographic area and the State of California Treasurer's Local Agency Investment Fund (LAIF).

Under the California Government Code, a financial institution is required to secure deposits made by state or local governmental units by pledging securities held in the form of an undivided collateral pool. 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 public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Deposits of governmental agencies are classified in three categories to give an indication of the level of custodial risk assumed by the entity. Category 1 includes deposits that are insured or collateralized with securities held by the Watermaster or its agent in the Watermaster's name. Category 2 includes deposits collateralized with securities held by the pledging financial institution's trust department or agent in the Watermaster's name. Category 2 also includes deposits collateralized by an interest in an undivided collateral pool held by an authorized agent or depository and subject to certain regulatory requirements under state law. Category 3 includes deposits collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the Watermaster's name. Category 3 also includes any uncollateralized deposits.

At June 30, 2004, deposits are categorized as follows:

| <u>Form of Deposit</u> | <u>Category</u> | | | <u>Bank Balance</u> | <u>Carrying Amount</u> |
|------------------------|------------------|---------------|----------|---------------------|------------------------|
| | <u>1</u> | <u>2</u> | <u>3</u> | | |
| Demand deposits | <u>\$100,000</u> | <u>58,934</u> | <u>-</u> | <u>158,934</u> | <u>62,184</u> |
| | <u>\$100,000</u> | <u>58,934</u> | <u>-</u> | <u>158,934</u> | <u>62,184</u> |

The bank balance reflects the amount credited by a financial institution to the Watermaster's account as opposed to the Watermaster's own ledger balance for the account. The carrying value reflects the ledger value, which includes checks written by the Watermaster, which have not cleared the bank as of June 30, 2004.

Investments of governmental agencies are classified into three categories to give an indication of the custodial risk assumed by the entity. Category 1 includes investments that are insured or registered or for which the securities are held by the Water Authority or the Watermaster's custodial agent (which must be a different institution other than the party through which the Watermaster purchased the securities) in the Watermaster's name. Investments held "in the Watermaster's name" include securities held in a separate custodial or fiduciary account and identified as owned by the Watermaster in the custodian's internal accounting records. Category 2 includes uninsured and unregistered investments for which the securities are held by the dealer's agent in the Watermaster's name (or by the trust department of the dealer if the dealer was a financial institution and another department of the institution purchased the security of the Watermaster). Category 3 includes uninsured and unregistered investments for which the securities are held by the dealer's agent, but not in the Watermaster's name. Category 3 also includes all securities held by the broker-dealer agent of the Watermaster (the party that purchased the security of the Watermaster) regardless of whether or not the securities are being held in the Watermaster's name.

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

At June 30, 2004, investments are categorized as follows:

| <u>Form of Investment</u> | <u>Category</u> | | | <u>Carrying Amount</u> |
|---------------------------------------|-----------------|----------|----------|------------------------|
| | <u>1</u> | <u>2</u> | <u>3</u> | |
| Local Agency Investment Funds (LAIF)* | \$ - | - | - | \$8,700,549 |
| | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>\$8,700,549</u> |

* Monies pooled with the State Treasurer in the Local Agency Investment Fund (LAIF) are not subject to risk categorization.

The Watermaster is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of Watermaster's investment in this pool is reported in the accompanying financial statements at amounts based upon 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 investment accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises and corporations.

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(3) Capital Assets

Capital asset activity for the year ended June 30, 2004 is as follows:

| | Balances at July 1, 2003 <u>(as restated)*</u> | <u>Additions</u> | <u>Deletions</u> | Balances at June 30, 2004 |
|-----------------------------------|--|------------------|------------------|------------------------------|
| Computer equipment and software | \$32,468 | 17,300 | - | 49,768 |
| Office furniture and fixtures | 7,288 | 29,083 | - | 36,371 |
| Leasehold improvements | - | 23,443 | - | 23,443 |
| Automotive equipment | <u>58,821</u> | <u>20,352</u> | <u>-</u> | <u>79,173</u> |
| Total costs of depreciable assets | <u>98,577</u> | <u>90,178</u> | <u>-</u> | <u>188,755</u> |
| Less accumulated depreciation: | | | | |
| Computer equipment and software | (16,464) | (9,954) | - | (26,418) |
| Office furniture and fixtures | (1,041) | (5,196) | - | (6,237) |
| Leasehold improvements | - | (2,344) | - | (2,344) |
| Automotive equipment | <u>(35,805)</u> | <u>(11,310)</u> | <u>-</u> | <u>(47,115)</u> |
| Total accumulated depreciation | <u>(53,310)</u> | <u>(28,804)</u> | <u>-</u> | <u>(82,114)</u> |
| Net capital assets | <u>\$45,267</u> | <u>61,374</u> | <u>-</u> | <u>106,461</u> |

* Balances have been restated at July 1, 2003 as a result of the implementation of GASB No. 34.

(4) Compensated Absences

Permanent Watermaster employees earn from 10 to 20 days 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 at age 55 or greater, employees with continuous employment for a minimum of twenty (20) years are compensated for all accumulated sick leave at 100% of their rate of pay at termination, and all employees with continuous employment for a minimum of five (5) 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, 2004 was \$46,691.

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. Generally, the amount of compensation subject to deferral until retirement, disability, or other termination by a participant may not exceed the lesser of \$12,000 or 33.33% of includible compensation, or 25% of gross compensation. 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, 2004, 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 monthly lease payment was \$4,900, and the lease will increase annually by a factor of the Consumer Price Index (CPI). The amount paid under this lease was \$44,100 for the year ended June 30, 2004. The future minimum lease payments for this lease are as follows:

| <u>Year Ending June 30</u> | <u>Amount</u> |
|----------------------------|------------------|
| 2005 | \$ 58,800 |
| 2006 | 58,800 |
| 2007 | 58,800 |
| 2008 | 58,800 |
| 2009 | 58,800 |
| 2010 | 58,800 |
| 2011 | 58,800 |
| 2012 | 58,800 |
| 2013 | <u>58,800</u> |
| Total | <u>\$529,200</u> |

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(7) Defined Benefit Pension Plan (PERS)

The Chino Basin Watermaster contributes to the California Public Employees Retirement System (PERS), an agent 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.

Participants are required to contribute 7% of their annual covered salary. The Watermaster makes the contribution required by the employees on their behalf and for their account. The Watermaster is required to contribute at an actuarially determined rate. The current rate is 14.262% of annual covered payroll. The contribution requirements of plan members and the Watermaster are established and may be amended by PERS.

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, 2003 to June 30, 2004 has been determined by an actuarial valuation of the plan as of June 30, 2001. The contribution rate indicated for the period is 14.262% of payroll for the Retirement Program. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2004, this contribution rate would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2003 to June 30, 2004.

A summary of principle assumptions and methods used to determine the ARC is shown below.

| | |
|----------------------------|---|
| Valuation Date | June 30, 2001 |
| Actuarial Cost Method | Entry Age Actuarial Cost Method |
| Amortization Method | Level Percent of Payroll |
| Average Remaining Period | 9 Years as of the Valuation Date |
| Asset Valuation Method | 3 Year Smoothed Market |
| Actuarial Assumptions | |
| Investment Rate of Return | 8.25% (net of administrative expenses) |
| Projected Salary Increases | 3.75% to 14.20% depending on Age, Service, and type of employment |
| Inflation | 3.50% |
| Payroll Growth | 3.75% |
| Individual Salary Growth | A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.5% and an annual production growth of |

0.25%.
CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

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

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 10% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization period may not be lower than the payment calculated over a 30 year amortization period.

The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded accrued liability to payroll.

Required Supplementary Information

Retirement Program

| <u>Valuation Date</u> | <u>Entry Age Normal Accrued Liability</u> | <u>Actuarial Value of Assets</u> | <u>Unfunded Liability/ (Excess Assets)</u> | <u>Funded Status</u> | <u>Annual Covered Payroll</u> | <u>*UAAL As a % of Payroll</u> |
|-----------------------|---|----------------------------------|--|----------------------|-------------------------------|--------------------------------|
| 6/30/00 | \$124,832 | 116,301 | 8,513 | 93.2% | 333,316 | 2.6% |
| 6/30/01 | 192,890 | 178,838 | 14,052 | 92.7% | 291,502 | (4.8%) |
| 6/30/02 | 294,441 | 262,540 | 31,901 | 89.2% | 517,200 | (6.2%) |

* UAAL refers to unfunded actuarial accrued liability.

(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 to the Chino Groundwater Basin. 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) Change in Accounting Principle

During the year ended June 30, 2004, the Watermaster implemented GASB Statement No. 34. GASB Statement No. 34 changed the financial reporting model of local government units. As a result of GASB Statement No. 34, fund financial statements are required to be presented with a focus on the major funds of that local government. Previously, financial reporting for the local governments had focused on reporting by fund type.

SUPPLEMENTARY INFORMATION

CHINO BASIN WATERMASTER

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

For the Period July 1, 2003 through June 30, 2004

| | WATERMASTER ADMINISTRATION | OPTIMUM BASIN MANAGEMENT | POOL ADMINISTRATION AND SPECIAL PROJECTS | | | GROUNDWATER OPERATIONS | | | GRAND TOTALS | BUDGET 2003-04 |
|---------------------------------------|-------------------------------|--------------------------------|--|----------------------|--------------------|------------------------------|----------------|--------------------|-----------------|-------------------|
| | | | APPROPRIATIVE POOL | AGRICULTURAL POOL | NON-AGRIC. POOL | GROUNDWATER REPLENISHMENT | SB222 FUNDS | EDUCATION FUNDS | | |
| Administrative Revenues | | | | | | | | | | |
| Administrative Assessments | | | 4,614,056 | | 122,460 | | | 4,736,516 | \$3,940,516 | |
| Interest Revenue | | | 81,090 | 7,111 | 3,624 | | | 91,863 | 112,025 | |
| Mutual Agency Project Revenue | | 301,209 | | | | | | 301,209 | 0 | |
| Grant Income | | | | | | | | | 0 | |
| Miscellaneous Income | | | | | | | | | 0 | |
| Total Revenues | | 301,209 | 4,695,146 | 7,111 | 126,084 | | | 5,129,588 | 4,052,541 | |
| Administrative & Project Expenditures | | | | | | | | | | |
| Watermaster Administration | 816,818 | | | | | | | 816,818 | 617,732 | |
| Watermaster Board-Advisory Committee | 47,569 | | | | | | | 47,569 | 43,442 | |
| Pool Administration | | | 13,796 | 246,513 | 3,221 | | | 263,530 | 255,148 | |
| Optimum Basin Mgmt Administration | | 932,272 | | | | | | 932,272 | 1,034,064 | |
| OBMP Project Costs | | 2,308,516 | | | | | | 2,308,516 | 3,365,079 | |
| Education Funds Use | | | | | | | 375 | 375 | 375 | |
| Mutual Agency Project Costs | 81,416 | | | | | | | 81,416 | 85,004 | |
| Total Administrative/OBMP Expenses | 945,803 | 3,240,788 | 13,796 | 246,513 | 3,221 | | 375 | 4,450,496 | 5,400,844 | |
| Net Administrative/OBMP Income | (945,803) | (2,939,579) | | | | | | | | |
| Allocate Net Admin Income To Pools | 945,803 | | 701,641 | 216,156 | 28,007 | | | | 0 | |
| Allocate Net OBMP Income To Pools | | 2,939,579 | 2,180,717 | 671,817 | 87,046 | | | | 0 | |
| Agricultural Expense Transfer | | | 1,124,360 | (1,124,360) | | | | | 0 | |
| Total Expenses | | | 4,020,514 | 10,125 | 118,273 | | | 4,450,496 | 5,400,844 | |
| Net Administrative Income | | | 674,632 | (3,014) | 7,811 | | | 679,092 | (1,348,303) | |
| Other income/(Expense) | | | | | | | | | | |
| Replenishment Water Purchases | | | | | | 4,135,998 | | 4,135,998 | 0 | |
| MZ1 Supplemental Water Assessments | | | | | | 1,585,854 | | 1,585,854 | 2,189,500 | |
| Water Purchases | | | | | | | | | 0 | |
| MZ1 Imported Water Purchase | | | | | | | | | (2,273,500) | |
| Groundwater Replenishment | | | | | | (1,855,294) | | (1,855,294) | 0 | |
| Net Other Income | | | | | | 3,866,558 | | 3,866,558 | (84,000) | |
| Net Transfers To/(From) Reserves | | | 674,632 | (3,014) | 7,811 | 3,866,558 | | 4,545,650 | (1,432,303) | |
| Working Capital, July 1, 2003 | | | 2,780,770 | 466,069 | 165,291 | 266,503 | 158,251 | 2,532 | 3,839,416 | |
| Working Capital, End Of Period | | | 3,455,402 | 463,055 | 173,102 | 4,133,061 | 158,251 | 2,195 | 8,385,066 | |
| 02/03 Production | | | 121,586,420 | 37,457,315 | 4,853,247 | | | | 163,896,982 | |
| 02/03 Production Percentages | | | 74.185% | 22.854% | 2.961% | | | | 100.000% | |



CHINO BASIN WATERMASTER

II. CONSENT CALENDAR

D. CHINO BASIN WATERMASTER INVESTMENT POLICY



RESOLUTION 05-01

RESOLUTION OF THE CHINO BASIN WATERMASTER,
SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING
A WATERMASTER INVESTMENT POLICY

WHEREAS, the normal and prudent operation of the Watermaster's daily business generates cash balances, operating and fund reserves; and

WHEREAS, the cash management system is designed to accurately monitor and forecast expenditures and revenues on behalf of Watermaster, thus enabling the Watermaster to invest funds to the fullest extent possible; and

WHEREAS, the cash funds are to be placed in investments authorized for public agencies of the State of California (Judgment Paragraph 23); and

WHEREAS, Watermaster deems it to be in the best interests of the parties to the Judgment to delegate the authority to invest and reinvest the funds of Watermaster to the Watermaster Finance Manager subject to the provisions of its Investment Policy and the ongoing review and control of Watermaster and the Watermaster Advisory Committee.

WHEREAS, it is the Watermaster's policy to annually review, update, and adopt an investment policy;

NOW, THEREFORE, BE IT RESOLVED, by the Chino Basin Watermaster that:

Section 1. The authority to invest and reinvest funds of Watermaster is hereby delegated to the Watermaster Finance Manager subject to the provisions of said Investment Policy and the ongoing review and control of Watermaster and the Watermaster Advisory Committee.

Section 2. This resolution shall take effect from and after its date of adoption and Resolution 00-09 is rescinded in its entirety.

**Watermaster's Investment Policy originally adopted by the Advisory Committee on February 13, 1997 and the Watermaster Board on March 5, 1998.

APPROVED by the Advisory Committee this 27th day of January 2005.

ADOPTED by the Watermaster Board on this 27th day of January 2005.

By: _____
Chairman, Watermaster Board

APPROVED:

Chairman, Advisory Committee

ATTEST:

Secretary
Chino Basin Watermaster

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN BERNARDINO)

I, _____, Secretary of the Chino Basin Watermaster, DO HEREBY CERTIFY that the foregoing Resolution being No. 05-01, was adopted at a regular meeting of the Chino Basin Watermaster Board by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

CHINO BASIN WATERMASTER

Secretary

Date: _____



CHINO BASIN WATERMASTER

II. CONSENT CALENDAR

E. LOCAL AGENCY INVESTMENT FUND



RESOLUTION 05-02 OF CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730

PHONE: 909-484-3888

**AUTHORIZING INVESTMENT OF MONIES
IN THE LOCAL AGENCY INVESTMENT FUND**

WHEREAS, Pursuant to Chapter 730 of the statutes of 1976 Section 16429.1 was added to the California Government Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the Chino Basin Watermaster was appointed on January 27, 1978, under San Bernardino Superior Court Case No. WCV51010 (formerly Case No. SCV164327) entitled Chino Basin Municipal Water District V. City of Chino, et al., with powers to authorize the investment or deposit of surplus funds pursuant to the California Government Code, Section 53600; and

WHEREAS, upon filing of an appropriate resolution, local agencies are permitted to remit money to the State Treasurer for deposit in the fund for the purpose of investment; and pursuant to Section 16429.3 of said Government Code, such monies are not subject to impoundment of seizure by any state official or state agency.

NOW THEREFORE, BE IT RESOLVED, that 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.

BE IT FURTHER RESOLVED, that 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.

| | | |
|---------------------------|--|-------------|
| _____ | <u>Chairman of the Board</u> | _____ |
| (NAME) | (TITLE) | (SIGNATURE) |
| _____ | <u>Vice-Chair</u> | _____ |
| (NAME) | (TITLE) | (SIGNATURE) |
| _____ | <u>Secretary/Treasurer</u> | _____ |
| (NAME) | (TITLE) | (SIGNATURE) |
| <u>Kenneth R. Manning</u> | <u>Chief Executive Officer/Secretary</u> | _____ |
| (NAME) | (TITLE) | (SIGNATURE) |
| <u>Sheri Rojo</u> | <u>Finance Manager</u> | _____ |
| (NAME) | (TITLE) | (SIGNATURE) |

PASSED AND ADOPTED, by the Board of Directors of Chino Basin Watermaster, San Bernardino County, State of California on January 27, 2005.

Note: Resolution must be adopted by the governing body. Please submit a certified copy of the resolution to LAIF. A certified copy is 1) a copy of the resolution affixed with the seal of the agency or 2) a copy of the resolution attested by the Board Secretary with his/her original signature.

ATTEST:

Secretary
Chino Basin Watermaster

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN BERNARDINO)

I, _____, Secretary of the Chino Basin Watermaster, DO HEREBY CERTIFY that the foregoing Resolution of Chino Basin Watermaster, was adopted at a regular meeting of the Chino Basin Watermaster Board by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

CHINO BASIN WATERMASTER

Secretary

Date:



CHINO BASIN WATERMASTER

II. CONSENT CALENDAR

F. ASSESSMENTS



RESOLUTION 05-03

A RESOLUTION OF THE CHINO BASIN WATERMASTER LEVYING REPLENISHMENT AND ADMINISTRATIVE ASSESSMENTS FOR FISCAL YEAR 2004- 2005

WHEREAS, the Chino Basin Watermaster was appointed on January 27, 1978, under Case No. RCV 51010 (formerly case No. SCV 164327) entitled Chino Basin Municipal Water District v. City of Chino, et al., with powers to levy and collect administrative and replenishment assessments necessary to maintain water levels and to cover the cost of administering the Chino Basin Judgment; and

WHEREAS, the Watermaster Advisory Committee approved and the Watermaster Board adopted the Fiscal Year 2004-2005 Budget on May 27, 2004 to carry out the necessary Watermaster functions under the Judgment; and

WHEREAS, the parties named in this Judgment have pumped 32,388.421 acre-feet of water in excess of the operating safe yield, which is required to be replaced at the expense of the parties in accordance with the assessment formulas for the respective pools.

NOW, THEREFORE, BE IT RESOLVED that the Chino Basin Watermaster levies the respective assessments for each pool effective November 18, 2004 as shown on Exhibit "A" attached hereto.

BE IT FURTHER RESOLVED, that 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.

THE FOREGOING RESOLUTION was

APPROVED by the Advisory Committee on the 27th day of January 2005.

ADOPTED by the Watermaster Board on the 27th day of January 2005.

By: _____
Chairman, Watermaster Board

APPROVED:

Chairman, Advisory Committee

ATTEST:

Secretary, Watermaster Board

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STATE OF CALIFORNIA)
) ss
COUNTY OF SAN BERNARDINO)

I, _____, Secretary of the Chino Basin Watermaster, DO HEREBY CERTIFY that the foregoing Resolution being No. 05-02 was adopted at a regular meeting of the Chino Basin Watermaster Board by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

CHINO BASIN WATERMASTER

Secretary

Date: _____



CHINO BASIN WATERMASTER

II. CONSENT CALENDAR

G. NOTICE OF INTENT





CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, CA 91720
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

Kenneth R. Manning
Chief Executive Officer

STAFF REPORT

DATE: January 13, 2005
January 18, 2005
January 27, 2005

TO: Committee Members
Watermaster Board Members

SUBJECT: Annual Filing of Notice of Intent Regarding the Determination of Operating Safe Yield

Summary

Issue – Reservation of Right to Re-determine Safe Yield as per Chino Basin Watermaster Judgement.

Recommendation – Recommends the approval of the filing of Watermaster's "Notice of Intent to Change the Operating Safe Yield of the Chino Groundwater Basin".

Fiscal Impact - None

Discussion

In an effort to comply with the Judgment requirement that a five-year notice of change be provided should a re-determination of the safe yield of the Chino Basin be made, Watermaster has approved its Notice of Intent in each year since 1982.

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Watermaster's "Notice of Intent" to Change the Operating Safe Yield of the Chino Groundwater Basin

PLEASE TAKE NOTICE that on this 13th day of January 2005, 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: _____
Chair

By: _____
Chair

ATTEST:

By: _____
Secretary

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CHINO BASIN WATERMASTER

III. BUSINESS ITEM

A. ESTABLISH TWO NEW POSITIONS





CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, CA 91720
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: January 13, 2005
January 18, 2005
January 27, 2005

TO: Committee Members
Watermaster Board Members

SUBJECT: Establishing positions of GIS Specialist and Environmental Specialist

Summary

Issue – Compliance with IRS rules regarding the use of contract employees.

Recommendation – Approve the establishment of the positions, GIS Specialist and Environmental Specialist.

Fiscal Impact – The cost for bringing these two positions in-house versus their current contract status will exceed the current budget by approximately \$45,000, including salary & benefits.

Background

Over the past few months Watermaster CEO has worked closely with legal counsel and our consultant, Wildermuth Environmental, Inc. (WEI) to bring both organizations into compliance with Internal Revenue Service rules regarding contract employees. This plan calls for Watermaster's current contract employees through WEI, be housed in a facility leased by WEI and under the direct supervision of WEI staff. Currently, all contract field staff employees are housed at Watermaster.

The downside to the implementation of the plan is the potential for Watermaster to lose continuity and inhibit its ability to respond quickly to daily issues. The solution would be to keep both the GIS Specialist and Environmental Specialist positions in house and under the direction of senior Watermaster staff. This would allow Watermaster to respond quickly to events and issues while being able to perform specific and ad-hoc duties without the need to coordinate with our consultant. It is anticipated that the changes will create the separation required to comply with the rules governing contract employees, and allow maximum flexibility for both WEI and Watermaster.

Staff recommends approval of the creation of the GIS Specialist and Environmental Specialist positions and authorization for the CEO to begin the hiring process.

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Chino Basin Watermaster
Salary Matrix
2004/2005

| | Annual | Monthly | Bi-Weekly | Weekly | Hourly |
|--------------------------|--------|---------|-----------|----------|--------|
| W013 | | | | | |
| Environmental Specialist | | | | | |
| Step A | 46,428 | 3,869 | 1,785.69 | 892.85 | 22.32 |
| Step B | 48,749 | 4,062 | 1,874.98 | 937.49 | 23.44 |
| Step C | 51,187 | 4,266 | 1,968.73 | 984.36 | 24.61 |
| Step D | 53,746 | 4,479 | 2,067.16 | 1,033.58 | 25.84 |
| Step E | 56,434 | 4,703 | 2,170.52 | 1,085.26 | 27.13 |
| | | | | | |
| W012 | | | | | |
| GIS Specialist | | | | | |
| Step A | 49,680 | 4,140 | 1,910.77 | 955.38 | 23.88 |
| Step B | 52,164 | 4,347 | 2,006.31 | 1,003.15 | 25.08 |
| Step C | 54,772 | 4,564 | 2,106.62 | 1,053.31 | 26.33 |
| Step D | 57,511 | 4,793 | 2,211.95 | 1,105.98 | 27.65 |
| Step E | 60,386 | 5,032 | 2,322.55 | 1,161.28 | 29.03 |

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Environmental Specialist

Supervisor: Senior Engineer

Status: A

GENERAL DESCRIPTION

Under supervision, the Environmental Specialist is responsible for assisting in monitoring, coordinating, conducting studies, and preparing reports relating to groundwater levels, groundwater quality, groundwater production, recharge basin spreading, surface water flows, and surface water quality.

TYPICAL DUTIES

1. Performs various monitoring program tasks to support Watermaster projects including groundwater level, groundwater quality, recharge basin spreading, surface water flow measurement, surface water quality sampling, well inspection, and meter reading.
2. Collects data for and updates Watermaster databases, including Production and Water Level databases.
3. Performs quality control checking to maintain the integrity and accuracy of the databases.
4. Analyzes data and prepares reports related to ongoing monitoring and special projects.
5. Performs other duties and responsibilities as required.

QUALIFICATIONS

- Any combination of experience and training that would likely provide the required knowledge and abilities is qualifying. Typical ways to obtain the knowledge and abilities would be:

Certification:

- Must possess and maintain a valid California Driver License appropriate for the equipment to be operated and provide proof thereof and maintain a driving record acceptable to the District's automobile insurance carrier.

Educational Background:

- A Bachelor's degree in environmental science, environmental engineering, chemistry, biology, microbiology or a related field.

Field Experience:

- Related water resources and/or engineering experience are desirable.

Knowledge and Special Skills:

- Knowledge of principles of groundwater and surface water hydrology basics. Skilled in the use of microcomputers including the use of a word processing program (MS Word), a spreadsheet program (MS Excel), and a database program (MS Access). Ability to work accurately and in cooperation with others; to communicate effectively both orally and in writing; and to establish and maintain cooperative working relationships.

Physical Demands:

- See Attached Listing for Physical Demands.



Environmental Specialist

QUALIFICATIONS

Work Environment:

- The work environment characteristics described are representative of those an employee encounters while performing the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

Primarily office environment; noise level usually quiet to moderate.

Some work is performed outdoors involving exposure to weather, temperature extreme, loud noise, dust, work safe hazards and encountering of various agricultural operations.

Work around construction equipment.

Exposure to some hazardous chemicals such as acids and bases, and chemical fumes.

May require working in some small, constricted spaces.

The physical demands are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform essential functions.

Sustained periods of walking and/or standing, sitting and riding in or driving a vehicle.

Sustained posture in a seated position.

Hear and respond to traffic and warning noises while on the job site.

Ability to move, lift carry and transport field equipment, up to fifty pounds, to and from vehicle, all without assistance

Some climbing, stooping and walking over uneven terrain near well sites.

While performing the duties of this job, the employee is regularly required to stand, walk, talk, and hear in a clear manner.

Normal dexterity of hands and fingers to handle or feel objects, tools or controls.

High use of computer terminal and keyboard.

High to moderate requirement for hand coordination, visual and cognitive abilities.

Reach with arms and hands.

Ability to bend, stoop, stretch and kneel.

Ability to hear clearly over other distraction.

Must tolerate moderate noise level and interruptions in outdoors environment.

While performing the duties of this job, the employee I regularly required to stand, walk, talk, and hear in a clear manner.

Moderate written communications.

High to moderate verbal communication. Ability to receive detailed information through verbal communication and to make fine discriminations in sound.

Must be able to convey detailed or important spoken instructions to other workers accurately and/or quickly.

High to moderate non-verbal communication.

Normal ability to see, distinguish color and hear.

Moderate time pressure of decision-making.

High to moderate complexity of decision-making.

Normal concentration/intensity.

Driving a vehicle and walking over uneven terrain near well sites. Ability to employ initiative, tact and discretion appropriate to the service performed.

Represents watermaster in a professional manner to clients and co-workers and supports company policy.

Punctuality and attendance are critical to the success of the team.

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GIS Specialist

Supervisor: Senior Engineer

Status: A

GENERAL DESCRIPTION

Under supervision, the GIS Specialist is responsible for the operation and maintenance of Watermaster's GIS program, developing and maintaining GIS databases, updating data, and developing and maintaining GIS applications. The GIS Specialist also assists in activities relating to groundwater levels, groundwater quality, groundwater production, recharge basin spreading, surface water flows, and surface water quality.

TYPICAL DUTIES

1. Maintains and updates Watermaster's GIS databases.
2. Using GIS technologies, enters and manipulates system and attribute data from manual sources and digital source records.
3. Produces maps, charts, and other graphical data reports, as needed.
4. Operates equipment such as plotters and printers for output of maps and graphics.
5. Assists in the transfer of digital data to and from other agencies and consultants.
6. Performs quality control checking to maintain the integrity and accuracy of the databases.
7. Collects data for and updates the Groundwater Production Database.
8. Performs field duties, such as measuring groundwater levels, obtaining groundwater quality samples, or assisting in recharge basin spreading activities.
9. Performs other duties and responsibilities as required.

QUALIFICATIONS

- Any combination of experience and training that would likely provide the required knowledge and abilities is qualifying. Typical ways to obtain the knowledge and abilities would be:

Certification:

- Must possess and maintain a valid California Driver License appropriate for the equipment to be operated and provide proof thereof and maintain a driving record acceptable to the District's automobile insurance carrier.

Educational Background:

- A Bachelor's degree in GIS, geography, computer sciences, or a related field.

Field Experience:

- Two years of GIS work experience using ESRI software to include designing, creating, maintaining, and analyzing geospatial and tabular data, writing GIS script and/or application programs.



GIS Specialist

QUALIFICATIONS

Knowledge and Special Skills:

- Knowledge of principles and practices of GIS theory, function, and data analysis; GIS programming languages, development tools, technologies and ESRI application software; and GIS data handling and conversion techniques. Skilled in the use of microcomputers including the use of a word processing program (MS Word), a spreadsheet program (MS Excel), and a database program (MS Access). Ability to work accurately and in cooperation with others; to communicate effectively both orally and in writing; and to establish and maintain cooperative working relationships.

Physical Demands:

- See Attached Listing for Physical Demands.

Work Environment:

- The work environment characteristics described are representative of those an employee encounters while performing the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

Primarily office environment; noise level usually quiet to moderate.

Some work is performed outdoors involving exposure to weather, temperature extreme, loud noise, dust, work safe hazards and encountering of various agricultural operations.

Work around construction equipment.

Exposure to some hazardous chemicals such as acids and bases, and chemical fumes.

May require working in some small, constricted spaces.

The physical demands are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform essential functions.

Sustained periods of walking and/or standing, sitting and riding in or driving a vehicle.

Sustained posture in a seated position

Hear and respond to traffic and warning noises while on the job site.

Ability to move, lift carry and transport field equipment, up to fifty pounds, to and from vehicle, all without assistance.

Some climbing, stooping and walking over uneven terrain near well sites

While performing the duties of this job, the employee is regularly required to stand, walk, talk, and hear in a clear manner.

Normal dexterity of hands and fingers to handle or feel objects, tools or controls.

High use of computer terminal and keyboard.

High to moderate requirement for hand coordination, visual and cognitive abilities.

Reach with arms and hands.

Ability to bend, stoop, stretch and kneel.

Ability to hear clearly over other distraction.

Must tolerate moderate noise level and interruptions in outdoors environment.

While performing the duties of this job, the employee I regularly required to stand, walk, talk, and hear in a clear manner.

Moderate written communications.

High to moderate verbal communication. Ability to receive detailed information through verbal communication and to make fine discriminations in sound.

Must be able to convey detailed or important spoken instructions to other workers accurately and/or quickly.

High to moderate non-verbal communication.

Normal ability to see, distinguish color and hear.

Moderate time pressure of decision-making.

High to moderate complexity of decision-making.

Normal concentration/intensity.

Driving a vehicle and walking over uneven terrain near well sites. Ability to employ initiative, tact and discretion appropriate to the service performed.

Represents watermaster in a professional manner to clients and co-workers and supports company policy.

Punctuality and attendance are critical to the success of the team.

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CHINO BASIN WATERMASTER

III. BUSINESS ITEM

- B. SALE OF WATERMASTER TRUCKS TO WILDERMUTH ENVIRONMENTAL, INC.





CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, CA 91720
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: January 13, 2005
January 18, 2005
January 27, 2005

TO: Committee Members
Watermaster Board Members

SUBJECT: Sale of Vehicles to Wildermuth Environmental, Inc.

Summary

Issue – Compliance with IRS rules regarding the use of contract employees.

Recommendation – Approve the sale of 3 vehicles (1992 Ford F150, 1998 Ford Ranger and 2001 Dodge Dakota) to Wildermuth Environmental, Inc. at Kelly Blue Book Trade-in Value.

Fiscal Impact – The net effect of the sale will result in a one time increase in cash on hand in the amount of approximately \$ 15,250. Actual value to be set at the time of sale.

Background

In an effort to bring Watermaster into compliance with IRS rules regarding contract employees, it is recommended that field staff employed by Wildermuth Environmental, Inc. (WEI), drive vehicles owned by WEI. Currently, those same employees are driving trucks owned and maintained by Watermaster.

Mark Wildermuth understands and agrees with the need to establish a clear separation between the organizations and has offered to purchase most of our fleet to ensure continuity. The sale price will be based upon Kelly Blue Book Trade-in Value with WEI assuming all costs associated with ownership including maintenance and insurance. The Watermaster logo will be maintained on the vehicles along with the addition of a WEI logo strip.

It is recommended that the Board approve the sale of three (3) of the Watermaster vehicles to Wildermuth Environmental, Inc. at Kelly Blue Book Trade-in Value and authorize the CEO to execute the transaction.

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CHINO BASIN WATERMASTER

III. BUSINESS ITEM

C. PARTICIPATION IN THE CHINO BASIN PUBLIC OUTREACH CAMPAIGN





CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, CA 91720
Tel. 909.484.3888 Fax: 909.484.3890 www.cbwm.org

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: January 18, 2005

TO: Agricultural Pool Committee Members

SUBJECT: Participation with the Chino Basin Public Outreach Campaign

Summary

Issue – Informing the public about water issues facing the agricultural community and show how the industry is responding.

Recommendation – Approve the expenditure of \$10,000 from the Agricultural Pool funds for participation in the joint Chino Basin Public Outreach Campaign.

Fiscal Impact – This item is not a budgeted expense and would require authorization to transfer \$10,000 from the Agricultural Pool Fund of approximately \$ 463,000.00.

Background

Watermaster CEO, in cooperation with Inland Empire Utilities Agency and other agencies within the basin has developed a Public Outreach Campaign that utilizes the Inland Valley Daily Bulletin to deliver the message. The campaign will be designed to provide a positive message about the water agencies and agricultural industries and how they are working together to provide clean and abundant water to the residents of this basin.

Currently, the water industry and the stakeholders within the basin, including agriculture, are being ignored by the press. The reason for the lack of coverage is that by its own design, is difficult to understand. In addition, the stakeholders are now in a cooperative posture and are not creating news through controversy. These dynamics are not a bad thing, but they help to create a vacuum for positive public information that could help the industry if it is ever necessary to rally community support for large scale public projects or to stave off criticism when decisions are necessary.

The campaign will cost a total of \$100,000 with IEUA contributing half of the dollars needed. The remainder is being contributed by a variety of public agency partners including Three Valley's MWD, Western MWD, Chino Basin Conservation District and Watermaster. IEUA will coordinate the campaign with representatives from the other contributing agencies providing input. The first publication will appear in late January or early February and it will be an eight page section devoted to the agencies with a general message of cooperation.

It is recommended that the Agricultural Pool approve participation in the Chino Basin Public Outreach Campaign and authorize the expenditure of \$10,000 from its Watermaster account.

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**Chino Basin Water Master
Public Outreach Proposal 2005**

| <i>Publication</i> | <i>Cost</i> | <i>Value</i> | <i>Publication Date</i> |
|---|------------------|---------------------|-------------------------|
| Civic Leadership IVDB-two pages | \$6,311 | \$15,641 | February 2005 |
| Earth Day IVDB/two-pages | \$6,311 | \$15,641 | April 2005 |
| Water Awareness Month IVDB/two-pages | \$6,311 | \$15,641 | May 2005 |
| Living Here Magazine IVDB/four-pages | \$12,156 | \$12,156 | May 2005 |
| Safety Awareness Month IVDB/two-pages | \$6,311 | \$15,641 | July 2005 |
| Think Environment Week IVDB/two-pages | \$6,311 | \$15,641 | September 2005 |
| LA County Fair IVDB/one-page | \$4,120 | \$4,120 | September 2005 |
| Literacy/Education Month IVDB/two-pages | \$6,311 | \$15,641 | October 2005 |
| Health Beat Magazine IVDB/one-page | \$3,559 | \$3,559 | December 2005 |
| Four (4) Full-page (b&w) Rop Ads IVDB | \$20,000 | \$31,280.88 | Date of your choice |
| Eight-Page Section (Tab.) IVDB | \$22,883 | \$31,280.88 | Date of your choice |
| Six (6) quarter-page (b&w) ads Or Twelve (12) eighth-of-a-page (b&w) ads IVDB | \$0.00 | \$9,572.40 | Date of your choice |
| Grand Total | \$100,584 | \$185,815.16 | |

All prices include design, process color, printing and distribution unless otherwise noted--
(b&w) refers to black and white ads.

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CHINO BASIN WATERMASTER

IV. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

2. Comments to Western/Muni EIR



21 East Carrillo Street
Santa Barbara, CA 93101
Telephone: (805) 963-7000
Fax: (805) 965-4333



Michael T. Fife
Direct Dial: (805) 862-1453
MFife@HatchParent.com

December 20, 2004

Robert L. Reiter
General Manager and Chief Engineer
San Bernardino Valley Municipal Water District
1350 South 'E' Street
P.O. Box 5906
San Bernardino, CA 92412-5906

John V. Rossi
General Manager
Western Municipal Water District
450 Alessandro Boulevard
Riverside, CA 92508

Re: **Chino Basin Watermaster's Comments to Muni/Western Draft
Environmental Impact Report on the Santa Ana River Water Right
Applications for Supplemental Water Supply**

Dear Mr. Reiter and Mr. Rossi:

The Chino Basin Watermaster has reviewed the San Bernardino Valley Municipal Water District ("Muni") and Western Municipal Water District of Riverside County's ("Western") Draft Environmental Impact Report on the Santa Ana River Water Right Applications for Supplemental Water Supply (State Clearinghouse Number 2002071062) ("Draft EIR") and submits the following comments.

The Chino Basin Watermaster supports Muni and Western's efforts to increase your water supply reliability by reducing dependence on imported water; by developing and delivering a new, local, high quality water supply; and to expand your operational flexibility by adding infrastructure and varying sources of water. These are the same goals that motivate the Chino Basin Watermaster's project that is the subject of its Application 31369.

We believe that the projects which are intended to accomplish Muni and Western's goals are fully within Muni and Western's rights guaranteed by the Santa Ana River adjudication judgment, *Orange County Water District v. City of Chino et al.*, Superior Court of Orange County, Case No. 117628 (April 17, 1969) ("1969 Judgment").

SB 365947 vl:008350 0001

Robert L Reiter
John Rossi
December 20, 2004
Page 2

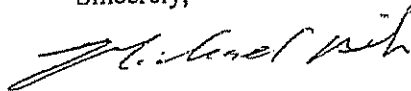
Similar to the Muni/Western Applications, the Chino Basin Watermaster's Application describes a project which will allow for the diversion of as much as 97,000 acre-feet of stormwater to be recharged into the Chino Groundwater Basin. We believe that this project is fully within our rights as guaranteed under the 1969 Judgment.

The State Water Resources Control Board ("SWRCB") has clearly indicated a desire to process all of the pending applications in a coordinated manner. However, thus far, none of the parties to these proceedings have performed environmental analyses which fully consider the cumulative impacts their project may have on the Santa Ana Watershed when considered in a coordinated manner with all of the other applications that are currently before the SWRCB. These include not only the Western/Muni Draft EIR, but also the Orange County Water District's ("OCWD") Draft EIR dated May 2004, and the San Bernardino Water Conservation District's ("Conservation District") Draft EIR dated June 29, 2004 (SCH # 2003071003).

The projects that are the subject of the applications before the SWRCB are specific in scope and therefore amendable to concrete analysis. In fact, the projects that are the subject of the applications by OCWD, the Conservation District, and Chino Basin Watermaster are all existing projects currently in implementation. However, except for brief and passing references, none of the environmental analyses to date consider how these various projects may impact the ability of the other parties to implement their own projects, or how the implementation of all of these projects may impact the Santa Ana River. For example, the diversion of stormwater upstream may impact the water quality of the River in such a way as to limit the diversion of stormwater in other places in the system by other parties. Similarly, upstream stormwater diversion may have ancillary consequences such as the alteration of stream-bed composition which alters the ability of other entities to perform essential recharge operations. These types of impacts do not appear to have been considered in the Muni/Western Draft EIR.

We are very concerned that the current manner of proceeding with the environmental analyses for all of the applications will not provide the SWRCB with the information that it will need in order to process the applications in a coordinated manner. It is our hope that the Santa Ana River parties can soon begin to work together in order to comprehensively address the needs of all stakeholders in the watershed.

Sincerely,



Michael T. Fife
For HATCH & PARENT
Counsel For
CHINO BASIN WATERMASTER

MXF:kac



CHINO BASIN WATERMASTER

IV. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

3. Santa Ana Water Rights Application



DRAFT

Steven M. Kennedy, Esq. [Bar No. 141061]

EAST VALLEY WATER DISTRICT

STATE WATER RESOURCES CONTROL BOARD

DIVISION OF WATER RIGHTS

| | | |
|------------------------------------|---|-----------------------------|
| In the Matter of: |) | Application No. 31369 |
| |) | |
| PETITIONS TO REVISE DECLARATION OF |) | STIPULATION TO DISMISS |
| FULLY APPROPRIATED STREAMS TO |) | PROTEST BY EAST VALLEY |
| ALLOW PROCESSING OF SPECIFIED |) | WATER DISTRICT TO NOTICE OF |
| APPLICATIONS TO APPROPRIATE WATER |) | APPLICATION TO APPROPRIATE |
| FROM THE SANTA ANA RIVER |) | WATER BY PERMIT |
| |) | |

IT IS HEREBY STIPULATED by and between EAST VALLEY WATER DISTRICT (hereinafter "EVWD") and CHINO BASIN WATERMASTER (hereinafter "CBWM") as follows:

RECITALS

A. On or about November 4, 2002, CBWM filed Application No. 31369 with the State Water Resources Control Board (hereinafter "SWRCB") to divert to underground storage 97,000 acre-feet of water that flows within the watershed of the Chino Basin for the purposes of industrial, irrigation, stockwatering (dairy use), and municipal use.

B. On or about April 1, 2003, EVWD filed a protest to Application No. 31369 with the SWRCB.

C. CBWM and EVWD wish to resolve their dispute with respect to Application No. 31369 before the SWRCB in the manner set forth herein.

COVENANTS

In consideration for EVWD's agreement to dismiss its protest to Application No. 31369 before the SWRCB, CBWM agrees as follows:

1. None of the points of diversion within the scope of Application No. 31369 before the SWRCB will result in the appropriation, extraction, or withdrawal of water from the Santa Ana River; and
2. Application No. 31369 before the SWRCB shall not be construed to seek any water rights as against EVWD or otherwise to claim that the water rights held by EVWD are not valid and/or have been diminished, lost, or abandoned.

Dated: _____

CHINO BASIN WATERMASTER

DRAFT

By: _____

[Name]
President, Board of Directors

Dated: _____

EAST VALLEY WATER DISTRICT

DRAFT

By: _____

[Name]
President, Board of Directors



CHINO BASIN WATERMASTER

IV. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

4. North Gualala Decision



FILED

NOV 9 - 2004

CLERK OF MENDOCINO COUNTY
SUPERIOR COURT OF CALIFORNIA

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF MENDOCINO

| | | |
|------------------------------|---|----------------------------------|
| NORTH GUALALA WATER COMPANY, |) | Case No. SCUKCVG 01861 |
| |) | |
| Petitioner, |) | (Consolidated with North Gualala |
| |) | Water Company v. State Water |
| vs. |) | Resources Control Board, Case |
| |) | No. SCUK CV PT 0390347) |
| STATE WATER RESOURCES |) | |
| CONTROL BOARD, |) | |
| |) | MINUTE ORDER |
| Respondent |) | |
| _____ |) | |

This is a petition for a writ of mandate in these consolidated cases. The record shows that North Gualala Water Company, hereinafter referred to as "Petitioner", is a small semi-rural water company. It has historically drawn water to serve its customers from the North Fork of the Gualala River. At some point in the past, it drew water directly from the North Fork of the Gualala River pursuant to a permit. Petitioner drew water from the river going back to at least 1965. In order to resolve a protest by the Department of Fish & Game (DFG), Petitioner agreed to permit term limitations which limited their right to divert water when necessary to maintain in-stream flows for fish life. Sometime later in 1978, in response to a petition for change in the place of use dating back to 1974, Petitioner agreed to a change in the terms of Permit No. 14853. The change in question was Term 9, which states as follows:

MINUTE ORDER

- 1 -

RECEIVED SEP 17 2004

“For the protection of fish and wildlife, permittee shall during the period:

(a) from November 15th through February 29th,
bypass a minimum of 40 cfs;

(b) from March 1st through May 31st bypass a
minimum of 20 cfs;

(c) from June 1st through November 14th bypass a
minimum of 4 cfs.

The total stream flow shall be bypassed whenever it is less than the designated amount for that period.”

In 1989, Petitioner developed production well No. 4 and later in 1996, production well No. 5. Petitioner believed that production well No. 4 was not drawing from the river. One of their reasons for taking water from the wells rather than directly from the river was to improve the quality of the water and reduce water treatment costs. This was partially in response to activity by the Department of Health Services enforcing water quality to the customers of the Petitioner. Both wells are located in Elk Prairie in the alluvium a few miles inland from the mouth of the Gualala River and just upstream from the confluence of the Little North Fork of the North Gualala River. Well No. 4 appears to be about 180 feet from the river itself. Well No. 5 is also within 200 feet of the river.

Again in 1992, a group of Protestants alleged that the production wells were in fact drawing water from the river because they contended the water was coming from the subterranean stream, which is connected to the river itself. In 1993, Petitioner, while disagreeing with the contentions of the Protestants, applied for a permit to include well No. 4 in the diversion permit, reserving their right to challenge the ground water classification at a later date. A similar action was taken with respect to well No. 5 in 1994.

MINUTE ORDER

- 2 -

The basis of Petitioner's belief was in part a report from Luhdorff & Scalmanini, Engineers, which concluded that the ground water under Elk Prairie is not recharged from the North Fork of the Gualala River but is rather a subsurface flow from an adjacent Franciscan formation. Respondent did not agree with that and took the position that a permit subject to Term 9 was necessary to operate wells No. 4 and well No. 5.

The conditions allowing Petitioner to pump water through its wells under the limitations of Term 9 eventually became the subject of a petition for a writ of mandate, which was filed in the Superior Court in July of 2001. Eventually that action was stayed by Judge Richard Freeborn to allow the Petitioner to petition the State Board for a ground water classification hearing. Subsequently a ground water classification hearing was held before the Respondent Board in June 2002. In February 2003, the Board issued Order No. 2003-0004, which ruled that the water from which Petitioner was drawing to its wells was part of a subterranean stream and subject to a water rights permit with terms and limitations as set forth therein. A petition for reconsideration was denied.

In this petition for writ of mandate, the Petitioner seeks to have the Court overturn the Respondent's determination that the water is part of a subterranean stream. Essentially, the Petitioner's position is that water they are drawing is percolating ground water. If in fact the water that the Petitioner is drawing from is percolating ground water, then the parties concede that the Respondent Board would not have jurisdiction over it and, therefore, there would be no right of regulation or control by the Respondent Board in the activities of the Petitioner with respect to Wells 4 and 5 and presumably, any other wells they may drill in the adjacent area. (See AR 1495:14, 15 re proposed wells No. 6 and No. 7)

I. THE STANDARD OF REVIEW

In reviewing the decision of an administrative agency, the question is whether the Court is to apply the independent judgment test or the substantial evidence test. See *Bixby v. Pierno* (1971) 4 Cal.3d 130 (the independent judgment test); *Topanga Assoc. for a Scenic Community v. County of Los Angeles* (1974) 11 Cal. 3d 506 (the substantial evidence test). In the latter test, the Court must review the record to see if there is a reasonable factual basis for the Board's action. It can only overturn the Board's action when, after review of the entire record, no reasonable person would have made a decision or reach the conclusion made by the agency. See *Young v. Gannon* (2002) 97 Cal.App.4th 209, 225; *Newman v. State Personnel Board* (1992) 10 Cal.App.4th 41. The Court, after reviewing Water Code Section 1126, CCP Section 1094.5, and cases cited thereunder concludes that the standard to be applied to this case is the substantial evidence case. See *Bank of America v. State Water Resources Control Board* (1974) 42 Cal.App.3d 198, 207.

Not only does the substantial evidence test seem to be supported by case law, but it makes more sense when the nature of the inquiry is considered. This type of case is heavily dependent on scientific data. It requires knowledge of geologic and hydrologic principles that is particularly suited to a Board that hears these matters on a consistent basis. Moreover, the Respondent Board has available to it expert staff not generally available to a trial court. In summary, it deals with a highly specialized subject matter where the Board's experience and expertise should be given great deference. Thus, the conclusion that the substantial evidence test is herein appropriate.

II. THE ORDER DETERMINING THE GROUND WATER CLASSIFICATION AND THE RESULTANT LIMITATIONS ON THE PERMIT MUST BE UPHELD

This case is determined by whether or not the ground water being pumped by the Petitioner in its wells was properly classified. Proper classification determines both the jurisdiction of the Respondent Board and their resulting right to regulate the taking of water pursuant to its statutory authority. Likewise if the Respondent Board has jurisdiction, not only must it consider the rights of the Petitioner, but the rights of any protesting parties and the broader public interest, including environmental and recreational considerations under the Public Trust doctrine. (*National Audubon Society vs. Superior Court of Alpine County* (1983) 33 Cal.3d 419, 433.

Whether Respondent Board Has Jurisdiction.

California Water Code Section 1200 provides:

“Whenever the terms stream, lake or other body of water, or water occurs in relation to applications to appropriate water or permits or licenses issued pursuant to such applications, such term refers only to surface water, and to subterranean streams flowing through known and definite channels.”

This section defines water that is subject to appropriation and thus subject to Respondent’s authority. Ground water which is not part of this definition of Section 1200 of the Water Code is referred to as “percolating ground water”. The early case of *Los Angeles v. Pomeroy* (1899) 124 Cal. 597 (which preceded the adoption of Water Code Section 1200) established definitions for percolating ground waters and other water sources. To define the type of water is to define whether or not the Respondent Board has jurisdiction over the water. It is clearly settled that percolating ground water is not subject to this Water Code Section and is not subject to the control of Respondent Board. This emanates from both the statute and the earlier case of *Los Angeles v. Pomeroy*,

supra, at p. 632. Percolating ground water has been defined as ground waters that are not in a subterranean stream (*Los Angeles v Pomeroy, supra*, at p. 628). Percolating ground waters are generally in the common sense of the term ... "vagrant wandering drops moving by gravity in any and all directions". See *A Treatise on the Law of Irrigation and Water Rights* by Clesson S. Kinney, 2nd Ed. Vol. 1 Section 1193, p.2162. In *Katz v. Walkinshaw* (1903) 141 Cal. 116. A new type of percolating waters was recognized, i.e. percolating waters supplying the flow of a stream as opposed to the vagrant wandering type. Presumably, this latter type of sub-surface water is percolating water that feeds a stream but is not strictly a sub-surface stream. All agree that under the historic standard set forth in *Los Angeles v Pomeroy, supra*, that the following conditions have to exist for a body of water to be a sub-surface stream:

1. A sub-surface channel must be present.
2. The channel must have relatively impermeable bed and banks.
3. The course of the channel must be known or capable of being determined by reasonable inference.
4. The ground water must be flowing in the channel.

The law presumes that ground water is percolating ground water unless the contrary is shown. *Los Angeles v. Pomeroy, supra*, p.626. ¹

1. Is there is a channel? There is support in the record that the sub-surface flow is in a channel. First of all, the evidence discloses that alluvium is filling the bottom of the canyon to a depth of 170 feet. AR4-0629. Beneath the alluvium is Franciscan bed rock AR7-1037-1041. The topography is such that the alluvium is surrounded by hills

¹ The trial court must accept this as binding on it since it comes from the Supreme Court. One has to wonder, however if a factual distinction can be made between the facts in *Pomeroy* and this case where the ground water in question at the point of extraction is less than 200 feet from the river and clearly within the alluvial plain of the river

and logic suggests that water, which everyone concurs is flowing generally to the southwest, has to be in the plain. See AR4-0627 (geologic cross-section).

2. Is there an impermeable bed and banks? The test is not whether the bed and banks are completely impermeable but relatively impermeable. The administrative record is replete with references that the overlying alluvium is 2.5 to 3 times higher than the surrounding bed rock. AR7-1042, AR8-1292.

3. Is the course of the channel known or capable of being ascertained by reasonable inference? Again the answer is yes. See AR7-1049, AR8-1294.

The Administrative Record supports this. AR7-1042, lines 5-13.

4. Is ground water flowing in the channel? Yes, this is not seriously in dispute. Petitioner's main contention is that the flow of subterranean water is to the southwest and that it is largely from the Franciscan bedrock, not that groundwater is not flowing in the channel. (See Petitioner's brief filed before Respondent Board. AR 1480, 1496-1497)

There is both evidence that militates against these conclusions and items of evidence that supports and corroborates these conclusions. For example, Petitioner's expert conceded that Franciscan bedrock has to be fractured to have any permeability. AR8-1260. Also, there is some general evidence that Franciscan bedrock contains aquifers, but no specific evidence that in that area there is an aquifer. AR8-1264. Moreover, aquifers are rare in Franciscan bedrock. AR8-1265. Petitioner's expert testified that the predominant flow of ground water is perpendicular and not parallel to the river but conceded that it goes in a general southwest direction into the stream; and after that, he doesn't know where it goes. AR8-1279. Also, there are no other wells in Franciscan bedrock in the Elk Prairie area. AR8-1282. There is also testimony that the source of recharge is in dispute. Some say from the alluvial prairie upstream (AR8-

1294), others from the bedrock, but that amount from the bedrock is a minor amount AR8-1320. In any event, no one seems to be able to quantify the amount of water allegedly coming from the bedrock as opposed to other sources. Mr. Scalmanini states that the ground water flows toward the river and there is no inducement of infiltration from the surface flow by pumping of the production wells AR4-0598. Other persons have testified that pumping effects the surface flows. AR8-1361. One witness reported a drop of 8 inches in the surface flow which was characterized as a “demonstrable hydraulic response” after a pumping test. AR7-1050, lines 7-22.

Petitioner also makes much of the fact that the river has a “gaining reach”. That is, at a certain location between two points in the river, the downstream surface flow is more than 1.5 cfs than the area upstream. AR4-0608.

An increase in the water flow downstream does not necessarily negate the proposition that the water is flowing in an underground channel. It simply means that water from one or more sources is moving downstream in response to changes in the gradient and is greater at that location than it is upstream. This is consistent with the ground water flowing in a southwesterly direction. AR8-1366. Petitioner acknowledges partial discharges into the channel from a combination of bedrock source and the alluvium. AR.0595, 0598.

Petitioner makes much of the fact that there is no “contracted” channel at the point where the water is being drawn. This is not persuasive. Water code §1200 does not speak of a “contracted” channel. *Pomeroy*, supra, does, but it should be noted that the *Pomeroy* case was decided a decade or more before Water Code §1200 or its predecessor was enacted. The Court believes that when the Supreme Court used the language referring to “contracted” and “bounded” it was making the point that this was in

connection with whether the flow was "defined" as opposed to "meandering". (See *Los Angeles vs. Pomeroy, supra*, p. 633) Moreover, the topographical evidence submitted to the Board clearly shows the alluvium as bounded on all sides by hills that are incrementally increasing in height, as one would expect in an alluvial river valley.

The Court is not persuaded that the Petitioners have failed to exhaust their administrative remedies. The Court also does not find any estoppel on the part of Petitioner to challenge term 9 since they clearly complied under protest and reserved their right to contest the groundwater classification. With respect to the dispute over the applicability of term 9 of the permit; the Court finds that the interpretation adopted by the Board is consistent with their right to regulate and thus is a valid condition that must be complied with.

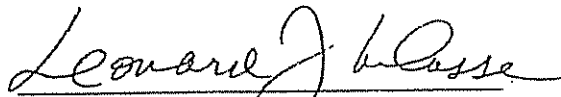
CONCLUSION

The test here is whether the operation of production wells No. 4 and No. 5 have an impact on the North Fork of the Gualala River. The evidence discloses that it does. The Supreme Court says that pumping in a well close to a stream impacts the stream, however slight. (See *Larsen v. Appolonis* (1936) 5 Cal.2d 440, 444). Common sense suggests this is the case. The only question is the degree of the impact. Once the fact of the impact is established, then the Respondent Board has jurisdiction over the matter. It must then exercise its jurisdiction pursuant to the statutory mandate and decisional law, including the factors delineated in *Audubon, supra* concerning matters of the public trust. To find no jurisdiction in the Board in this case would be to close the door to regulation even if the number of production wells subsequently increased tenfold. This would obviously result in the diminution or even the total destruction of the fish and wildlife,

which are dependent on a minimum flow in the river. This is a result no one would want and the legislature never intended.

Accordingly, the petition for writ of mandate is denied. Respondent shall have cost of suit. Counsel for Respondent shall prepare any findings and a form of judgment not inconsistent with this opinion.

Dated: November 8, 2004.


LEONARD J. LaCASSE
Judge of the Superior Court

PROOF OF SERVICE BY MAIL

I, Dan Garcia, declare:

I am employed in the County of Mendocino, State of California; I am over the age of eighteen years and not a party to the within action. My business address is P. O. Box 996, Ukiah, California 95482.

I am familiar with the County of Mendocino's practice whereby each document is placed in an envelope, the envelope is sealed and placed in the office mail receptacle. Each day's mail is collected and appropriate postage affixed thereto and deposited in a U.S. mailbox at or before the close of each day's business.

On the date of this declaration, I served copies of the attached document on the below listed persons by placing a true copy thereof, in the United States mail, addressed as follows:

Alan B Lily, Esq
1011 Twenty Second Street
Sacramento, Ca 95816-4907

Mark W Poole, Esq
455 Golden Gate Ave, Suite 11000
San Francisco, Ca 94102

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed this 10 day of November 2004 at Ukiah, California.



Dan Garcia

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CHINO BASIN WATERMASTER

IV. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

5. Santa Ana Sucker Critical Habitat Decision





Federal Register

Tuesday,
January 4, 2005

Part II

Department of the Interior

Fish and Wildlife Service

50 CFR Part 17

Endangered and Threatened Wildlife and
Plants; Final Rule To Designate Critical
Habitat for the Santa Ana Sucker
(*Catostomus santaanae*); Final Rule

DEPARTMENT OF THE INTERIOR

Fish and Wildlife Service

50 CFR Part 17

RIN 1018-AT57

Endangered and Threatened Wildlife and Plants; Final Rule To Designate Critical Habitat for the Santa Ana Sucker (*Catostomus santaanae*)

AGENCY: Fish and Wildlife Service, Interior.

ACTION: Final rule.

SUMMARY: We, the U.S. Fish and Wildlife Service (Service), designate critical habitat for the threatened Santa Ana sucker (*Catostomus santaanae*) pursuant to the Endangered Species Act of 1973, as amended (Act). This species is now restricted to three noncontiguous populations in three different stream systems in southern California: The lower and middle Santa Ana River in San Bernardino, Riverside, and Orange counties; the East, West, and North Forks of the San Gabriel River in Los Angeles County; and lower Big Tujunga Creek, a tributary of the Los Angeles River in Los Angeles County. We have identified 23,719 acres (ac) (9,599 hectares (ha)) of aquatic and riparian habitats essential to the conservation of the Santa Ana sucker. We are designating two areas in Los Angeles County, one along the San Gabriel River (Unit 2) and the other along the Big Tujunga Creek (Unit 3) as critical habitat for Santa Ana sucker. These units encompass approximately 8,305 ac (3,361 ha) of essential habitat for the Santa Ana sucker within Los Angeles County. Essential habitat for the Santa Ana sucker in Orange, Riverside, and San Bernardino counties has been excluded from the final critical habitat designation, because we have concluded that the benefits of excluding these lands from critical habitat designation outweigh the benefits of their inclusion pursuant to section 4(b)(2) of the Act.

DATES: This rule becomes effective on February 3, 2005.

ADDRESSES: Comments and materials received, as well as supporting information used in this rulemaking, are available for inspection, by appointment, during normal business hours at the U.S. Fish and Wildlife Service, Carlsbad Fish and Wildlife Office, 6010 Hidden Valley Road, Carlsbad, California 92009. You may obtain copies of the final rule and the economic analysis from the field office address above or by calling (760) 431-9440, or from our Internet site at <http://carlsbad.fws.gov>

If you would like copies of the regulations on listed wildlife or have questions about prohibitions and permits, please contact the Carlsbad Fish and Wildlife Office (see ADDRESSES above).

FOR FURTHER INFORMATION CONTACT: Mr. Jim Bartel, Field Supervisor, Carlsbad Fish and Wildlife Office, at the address and phone number listed above

SUPPLEMENTARY INFORMATION:

Designation of Critical Habitat Provides Little Additional Protection to Species

In 30 years of implementing the Act, the Service has found that the designation of statutory critical habitat provides little additional protection to most listed species, while consuming significant amounts of available conservation resources. The Service's present system for designating critical habitat has evolved since its original statutory prescription into a process that provides little real conservation benefit, is driven by litigation and the courts rather than biology, limits our ability to fully evaluate the science involved, and consumes enormous agency resources, and imposes huge social and economic costs. The Service believes that additional agency discretion would allow our focus to return to those actions that provide the greatest benefit to the species most in need of protection

Role of Critical Habitat in Actual Practice of Administering and Implementing the Act

While attention to and protection of habitat is paramount to successful conservation actions, we have consistently found that, in most circumstances, the designation of critical habitat is of little additional value for most listed species, yet it consumes large amounts of conservation resources. Sidle (1987) stated, "Because the Act can protect species with and without critical habitat designation, critical habitat designation may be redundant to the other consultation requirements of section 7." Currently, only 445 species or 36 percent of the 1,244 listed species in the U.S. under the jurisdiction of the Service have designated critical habitat. We address the habitat needs of all 1,244 listed species through conservation mechanisms such as listing, section 7 consultations, the Section 4 recovery planning process, the Section 9 protective prohibitions of unauthorized take, Section 6 funding to the States, and the Section 10 incidental take permit process. The Service believes that it is these measures that may make

the difference between extinction and survival for many species.

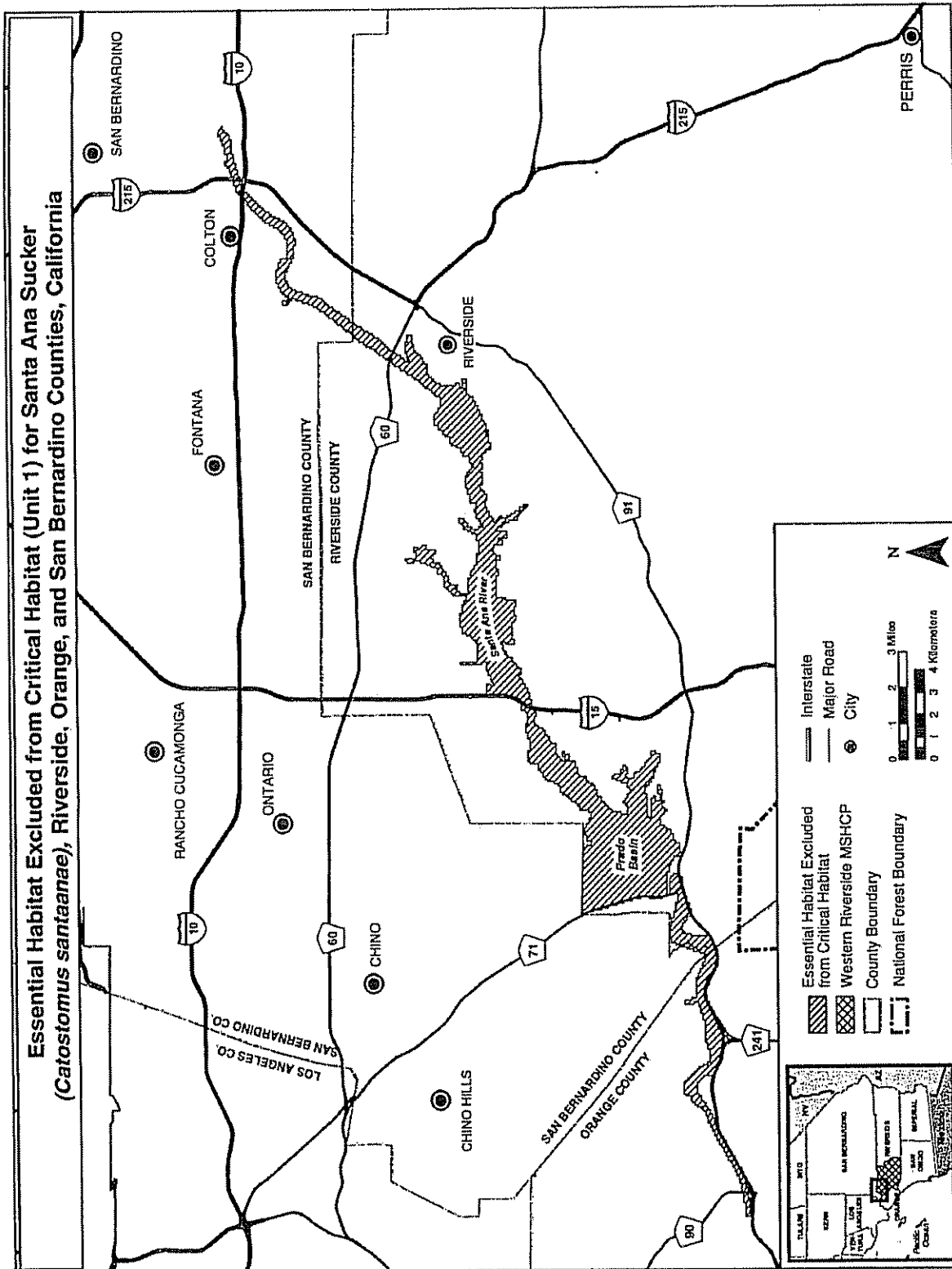
We note, however, that a recent 9th Circuit judicial opinion, *Gifford Pinchot Task Force v. United States Fish and Wildlife Service*, has invalidated the Service's regulation defining destruction or adverse modification of critical habitat. We are currently reviewing the decision to determine what effect it may have on the outcome of consultations pursuant to Section 7 of the Act.

Procedural and Resource Difficulties in Designating Critical Habitat

We have been inundated with lawsuits for our failure to designate critical habitat, and we face a growing number of lawsuits challenging critical habitat determinations once they are made. These lawsuits have subjected the Service to an ever-increasing series of court orders and court-approved settlement agreements, compliance with which now consumes nearly the entire listing program budget. This leaves the Service with little ability to prioritize its activities to direct scarce listing resources to the listing program actions with the most biologically urgent species conservation needs.

The consequence of the critical habitat litigation activity is that limited listing funds are used to defend active lawsuits, to respond to Notices of Intent (NOIs) to sue relative to critical habitat, and to comply with the growing number of adverse court orders. As a result, listing petition responses, the Service's own proposals to list critically imperiled species, and final listing determinations on existing proposals are all significantly delayed. The accelerated schedules of court ordered designations have left the Service with almost no ability to provide for adequate public participation or to ensure a defect-free rulemaking process before making decisions on listing and critical habitat proposals due to the risks associated with noncompliance with judicially-imposed deadlines. This in turn fosters a second round of litigation in which those who fear adverse impacts from critical habitat designations challenge those designations. The cycle of litigation appears endless, is very expensive, and in the final analysis provides relatively little additional protection to listed species.

The costs resulting from the designation include legal costs, the cost of preparation and publication of the designation, the analysis of the economic effects, the cost of requesting and responding to public comment, and in some cases the costs of compliance with the National Environmental Policy



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CHINO BASIN WATERMASTER

V. INFORMATION

1. Newspaper Articles



Dec 3, 2004

Water agency lends a hand

Pipeline will be part of regional treatment system

By MASON STOCKSTILL
STAFF WRITER

CHINO — The city is getting a nearly half-million-dollar windfall from the regional water agency for building a new groundwater treatment plant.

The Inland Empire Utilities Agency has purchased a wastewater pipeline that is part of the city-funded project so it can be used for future groundwater treatment.

IEUA is constructing several "brine" lines throughout the Inland Valley, and decided the Chino pipeline could someday be used for regional purposes.

"To be consistent with what we are funding elsewhere in the basin, we said this ought to be a brine line that we own and pay for," said Tom Love, IEUA's executive manager of engineering.

IEUA paid \$468,318 for the brine pipeline, which will be

used to transport wastewater with a high salt content out of the new treatment plant. Eventually, the brine travels to Orange County and is deposited in the ocean.

Besides the pipeline's potential for regional use in the future, Love said IEUA purchased it as an incentive to encourage other cities to build their own water treatment plants.

Much of the groundwater in the region has high levels of nitrates, making it unsuitable for household use. The technology for removing nitrates is rather simple, Love said, but many cities have opted not to build treatment facilities.

"As long as they have other wells and can avoid it ... that might be a lower-cost solution for them," he said. "But that doesn't solve the existing contamination problem."

Should other cities decide to build new treatment plants, there's a chance IEUA would cover some of the cost by buying their brine pipelines as well, Love said.

The money that IEUA paid to Chino for the pipeline had not been anticipated in the budget for the \$4.7 million project.

Once it is completed in February, the groundwater treatment facility will ease the city's reliance on expensive imported water from the Colorado River and other sources, said Jim Hill, Chino's assistant public works director.

Removing nitrates and perchlorate from the local groundwater basin should ensure a reliable supply of drinking water for all cities that use the basin, Hill said.

"The treatment plant is very expensive. It's also very beneficial," he said. "The other agencies will benefit because we're cleaning up the groundwater basin."

Mason Stockstill can be reached by e-mail at mason.stockstill@dailybulletin.com or by phone at (909) 483-4643.

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INLAND VALLEY



SPECIAL EVENT

School presents 'Cinderella'

Chaffey High School Performing Arts presents "Cinderella" at 7 tonight at Gardiner W. Spring auditorium, 1245 N. Euclid Ave., Ontario. Tickets are \$7, \$6 with an ASB card. Information: (909) 988-5560, Ext. 2245 or 2316.

Friday, December 3, 2004

★★★★ A

Aerojet's cleanup tested

State asks for proof that methods used are working

By **BLANCA E. SANCHEZ**
STAFF WRITER

CHINO HILLS — Skeptical about the way explosives have been cleared from the former Aerojet munitions facility, the state has asked that the site's cleanup technology be put to the test.

As a result, Aerojet had to come up with a plan to show the state Department of Toxic Substances Control that the equipment it is using to remove explosive materials is working properly on the closed site in the hills south of Woodview Road.

The plan involves taking the equipment to several sites, planting material and seeing how well

the equipment detects it under varying conditions.

"We want to be sure that the work being done is being done using the best technologies," said Tim Murphy, spokesman for Aerojet. "This is technology that is used by the industry for this type of work. There might be areas where they may want us to go back and revisit."

The state demanded that Aerojet test the technology after the firm brought in a new contractor to reclean the portion of the site where open burning and detonation took place. The first contractor didn't clean the site to Aerojet's satisfaction.

Redoing the cleanup in that area caused the Department of Toxic Substances Control officials to want to see how well the technologies being used are cleaning the site.

The site is 80 percent cleaned, Murphy said.

To test the technology, officials planted military materials at different locations of the 800-acre site in August to later detect them with different types of magnetometer equipment. Some of the magnetometers are towed on a sled, others on trailers and some are hand-held, Murphy said.

The materials were placed at different level fields, some in areas with little vegetation, others in steep hill areas and others at rugged hill sides, Murphy said.

"It will confirm the work that we are doing out there," he said.

DTSC officials are reviewing

results of the testing.

State agency officials may ask Aerojet officials to retest some of their cleaned areas, based on the analysis of the tests done at the site, Murphy said.

Eventually the goal is to clean the site to later use it for residential development. However, Aerojet officials have told city officials those plans will be put on hold until the site is properly cleaned and certified by the state agency.

"We want to meet the goals for that kind of use," Murphy said. "We are excavating all the test areas to the bedrock, and the soils are being screened."

Although encouraged by the testing of Aerojet's technology, Councilwoman Gwenn Norton-Perry said she is still skeptical of the cleanup and the state's certification of the site, if they deem it suitable for development.

"This site is not suitable for residential nor development, Norton-Perry said. "I don't know if it will ever be."

Areas where military explosives were tested have been excavated and filled with 10 feet of clean soil, Murphy said.

Cleanup at the site has been taking place for about seven years. A completion date has not been set.

The Aerojet Ordinance Facility was in operation from 1952 to 1995. The cleanup measure for the open burn/open detonation area began in 1994. Cleanup of the entire site began in 1997 after the state agency approved it, Aerojet officials have said.

Blanca Sanchez can be reached by e-mail at blanca.sanchez@dailybulletin.com or by phone at (909) 483-4644.

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Water from Pomona wells ready to flow again

Dedication set for Monday

By **MONICA RODRIGUEZ**
STAFF WRITER

POMONA — Groundwater from wells that have sat dormant for years can now be used with the completion of a water treatment system, which city leaders will dedicate Monday.

The unveiling and dedication of the Pomona Water Treatment Facility and Water Reservoir, located in the area of the 10 Freeway and Towne Avenue, is set for 10 a.m. Monday.

"This is our main complex for the water system" in the city, said Jim Taylor, the city's water/wastewater operations manager.

The water treatment equipment — known as air strippers — cost a total of \$1.5 million and will transport water from two wells and clean out contaminants after the water is drawn to the surface. Once processed, the water can be used for drinking, Taylor said.

This new water source will allow the city to reduce its reliance on expensive water from Northern California and the Colorado River, Taylor said. That, in turn, will allow the city to keep water rates low.

The two wells were closed seven years ago. Volatile organic compounds had been found in the wells at levels higher than state standards, state water official Jeff O'Keefe said in a May 2002 Daily Bulletin story.

At the time, O'Keefe was associate sanitary engineer with the state Department of Health Services' Drinking Water Program.

Water from these wells can be used for drinking as long as contaminants don't exceed federal levels. The maximum level of nitrates is 45 parts per million, but the two wells had levels in the 50- to 60-ppm range, O'Keefe said at the time.

Volatile organic compounds, such as trichloroethylene, a common solvent, were found in the wells at twice the 5 parts per billion allowable level, O'Keefe said then.

The treatment the equipment provides will remove the contaminants, O'Keefe added at the time.

With the treatment equipment, the city will produce about 7 percent more water a day — about 2 million gallons — for the city, which on average uses about 29 million gallons of water daily, Taylor said.

Use of the wells will also cut down on the natural pressurization of groundwater, which in the past has resulted in artesian wells appearing in areas around Pomona Valley Hospital Medical Center and Lincoln Park, Taylor said.

"We need to pump that water and have it go for a beneficial use," Taylor said. Having water "draining down the street benefits no one."

A 10 million gallon reservoir that mixes local and imported water is the third located on the complex and carries a total price tag of more than \$7 million, Taylor said.

From there, water is distributed to most of the city.

The reservoir will be particularly helpful for fighting fires and for any unforeseen declines in water supply, he said.

The facilities could also allow the city to sell its water to other municipalities as a revenue-generator, Mayor Eddie Cortez said.

"There are a lot of communities that never had the foresight of our city fathers," he said.

Monica Rodriguez can be reached by e-mail at m_rodriguez@dailybulletin.com or by phone at (909) 483-9336.

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State asked to test site

Health issues worry those near Wyle

By SUE DOYLE
STAFF WRITER

NORCO — Allergies, asthma and thyroid problems on Raquel Road have pushed some residents to ask for state testing in their neighborhood for chemical contamination from the nearby Wyle site.

"We live on a sickly kind of street and have questions that we want answered," said Gloria Austin, Raquel Road resident for 11 years. "We want testing to make sure we're safe here."

The families wonder if the illnesses are normal for a neighborhood with a similar demographic or if they could be the result of chemicals that migrated from Wyle Laboratories, which tested rocket motors and electronics on its 425-acre test site in Norco. Wyle Laboratories is under a state consent order to clean up the contamination.

Residents haven't been given a definite yes or no about testing on their street, which is on the southwest side of Wyle. But the state Department of Toxic Substances Control is looking

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WYLE continues on A6

A6 Wednesday, December 15, 2004

WYLE

• FROM A1

into testing on Raquel Road, said Jeanne Garcia, public information officer for the state agency.

Austin, who has asthma and thyroid problems, was motivated to find answers after her diagnosis, and she became more curious after attending community meetings about Wyle and hearing about residents with similar illnesses.

After knocking on doors along her street, the 47-year-old found that at least 10 other families were wondering the same things. Some had similar diagnoses.

Austin received a visit in November from Marilyn Underwood, staff toxicologist from the Department of Health Service's environmental health investigations branch. Austin is waiting to see what happens next.

"I want to know why so many people have thyroid problems in this area. It seems suspicious," Austin said. "I'm getting stressed out wondering about breathing the air in my house."

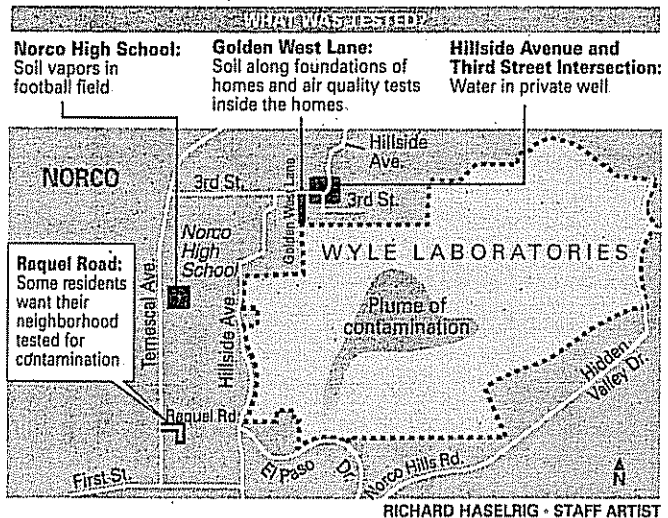
Wyle Laboratories installed a new ventilation system by order of the state inside a house in the 2200 block of Golden West Lane after an air quality test detected traces of benzene and trichloroethylene, a cancer-causing industrial solvent that the state believes migrated from the test site.

The new system began operating before Thanksgiving and will stay on 24 hours a day until a clean-up plan begins near Wyle Laboratories northwest boundary. The purpose of the new system is to mix air inside the home with the outside, breaking up the concentration of chemicals.

Preliminary results of air samples taken inside the Delgado home since the installation did not detect benzene and TCE, according to a

Wyle Laboratories investigation

The high-tech and engineering company is under a state order to clean up contamination from hazardous chemicals that spread through the soil. The Norco testing site qualifies as a Superfund site.



DTSC report.

Meanwhile, Wyle Laboratories has agreed to pay the family's electric and gas bills until the system stops running, said Norma Delgado.

"I can't wait for this to be over," said Norma Delgado. "I still don't feel safe because I know it's in my surroundings."

Air samples were taken after TCE was found in very low levels along the foundation of some homes on Golden West Lane. The Delgado's home was the only one found with contamination outside and inside.

DTSC sent 700 surveys out the past week to residents living within one-half mile of Wyle Laboratories' boundaries in a search of private wells to sample.

Three responses have indicated private wells out of 120 received so far by DTSC.

The need to test private wells arose after traces of TCE and per-

HISTORY OF WYLE LABORATORIES

Wyle Laboratories, Inc. is an El Segundo-based high-tech testing and engineering company that used its 425-acre Norco site since the 1950s to test rock motors and electronics for the military and aerospace industries. It's under a state consent order to clean up contamination. The Norco site qualifies for listing as a Superfund site. The property was sold in November 2002 to the St. Clair Company, a Newport Beach-based real estate development business.

chlorate, a chemical used in solid rocket fuels, were found in a water sample from a private well at Hillside Avenue and Third Street in October.

The well was used for irrigation and livestock

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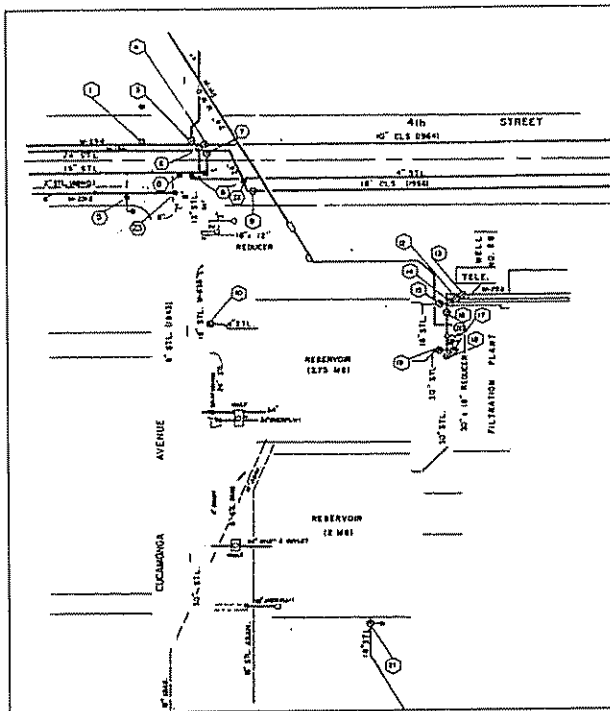


CHINO BASIN WATERMASTER

V. INFORMATION

2. Mapping the System





Mapping the System GIS Conversion Keeps Data Current

by Ron Young

Up-to-date geographic information for water and sewer lines is crucial for organizing and implementing a water or wastewater utility's distribution system maintenance activities and creating and updating hydraulic modeling. For example, operations personnel must track how many feet of pipe to flush, how many gate valves to exercise, and how many fire hydrants to repaint within certain time frames. Statistical information is also required for governmental regulatory agency surveys and questionnaires.

The hand-drawn atlas maps had minimal detail and no color.

The Ontario, Calif., Utilities Department, along with other city departments, uses a geographic information system (GIS) for water and sewer system engineering, capital improvement project planning, maintenance, repairs, and day-to-day operations. Other city departments often use the information for land development and planning.

Two years ago, Ontario used a collection of hand-drawn water and sewer atlas maps and other water and sewer data that lacked detailed information. The city's electronic files of digitally scanned water and sewer system improvement construction plans, or record drawings, constituted the primary source of information for maintaining the atlas maps and the GIS data. But the city's rapid growth during the past two decades made it hard to keep the maps and GIS data current because of outdated hand-drafting techniques. In addition, the GIS and printed-map data lacked a common link to reference the record drawings.

Converting the Data

To find a solution to these problems, the utility outlined a scope of work and drafted a request for proposal (RFP) package. The scope of work called for two things: converting all applicable water and sewer data from the electronic record-drawing file to GIS and creating a program that would generate atlas maps from the GIS data (collectively referred to as "the project"). Additionally, the existing atlas maps would be

used as a secondary data source, especially in cases where record drawings did not exist.

The RFP was submitted to several firms specializing in utility GIS data conversion. The firm selected to perform the work had a broad understanding of the scope of work to be performed, expertise in water and sewer GIS data conversion, and offered its services at a reasonable cost.

As data was converted, the company submitted to the city hard copies of each atlas grid, totaling about 500 sheets each for the water and sewer systems. Over the next six months, the city's Utilities Engineering Section reviewed each atlas plot and returned only those that required additional data or revision. From there, the company and city staff worked together and created a new atlas grid system on smaller 11-in. x 17-in. paper, with 1 in. equal to 200 ft, for a total of about 200 sheets each for water and sewer.

Distinctive Features Added

As the project progressed, distinctive features were added to the atlas maps, including color coding of three things: all pipes within or connected to each of the city's existing four pressure zones, sewer gravity mains separately from the sewer force mains, and manholes by type (e.g., drop manholes, regional manholes connected to other agencies). Pressure zone color codes on each pipe have resolved the previous challenge of determining which mains were in certain pressure zones, especially since many streets within the city

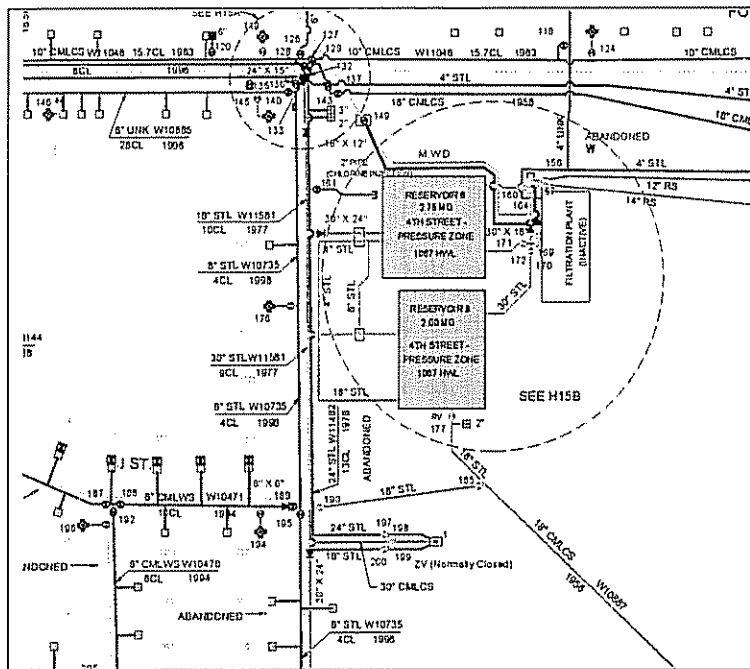
Ron Young is an assistant engineer for the City of Ontario, Calif., Public Works Agency/Utilities Department.

contain two or more pipes within as many pressure zones.

A data sheet is printed on the backside of each preceding atlas sheet. The water data sheets show gate valve location information. The sewer data sheets show pipe slope, the year pipe was installed, and manhole location information.

Updating and the Future

The city is now using the new generation atlas maps and upgraded water and sewer GIS data. The data will be kept up-to-date to be no more than 30 days behind the last water and sewer system addition. From the most current data, atlas maps will be reprinted on a semiannual basis. The city is currently exploring electronic means of viewing the atlas sheets because printing 50 to 60 atlas books, at almost \$300 each, twice per year, can be costly. Options being explored include laptops and handheld devices



After converting the maps to a GIS system, key aspects of the distribution system were coded in color and more detail was added.

for operations crews in the field.

The project was completed for \$334,000 and is now both an engineering and operational tool. The accurate, up-to-date water and sewer

information is more readily available, faster, and easier to obtain than the old, large, and heavy as-built and record drawings, and, therefore, is used more often.

AWWA Teleconference

WATER RESOURCE ALTERNATIVES: The Future of Sustainable Utility Practices

Thursday, November 4, 2004
12 Noon-3:30 p.m. EST

You can explore the increasingly critical issue of water resource sustainability at this all-new AWWA Satellite Teleconference. You'll get insight on how to balance increased demand with shrinking resources, how to do more with less, the role of life-cycle thinking, overall building of systems, and sustaining vital cities.

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CHINO BASIN WATERMASTER

V. INFORMATION

3. Replenishment Service Availability Update for Calendar Year 2005



**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Executive Office

December 28, 2004

Mr. Richard W. Atwater
Chief Executive Officer/General Manager
Inland Empire Utilities Agency
6075 Kimball Avenue
Building A
Chino, CA 91710

Dear Mr. Atwater:

Replenishment Service Availability Update for Calendar Year 2005

This letter provides an update on the availability of Metropolitan Water District of Southern California's (Metropolitan's) Replenishment Service for calendar year (CY) 2005, and is part of Metropolitan's continuing effort to keep you informed on the status of supply and delivery conditions.

Please note that Metropolitan's staff previously contacted your agency in early December so that the appropriate operational adjustments and/or plans for your system could be made, based on the outlook for Replenishment Service discussed in this letter.

As of December 31, 2004, all Replenishment Service deliveries will be unavailable due to a number of significant shutdowns. These shutdowns include the Lake Mathews Forebay, which requires all Weymouth and Diemer deliveries to consist of 100 percent State project water (SPW), as well as the Colorado River Aqueduct and San Diego Canal shutdowns, beginning in early January 2005.

We anticipate that SPW Direct and In-Lieu Replenishment Service deliveries may be available on a limited basis beginning in mid-January 2005. Additionally, Replenishment Service will be limited during the shutdown of the Rialto and Etiwanda Pipelines from February 7 through February 13, 2005, as well as between February 22 and March 3, 2005, for the Jensen Plant shutdown.

Blended and Colorado River water (CRW) Replenishment Service will most likely not be available in early 2005 due to continued low CRW supplies.

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Mr. Richard W. Atwater

Page 2

December 28, 2004

As a result, periods during early 2005 in which Metropolitan does not expect to deliver Replenishment Service or deliver it on a limited basis are summarized as follows:

| Source Water | Replenishment Service Type | Periods of Expected Unavailability | Explanation |
|---------------|----------------------------|------------------------------------|---|
| SPW | Direct | 12/31/04 through mid-January 2005 | Unavailable due to Lake Mathews Forebay, Colorado River Aqueduct, and San Diego Canal shutdown |
| | | 02/07/05 through 02/13/05 | Availability limited due to Rialto & Etiwanda Pipeline shutdowns |
| | | 02/22/05 through 03/03/05 | Availability limited due to Jensen Plant shutdown |
| | In-lieu | 12/31/04 through mid-January 2005 | Unavailable due to Lake Mathews Forebay, Colorado River Aqueduct, and San Diego Canal shutdowns |
| | | 02/07/05 through 02/13/05 | Availability limited due to Rialto & Etiwanda Pipeline shutdowns |
| | | 02/22/05 through 03/03/05 | Availability limited due to Jensen Plant shutdown |
| CRW | Direct | From 12/31/04 until further notice | Unavailable due to continued low Colorado River supply |
| | In-lieu | From 12/31/04 until further notice | Unavailable due to continued low Colorado River supply |
| Blended water | Direct | From 12/31/04 until further notice | Unavailable due to continued low Colorado River supply |
| | In-lieu | From 12/31/04 until further notice | Unavailable due to continued low Colorado River supply |

*Please note that Replenishment Service can also be affected by other factors not shown, such as system constraints and SPW supply variability.

Metropolitan will continue to evaluate the availability of Replenishment Service and provide you with updates as supply and operating conditions change. In the meantime, Metropolitan will make its best efforts, working cooperatively with its member agencies, to ensure Replenishment Service orders are filled.

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Mr. Richard W. Atwater

Page 3

December 28, 2004

If you have any questions, please contact Brent Yamasaki at (213) 217-7146 or Mike Morel at (213) 217-6592.

Very truly yours,

Mike Morel

Foe

Jill T. Wicke
Manager, Water System Operations

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