

CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Thursday, June 9, 2005

9:00 a.m. – Joint Appropriative & Non-Agricultural Pool Meeting

AT THE CHINO BASIN WATERMASTER OFFICES

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

Tuesday, June 21, 2005

9:00 a.m. – 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

June 9, 2005

9:00 a.m. – Joint Appropriative and Non-Agricultural Pool Meeting

June 21, 2005

9:00 a.m. – Agricultural Pool Meeting

AGENDA PACKAGE

**CHINO BASIN WATERMASTER
JOINT MEETING APPROPRIATIVE
& NON-AGRICULTURAL POOLS**

9:00 a.m. – June 9, 2005

At The Offices Of

Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

Note: All matters listed under the Consent Calendar are considered to be routine and 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 Joint Appropriative and Non-Agricultural Pool Meeting held May 12, 2005
(Page 1)

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of May 2005 (Page 19)
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2004 through April 30, 2005 (Page 22)
3. Treasurer's Report of Financial Affairs for the Period April 1, 2005 through April 30 2005
(Page 24)
4. Profit & Loss Budget vs. Actual July 2004 through April 2005 (Page 26)

C. WATER TRANSACTION

1. Consider Approval for Transaction of Notice of Sale or Transfer – The City of Ontario Has Agreed to Purchase From the City of Chino a Portion of Chino's Water in Storage In the Amount of 5,350 acre-feet; Date of Application: April 20, 2005 (Page 29)
2. Consider Approval for Transaction of Notice of Sale or Transfer – Cucamonga Valley District Has Agreed to Purchase 500 acre-feet of West San Bernardino County Water District's Stored Chino Basin Groundwater; Date of Application: February 24, 2005
(Page 41)

D. COST OF LIVING ADJUSTMENT (COLA)

Authorize 3.8% COLA to be applied to the salary schedule as approved in the FY 2005-06 Budget, beginning July 1, 2005

E. TWENTY-SEVENTH ANNUAL REPORT

Chino Basin Watermaster Twenty-Seventh Annual Report – Fiscal Year 2003-04 (Page 55)

II. BUSINESS ITEMS

A. SAN ANTONIO CHANNEL UPLAND BASIN INTERCONNECT

Authorize Construction of the San Antonio Channel Upland Basin Interconnect (*Page 121*)

B. RESOLUTION IN SUPPORT OF PROPOSITION 50 GRANT APPLICATION

Authorize Support for a Cooperative Proposition 50 Grant Application For Development of an Integrated Regional Water Management Plan (*Page 123*)

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Attorney-Manager
2. North Gualala Amicus
3. Legislation Update

B. CEO/STAFF REPORT

1. Assessment Package Workshop
2. Recharge Activity Update
3. Ontario Clean Up & Abatement Orders
4. Cooperative Meetings with County Flood Control

IV. INFORMATION

1. Newspaper Articles (*Page 127*)

V. POOL MEMBER COMMENTS

VI. OTHER BUSINESS

VII. FUTURE MEETINGS

June 9, 2005	9:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
June 9, 2005	12:00 p.m.	Attorney/Manager Meeting
June 15, 2005	9:00 a.m.	Assessment Package Workshop
June 21, 2005	9:00 a.m.	Agricultural Pool Meeting @ IEUA
June 23, 2005	9:00 a.m.	Advisory Committee Meeting
June 23, 2005	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn

**CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING
9:00 a.m. – June 21, 2005
At The Offices Of
Inland Empire Utilities Agency
6075 Kimball Ave., Bldg. A, Board Room
Chino, CA 91710**

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1. Minutes of the Agricultural Pool Meeting held May 17, 2005 *(Page 11)*

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- 1. Attorney-Manager
- 2. North Gualala Amicus
- 3. Legislation Update

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- 1. Assessment Package Workshop
- 2. Recharge Activity Update
- 3. Ontario Clean Up & Abatement Orders
- 4. Cooperative Meetings with County Flood Control
- 5. Agricultural Pool Water Fee/Tax Update

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- 1. Newspaper Articles (*Page 127*)

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Meeting Adjourn

CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Joint Appropriative and Non-Agricultural Pool Meeting –
May 12, 2005

Draft Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
May 12, 2005

The Joint Appropriative and Non-Agricultural Pool Meeting were held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on May 12, 2005 at 9:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Dave Crosley, Chair	City of Chino
Raul Garibay	City of Pomona
Ken Jeske	City of Ontario
Robert DeLoach	Cucamonga Valley Water District
Gerald J. Black	Fontana Union Water Company
J. Arnold Rodriguez	Santa Ana River Water Company
Mike McGraw	Fontana Water Company
Bill Stafford	Marygold Mutual Water Company
Rich Atwater	Inland Empire Utilities Agency
Mike Maestas	City of Chino Hills

NON-AGRICULTURAL POOL MEMBERS PRESENT

Justin Scott-Coe	Vulcan Materials Company (Calmat Division)
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Watermaster Staff Present

Kenneth R. Manning	Chief Executive Officer
Sheri Rojo	Finance Manager
Gordon Treweek	Project Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present

Josephine Johnson	Monte Vista Water District
Lorraine Aoy Edwards	Metropolitan Water District
Patricia Bonaparte	Metropolitan Water District
Chuck Schroeder	Metropolitan Water District
Justin Brokaw	Marygold Mutual Water Company
Allison Burns	CDA Asst. General Counsel
Craig Parker	Inland Empire Utilities Agency
Sylvie Lee	Inland Empire Utilities Agency
Paul Deutsch	GE/Geomatrix Consultants
Tom Harder	Geoscience
Mohamad El-Amamy	City of Ontario

Chair Crosley called the meeting to order at 9:06 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Joint Appropriative and Non-Agricultural Pool Meeting held April 14, 2005

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of April 2005
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2004 through March 31, 2005
3. Treasurer's Report of Financial Affairs for the Period March 1, 2005 through March 31, 2005
4. Profit & Loss Budget vs. Actual July 2004 through March 2005

C. WATER TRANSACTION

1. Consider Approval for Transaction of Notice of Sale or Transfer – Santa Ana River Water Company Leases and Assigned Jurupa Community Services District the Quality of 1,600 acre-feet of Corresponding Safe Yield; Date of Application: January 18, 2005

Motion by DeLoach, second by Black, and by unanimous vote – Non-Ag concurred
Moved to approve Consent Calendar Items A through C with the notation that the amount of water for the water transaction in item C is 1,600 acre-feet, as presented in the staff report and documents versus the 16,000 acre-feet as was listed on the agenda

II. BUSINESS ITEMS**A. AKB05020 MEMORANDUM OF AGREEMENT – CHINO BASIN DATA EXCHANGE SYSTEM DEVELOPMENT**

Mr. Manning reminded the committee members that Ms. Maurizio had given a presentation on this program in March. Mr. Manning informed the committee members that Ms. Maurizio had her baby – a boy a few weeks ago. It was also noted that this committee was going by several different names and the committee has come up with "Chino Basin Data Exchange System Development, "or for short" DataX" as their permanent committee name. This agreement is a mutual understanding between Inland Empire Utilities Agency (IEUA) and Chino Basin Watermaster (CBWM) on the cost sharing agreement between the two agencies on items related to the DataX program. Both IEUA and CBWM has great expectations that this program will help all of us manage data between the agencies more efficiently and save us money over a long period of time. Wildermuth Environmental is performing the work on the software development; Phase I was just completed and is in the process of being tested. This agreement was approved by the IEUA board and is now before the Watermaster process. Staff is recommending approval of this agreement and the cost share to this agreement for Phase I is approximately \$120,000 and Phase II will be in the same dollar range. Mr. DeLoach asked a question regarding where the IEUA's portion of the cost is coming from. Mr. Atwater stated the funds come from the operating revenues for the regional sewage program.

Motion by DeLoach, second by Rodriguez, and by unanimous vote – Non-Ag concurred
Moved to approve AKB05020 Memorandum of Agreement for the Chino Basin Data Exchange System Development between Chino Basin Watermaster and Inland Empire Utilities Agency, as presented

B. 2005/2006 WATERMASTER BUDGET

Mr. Manning stated that during his presentation of goals, one of the goals was to coordinate the budget and assessment process and try to make those processes as transparent as possible. A workshop was held on this presented budget and members of the appropriate pool attended to hear the presentation and offer comment. The comments that were received at that workshop were constructive and gave us a chance to talk in detail on aspects of the budget.

There are a number of items which are being cost shared by IEUA based upon the Annual Monitoring Agreement and other cost sharing agreements, some are a 50/50 split and some are a 25/75 split. One of the other items mentioned at the workshop was the issue with funding the Regional Board where these costs are included in the budget. Mr. Manning thanked Ms. Rojo for putting together this presentation and all the work she has done on the computer programs to create this year's budget. Ms. Rojo thanked those members who attended the workshop and noted that assessments are ultimately budget driven and the time to speak about numbers would be now at the budget level versus during the assessment process. The variables as to determining the ultimate assessment rates will be how much cash on hand there is to return at the end of year and then what the actual production comes in at the end of the year; that will determine what the ultimate assessments will come in at. Ms. Rojo reviewed the prior year's budget vs. the current year noting administration costs are down, Optimum Basin Management Program (OBMP) is up slightly, and implementation projects have increased substantially. The administrative, OBMP, and implementation projects were reviewed in detail as to why they are increased or decreased in cost for this year's budget. Ms. Rojo stated that IEUA is coming up with some money from DWR for additional modifications to the basins. The question of what caused the damage to the Piezometers was presented. Mr. Wildermuth noted there were some construction related problems with the deep Piezometer and described in detail some of the damage and fixes. The question if the numbers have changed from the budget that was presented at the workshop. Ms. Rojo and Mr. Manning stated that the numbers remain the same but there might have been some wording changes. Mr. DeLoach gave statements regarding the cost share formula with IEUA, the cost being presented is \$520,000 of IEUA's money in this year's budget, and that agencies that don't belong to the IEUA service area do not pay into that formula will benefit from that. It was noted that there is no contribution from other member agencies like Western Municipal Water District or Three Valleys Municipal Water District into this budget and at some point that issue is going to have to be addressed. Mr. Manning stated that Mr. DeLoach's statement was correct. A discussion ensued with regard to the budget and the statements made. Staff is recommending that the form and content of the presented 2005/2006 budget be approved to go onto the Advisory Committee and the Watermaster Board.

*Motion by DeLoach, second by Rodriguez, and by unanimous vote – Non-Ag concurred
Moved to approve the 2005/2006 Watermaster budget and the issue of equity be
addressed in a timely manner, as presented*

C. CHINO I AND CHINO II DESALTER PROJECTS GROUND WATER DRAFT MONITORING AND MITIGATION PLAN DATED APRIL 25, 2005

Mr. Manning stated that Watermaster received a revised copy of the Ground Water Draft Monitoring and Mitigation Plan dated April 25, 2005 and along with that came a request from the Chino Desalter Authority (CDA) to have the Watermaster approve the plan. In discussions with Watermaster's legal staff, staff and counsel has concurred that this actual plan does not need to be approved and that the CDA is within their right to go ahead with their program without Watermaster's approval. As part of their plan the CDA is going to use the results of monitoring that Watermaster will be conducting as part of HCMP Program. In reviewing the monitoring needs of both parties it appears they match up closely and this will be looked at further to determine if additional monitoring beyond our HCMP or different programs are needed. At some point in time there may be the possibility of bringing back to the Board and through the Pools an approval for an agreement that would be a cost sharing agreement on any increased monitoring. The mitigation part of this plan does need to go to the Agricultural Pool. Mr. Manning stated that he had asked the CDA staff to present their plan at today's meeting. Mr. Atwater stated that the CDA was formed a little over a few years ago and took over the Chino Desalter and then right after that published the EIR. And as a part of the EIR for expanding the facilities we wanted to make sure there were no adverse effects in the wells in that area. This is a lot less of an issue than it was four years ago. IEUA and Watermaster are jointly constructing with grant funds 9 monitoring wells which we call the Hydraulic Control

Monitoring Program that is a part of the Maximum Benefit Plan to ensure that we comply with the basin plan as we implement the OBMP. The CDA, under the construction program are installing 3 monitoring wells which will be integrated with the constructing the 9 HCMP monitoring wells, which are almost done. This is a 50/50 coordinated funding relationship with IEUA and discussions will take place if additional wells are needed. Chino I expansion starts up in the next month or so and the Chino II Desalter is expected to start up in the late fall of this year. Next Tuesday, IEUA's staff and the CDA's staff will be presenting this plan to the Agricultural Pool and receiving comment. CDA's staff is here, however, since the plan does not need approval from this pool, the presentation will be delayed until next Tuesday at the Agricultural Pool meeting. A question regarding the staff report which was prepared for this meeting and that there seems to be concern that is raised with regard to the goals of the Watermaster vs. the goals of the CDA and also the cost sharing opportunity for water quality monitoring, was presented. Mr. Manning stated that based upon the conversation that occurred with the Ag Pool representatives years ago, it was staffs anticipation that there was going to be a need for additional dialog and that discussion will occur on Tuesday at the Agricultural Pool meeting in terms of early warning kinds of mitigation measures. We have had discussions with the CDA and we have resolved most of the issues in terms of communications since the staff report were sent out last week. Watermaster is comfortable in thinking that this can move forward and start up can occur without our approval and we do not see any liability problems at this point.

*Motion by El-Amamy, second by DeLoach, and by unanimous vote – Non-Ag concurred
Moved to receive and file only the Chino I and Chino II Desalter Projects Ground
Water Draft Monitoring and Mitigation Plan dated April 25, 2005, as presented*

D. STIPULATION WITH CUCAMONGA VALLEY WATER DISTRICT FOR WITHDRAWAL OF PROTEST AGAINST APPLICATION

Mr. Manning commented that in terms of background that Cucamonga Valley Water District did file a protest against our Santa Ana River application; they were protecting their interests on water that was coming into the basin which was prior and paramount to the pre-1914 water rights. Counsel Fife stated this is part of the process of our cleaning up our application 31369 in front of the State Board. We had four protests that were filed, we have already resolved two of those and with this is one it will now make if three that are resolved. Cucamonga's interest in filing their protest was to make sure their pre-1914 rights were not infringed upon Watermaster's application. There was no intention in filing the application to infringe their rights and this stipulation states exactly that. This is a fairly short stipulation and this will resolve Cucamonga's protest leaving us with one protest, that being from the Department of Fish and Game. Staff is seeking a motion to approve the presented stipulation.

*Motion by Black, second by DeLoach, and by unanimous vote – Non-Ag concurred
Moved to approve the stipulation with Cucamonga Valley Water District for
withdrawal of their protest against the Watermaster application, as presented*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Attorney-Manager Meetings

Counsel Fife noted that there is an attorney-manager meeting scheduled for today at noon. There were distributions of materials last Friday and Monday and there are copies available for any party who still needs to review them prior to the meeting.

2. Santa Ana River Application Process

Counsel Fife stated that this item was dealt with under business items in length. With the motion to file the stipulation from Cucamonga this leaves only the protest from the Department of Fish and Game. Counsel Fife commented that once counsel is able to sit

down with them and explain our project and remind them that they have already permitted our project; we should be able to get resolution of that one as well.

3. North Gualala Litigation

Counsel Fife reminded the committee members that at last months meeting it was mentioned that parties need to start thinking of whether or not Watermaster wants to file an amicus brief. This case received a lot of discussion at the ACWA Legal Affairs Committee Meeting last week. There were a number of people on the legal affairs committee who urged North Gualala not to appeal the case. It was felt that after the outcome of the SAX report process a few years ago everyone is fairly satisfied with status quo and there is great concern that in taking this case up the appellate court ladder there is significant risk that an appellate or a supreme court decision that will change the status quo. ACWA has decided to file an amicus brief; Tom Bunn has been decided to write that for ACWA and also led the charge against the previous Palma Pala decisions which is what resulted in the SAX report. In reviewing the papers it is felt that Watermaster could benefit from filing an amicus brief. It could benefit Watermaster if we could get a good appellate decision which states that ground water pumping, even ground water that has an impact on a surface, is not jurisdictional as long as there are no bed and banks. Counsel would like to bring to the courts attention the report, the fact that the report found that an impacts test is not the test and especially the parts of the report that turn toward adjudicated basins and Watermasters as the most successful examples of ground water management in California. There will be a more substantive decision to make in the June/July time frame.

B. CEO/STAFF REPORT

1. ACWA Update

Mr. Manning stated that many of the members present were at the ACWA conference and had a chance to partake in the number of discussions that took place. The one item that needs to be highlighted from the conference was the fact that the California Water Blueprint was actually delivered to the State of California to the governor's office and it is an opportunity for the water industry in California to talk about the many issues, by region, and by issue with state policy makers and law makers. One particular item that is of interest to Watermaster is item #5 which makes a number of recommendations and staff will be getting copies distributed. Item #5 was to develop additional ground water and surface water storage including proposed surface water projects under study if they are determined to be feasible. There seems to be an additional emphasis on ground water which is very good for us and the State of California. Mr. Manning is attempting to schedule an appointment with Steve O'Sullivan, the managing editor of the Inland Valley Dailey Bulletin, to try and speak to him about the Blue Print and how it affects the Chino Basin and then hopefully followed up by an editorial about the water industry within the Chino Basin. The chairman of the Watermaster Board, Mr. Neufeld, was a member of the Blueprint task force and has been asked to make comments at the pools about the comments and about the Blueprint. Mr. DeLoach gave comment on the history of ACWA and the Blueprint and noted the Blueprint has come a long way in the past six months. Mr. Manning noted that he felt it was a constructive document and it does include the basic information that people need in order to picture what California needs in the terms of future infra-structure and future of water needs.

2. MWD System Overview Study Update

Mr. Manning noted that this item will be broken up in to two parts. This month a presentation will be given by Loraine Aoy Edwards from the Metropolitan Water District. Ms. Edwards thanked staff and the committee members for inviting her to this meeting to give this presentation. Ms. Edwards stated that over the past couple years there have been major shutdowns on the Rialto Pipeline and unfortunately in the next couple years there will be a few more shutdowns. There was a hand out distributed titled, "Long-Term Planning Shutdown Requests" and is in its preliminary state. Next year there will be a

Rialto Pipeline shutdown to repair some joints upstream of the Etiwanda turnout and then also downstream of the Etiwanda turnout. During the last shutdown one of the valves was broken and they will repair that at the same time. The other item that will be focused on with this shutdown plan is to see if there are outages planned at the retail agencies are so that they can either piggyback Metropolitan outages or to tell Metropolitan not have an outage at that time. Ms. Edwards introduced the staff that she had brought with her, Patricia Bonaparte, Supervisor of Service Connections, and Chuck Schroeder, Interim Team Manager at the Eagle Rock operations control center. In 2006/2007 time frame there are no scheduled outages that are going to affect the Chino Basin. Mr. DeLoach made comment regarding the rollout flanges not happening for another year. Mr. Atwater stated that when discussions were taking place with Metropolitan, staff was hopeful that engineering could get the design finished and have a planned shutdown, however, it does not look like that schedule is going to be met. Mr. Atwater acknowledged that possibly in 18 months or in early 2007, the isolation valves will be installed; we need to have more reliability and redundancy so when we do have to have an emergency shutdown and we can keep them scheduled with plenty of notice being sent out. Ms. Edwards stated that Metropolitan will look at how critical the planned shutdown is that is being planned for the next year. The final schedule will be completed in September and distributed to the member agency managers.

3. Assessment Package Update

Mr. Manning noted this item is a heads up on the fact that the budget has now been discussed and the assessment itself is tied to the budget and the computer programming that staff has been doing. The next step for this year is to review the new format. What Watermaster staff is doing is using Dave Crosley as a test case to look at the new format with his data included to make sure everything is being formulated properly and that to take a look at it in detail to see if there are any changes that need to be made. If any other party wants to participate in that test staff would be glad to include you. Ms. Rojo stated that staff would like to hold an assessment workshop using last year's assessment numbers. The production software has been updated and now this production database is going to flow directly into the assessment package database. It was being discussed as a two step process in getting parties to say yes this is my water activity for the year and then translating that into dollars once we get all the water tied down instead of putting out several drafts. If there are a couple more volunteers to look at formatting and some of the issues, a workshop could be held in June to get us all ready for the next assessment package. Chair Crosley stated that the parties should give this some thought for this process and to call Ms. Rojo to volunteer.

4. Legislative Update

Mr. Manning stated that he was planning to put together a list of some of the legislative bills that were important to the State of California and to the Chino Basin and at ACWA there was a copy of their latest update which included the bills that Watermaster were looking at along with additional bills. Mr. Manning made mention that the IEUA board is watching at least four of the bills on this list and has taken a position on them. Mr. Atwater spoke on the Cal Fed funding for the Chino Desalter and other bills that will clear the house this summer.

5. Recharge Basin Repair Update

Mr. Treweek noted that his discussion will be broken down into two areas; the first one will be Basin Availability and the second will be Basin Capacity. This last year during the storm season we had about 50-60% of the 20 odd basins available at any one time to accept storm water. We need obviously to increase that level of availability, we were very fortunate this year when we had a near record rainfall that enabled us to meet our goal in capturing storm water. But we know in future years we have to do a better job in having basins available. The second item that we are working on this summer is to rehab some of the basins which had damage as a result of the storm events. The damage occurred in

two principle areas 1) silt & clay which washed in, especially in the heavier storms which seemed to bring in the silt from the fire burn area and 2) what are called internal berms within the basins and some of those, in heavy storms, washed out. Staff also has developed a list of enhancements, the original design was good and it got us started, but staff realized as we went through the storm season that almost all the basins needed something in the way of improvement so that they would operate more efficiently. Staff is working diligently this summer in connecting recycled water. As a result to this, IEUA has developed a spreadsheet and it has a good \$10 million dollars worth of improvements and enhancements that are needed for the basins. They include such things as the SCADA system for some basins such as Grove and San Sevaine where it wasn't included in the original design, it included internal Berm repair and repair to the sluice gates and spillways. Staff wants to add an MWD turnout so that we can bring in MWD water into the West Cucamonga Channel and that would first impact the 7th and 8th street basins; which are very good basins but we don't have the means of getting imported water to them. In addition, along the recycled water line IEUA is installing ground water monitoring wells, lysimeters, and recycled water turnouts. This summer they are doing that work at the Turner Basins, Banana and Hickory basins. At the time these improvements are going on, we are importing water and currently we have four basins that are accepting imported water, they are Montclair, Brooks, Lower Day (will start shortly), and San Sevaine. San Sevaine 1 was heavily silted and the Flood Control District came in and cleaned out about 8 feet of silt from the bottom of that basin and restored it to a good percolation capacity. In addition, we are currently working on the Turner Basins 1 through 4 and Banana & Hickory Basins to remove the silt layer which has also built up. The Etiwanda Spreading Grounds are being totally rehabilitated by the Flood Control District. They are making that a major debris basin up there so that will enhance our ability to capture storm water there. Recycled water connections are being made at Banana & Hickory and Turner 1 through 4.

The second area is regarding the Basin Capacity. In the ten storm events we had this year, about half of them the rain fall was less than 2 ½ inches and usually it was spread out over 2 or 3 days. In Those cases it seemed like our basins were able to capture most of the water which came into the channels. The other five events that occurred were greater than 2 ½ inches and in those cases we lost a lot of water down the channel that we couldn't capture. Staff has been thinking of what can be done to capture more of the water from the major storm events. Mr. Treweek drew a picture on the board with a sluice gate and described it in detail. Once a storm filled a basin it is controlled by the Department of Safety of Dams and by the Flood Control District and the DSOD has required with respect to the height of the water that you can maintain in the basin. There are two requirements from the DSOD that we have to work with. In addition the sluice gate is owned and operated by the Flood Control District and they operate under the principal if a storm comes in and fills the basin, they want to be able to come in and draw down the water level so that the basin is ready for the next storm event. Their drawdown period ranges from 1 – 7 days. It always becomes a negotiation as to how open the slue skate is going to be. Flood Control would like to open it and drain the water out so that they can get ready for the next storm. Our position is that we want to keep it closed and retain the water as long as we can. What staff has found over the past year is the weather prediction has become fairly accurate. We get a good idea when a storm is going to hit and what the magnitude of it will be. What staff is trying to do is convince the Food Control District to leave these flows for a longer period of time and then if necessary raise them just before the next storm comes in. That is the sort of negotiation we have going on with Flood Control. They will feel much more comfortable with it once we get our Operational Procedures Manual done and once we get our SCADA system done which should all be finished by July 1st. That is what we are anticipating. We will be in a much better negotiating position once those items are complete. A comment was made that there is no mandate for them to coordinate their activities with us, it is just the relationship we have built with them to accomplish our objectives. Mr. Treweek noted that over the course of time they will develop more confidence in us and right now we think the two biggest things that we have

to give to them are an operational SCADA system and an Operation Procedures Manual that they are comfortable with. Mr. Manning stated that people are actually looking in Sacramento at crafting legislation that would mandate the coordination of both Flood Control with Conservation efforts. Mr. Manning stated the Operations Manual that has been produced and that the Flood Control has reviewed and given preliminary approval to include the concept that will allow us to retain more water. Giving approval of the Operations Plan is one thing, getting them to actually do it is totally different. Staff is now in the process of getting the Flood Control District to start to integrate that into their daily activities and thought process, and that is probably more difficult to do than to get them to approve the Operations Plan. Over the course of this last year we have built up a great deal of goodwill and a good relationship with Flood Control. Staff has made a good start in coordinating our activities with them. Mr. Manning stated that Daniel Cozad over at SAWPA at the behest of Rich and myself and others within the Santa Ana Flood plane are looking at coordinated effort with the county Flood Control to coordinate conservation measures even beyond our borders so that we can actually deal with this on an even more macro level rather than just a Chino Basin issue; they are now thinking about it on a more region wide. A discussion ensued with regard to the basins.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

May 12, 2005	9:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
May 12, 2005	12:00 p.m.	Attorney-Manager-Meeting @ CVWD
May 17, 2005	9:00 a.m.	Agricultural Pool Meeting @ IEUA
May 18, 2005	9:00 a.m.	MZ1-Meeting
May 24, 2005	9:00 a.m.	Water Quality Meeting
May 25, 2005	10:30 a.m.	MZ1 Special Referee Workshop
May 26, 2005	9:00 a.m.	Advisory Committee Meeting
May 26, 2005	11:00 a.m.	Watermaster Board Meeting

Counsel Fife informed the committee members that the May 18, 2005 MZ1 meeting was going to be a trial run for the May 25, 2005 MZ1 meeting with the special referee and asked that any party that was going to attend the May 25 meeting to also attend the May 18 meeting to be fully informed prior to the special referee's attendance and asked that all questions be addressed at the May 18 meeting in order for the MZ1 workshop to go quickly and smoothly. Counsel Fife reminded the committee members that attorneys are invited to the May 18 meeting. Mr. Manning noted that both meetings would be held in the main board room for convenience and that the May 25 meeting would be recorded for the record.

The Joint Appropriative & Non-Agricultural Pool Meeting Adjourned at 10:15 a.m.

Secretary: _____

Minutes Approved: _____

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CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Agricultural Pool Meeting –
May 17, 2005

Draft Minutes
CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING
May 17, 2005

The Agricultural Pool Meeting was held at the offices of the Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA, on May 17, 2005 at 9:00 a.m.

Agricultural Pool Members Present

Nathan deBoom, Chair	Milk Producers Council
Gene Koopman	Milk Producers Council
Glen Durrington	Crops
Jeff Pierson	Crops
Peter Hettinga	Dairy
Bob Feenstra	Milk Producers Council
John Huitsing	Dairy
Pete Hall	State of California, California Institute for Men
Nathan Mackamul	State of California, CIM/CIW

Watermaster Board Member Present

Paul Hofer	Crops
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Watermaster Staff Present

Kenneth Manning	Chief Executive Officer
Sheri Rojo	Finance Manager
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Andy Malone	Wildermuth Environmental Inc.

Others Present

Steve Lee	Reid & Hellyer
Sylvie Lee	Inland Empire Utilities Agency
Dr. Dan Hostetler	Cal Poly Pomona
Chad Cleveland	Cal Poly Pomona
Allison Burns	CDA Asst. General Counsel
Craig Parker	Inland Empire Utilities Agency

Chair deBoom called the Agricultural Pool meeting to order at 9:08 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Agricultural Pool Meeting held April 21, 2005

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of April 2005
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2004 through March 31, 2005
3. Treasurer's Report of Financial Affairs for the Period March 1, 2005 through March 31, 2005
4. Profit & Loss Budget vs. Actual July 2004 through March 2005

C. WATER TRANSACTION

1. Consider Approval for Transaction of Notice of Sale or Transfer – Santa Ana River Water Company Leases and Assigned Jurupa Community Services District the Quality of 1,600 acre-feet of Corresponding Safe Yield; Date of Application: January 18, 2005

Motion by Durrington, second by Pierson, and by unanimous vote

Moved to approve Consent Calendar Items A through C, as presented

Added Comment:

Chair deBoom introduced the two new Agricultural Pool alternate members which are both from Cal Poly Pomona, Dr. Dan Hostetler and Chad Cleveland.

Mr. Manning informed the committee members that Ms. Maurizio had her baby – a boy a few weeks ago

II. BUSINESS ITEMS**A. AKB05020 MEMORANDUM OF AGREEMENT – CHINO BASIN DATA EXCHANGE SYSTEM DEVELOPMENT**

Mr. Manning reminded the committee members that Ms. Maurizio had given a presentation on this program in March. It was also noted that this committee was going by several different names and the committee has come up with "Chino Basin Data Exchange System Development, or "DataX" for short as their permanent committee name. This agreement is a mutual understanding between Inland Empire Utilities Agency (IEUA) and Chino Basin Watermaster (CBWM) on the cost sharing agreement between the two agencies on items related to the DataX program. Both IEUA and CBWM has great expectations that this program will help all of us manage data between the agencies more efficiently and save us money over a long period of time. Wildermuth Environmental is performing the work on the software development; Phase I was just completed and is in the process of being tested. This agreement was approved by the IEUA board and is now before the Watermaster process. Staff is recommending approval of this agreement and the cost share of this agreement for Phase I which is approximately \$120,000. Phase II will be in the same dollar range. The question regarding anticipating any problems at the Watermaster level was presented. Mr. Manning stated that this is a simple issue and all parties are excited about the potential that this program brings to share data between IEUA and Watermaster. It was noted that data that is being collected by several parties is being duplicated in collection; this will alleviate that and allow parties to share data that looks uniform and is only collected once instead of several times. There is also sensitivity to the data and Watermaster collects data on water quality that is not shared with other parties which will remain to be protected data. The question of who determines who is allowed to get certain data was presented. Mr. Manning stated there are certain protocols that will be set up to allow access for data. The system will be set up so that information can be isolated in receipt and access.

Motion by Feenstra, second by Pierson, and by unanimous vote

Moved to approve AKB05020 Memorandum of Agreement for the Chino Basin Data Exchange System Development between Chino Basin Watermaster and Inland Empire Utilities Agency, as presented

B. 2005/2006 WATERMASTER BUDGET

Mr. Manning stated that during the presentation of his goals, one of the goals was to coordinate the budget and assessment process and try to make those processes as transparent as possible. A workshop was held on this budget and members of the appropriate pool attended to hear the presentation and offer comment. The comments that were received at that workshop were constructive and gave us a chance to talk in detail on aspects of the budget. There are a number of items which are being cost shared by IEUA based upon the Annual Monitoring Program Agreement and other cost sharing agreements, some are a 50/50 split and some are a 25/75 split. One of the other items mentioned at the workshop was the issue with funding the Regional Board and where these costs are included in the budget. Mr. Manning complemented Ms. Rojo in her efforts of working on a computer program to align the budget and assessments. Ms. Rojo stated that there was a slide show prepared which was given at the Appropriative and Non-Agricultural Pool meetings and will be given again at the Advisory Committee and Board; since this was a short slide show, this presentation will be given verbally today. Ms. Rojo stated that the administrative portion of the budget has gone down and the OBMP has gone up slightly and the Implementation Projects have gone up substantially. The OBMP budget has gone up due to the DataX Program, the Implementation Projects have had some areas of reduced costs. Groundwater Quality Monitoring, Basin Water Quality Monitoring, and Storage and Conjunctive Use which have all gone down because testing has decreased or due to the cost sharing between IEUA and Watermaster. Watermaster has increased some costs in the budget; Ground Level Monitoring that has gone up, Hydraulic Control Recharge Monitoring, and MZ1. The Ground Water Level Monitoring has increased because of the Desalter and HCMP wells and recharge basins that are being used which are required to be monitored. There will also be transducers installed at those wells. In the Hydraulic Control Monitoring Program area, Watermaster will be sampling and analyzing the water levels and quality. Surface water will be sampled by doing grab samples as they go into recharge basins the construction of the monitoring wells, which is being co-funded by several sources. Part of the Hydraulic Control Program also involves generating reports and analysis. The activity in recharge program is increasing, the budget area that is going up deals with maintenance and security in and around the basins. There is storm damage to several of the basins due to such a wet rainy season, Ken will be reporting on this later. Mr. Manning and Mr. Atwater have had discussions and it is understood that Mr. Atwater is going to be using FEMA money and grant funds to repair a lot of the storm damage; what is in the budget is basic repairs to the basins as they are continued to be used. The security is to put up fences around some of the computerized equipment that vandals can't climb. The MZ1 expenses are also increasing and part of that increase is due to the piezometer in Ayala Park which needs to be replaced as recommended by the MZ1 committee. The question regarding the maintenance of the basins and if that means clean up of trash from the fires was presented. Ms. Rojo stated the clean up did include silt removal. A question regarding Watermaster reserves account was presented. Ms. Rojo stated that Watermaster does not have reserves; there is some cash on hand for which includes about 15% of the OBMP budget, and 33% of the administrative budget. A discussion ensued with regard to a reserve account.

Motion by Feenstra, second by Durrington, and by unanimous vote

Moved to approve the 2005/2006 Watermaster budget and the issue of equity be addressed in a timely manner, as presented

C. CHINO I AND CHINO II DESALTER PROJECTS GROUND WATER DRAFT MONITORING AND MITIGATION PLAN DATED APRIL 25, 2005

Mr. Manning stated that Watermaster received a revised copy of the Ground Water Draft Monitoring and Mitigation Plan dated April 25, 2005 and along with that came a request from the Chino Desalter Authority (CDA) to have Watermaster approve the plan. In discussions with Watermaster's legal staff, staff and counsel has concurred that this actual plan does not need to be approved and that the CDA is within their right to go ahead with their program regardless of

Watermaster's approval. As part of their plan, the CDA is going to use the results of monitoring that Watermaster will be conducting as part of HCMP Program. In reviewing the monitoring needs of both parties, it appears they match up closely and this will be looked at further to determine if additional monitoring beyond our HCMP or different programs are needed. Mr. Manning stated that Craig Parker from the CDA is going to be giving a presentation on the Ground Water Monitoring and Mitigation Plan. Mr. Parker stated that the plan before you complies with the CEQA document for the Chino I Desalter expansion and the Chino II Desalter. It was noted that the Chino I Desalter is being expanded by 5 million gallons a day and the Chino II Desalter is planned to produce 10mgd. There are three new wells for Chino I and eight new wells for Chino II. Mr. Parker presented his slides on the screen and in handout form. The outline of the presentation was discussed first which included, Project Introduction, Comprehensive Ground Water Monitoring and Mitigation Plan (CGMMP), Monitoring Network for the CGMMP, Emergency Response, Mitigation Plan, and Technical Review Team. The Chino Desalters Facilities Map was reviewed in detail. This presentation is from the work when the Chino Desalter first came online when there were many mitigation difficulties; this plan addresses how to handle any mitigation in the future. The program itself will be worked with the assistance of Watermaster. The monitoring will be done by using the program that Watermaster already has in place, the Hydraulic Control Monitoring Program; the eleven new wells are being asked to be added onto that program along with the three new monitoring wells. The monitoring program is extensive and will let us know if there is any impact on any of the local well owners. The first draft of the emergency plan was lacking, however, this new plan has been substantially enhanced for the benefit of the well owners. The new and improved "Emergency Response Plan" was reviewed in detail. Mr. Parker stated what is needed urgently is the Execution of Right of Entry Agreement, which has been drafted, and all the local well level data released to ensure that there is no impact to the wells being caused. It is understood that within two to three hours cattle can start to perish and providing water to those cattle will be top priority. A technical review team has been established to review the data from our monitoring program. The technical review team is comprised of the CDA, the Appropriative Pool, the Agricultural Pool, and the Milk Producers Counsel. If other agencies are felt to be needed to add to this team, they will be considered. The suggestion to have an outside 3rd party who would be on an approved vender list, which has been approved by the technical committee, come in and check out the well problem because of possible litigation issues that could arise. It was noted that this new plan is a road map that can be followed. Chair de Boom inquired as to the change in the character of the water quality that could show up in the wells. Mr. Parker noted that the purpose of this is the actual lowering of the water level. Ms. Burns stated that if claims were submitted to the CDA, information about water quality would then become public record, which has been a concern to the Agricultural Pool in the past. The question regarding this plan being geared to properties with cattle and what happens to the farmers who are watering crops and their wells go dry was presented. Mr. Parker stated that the plan was looked at more of a regional basis and not on an individual basis. A discussion ensued with regard to getting water to farmers. Mr. Parker stated that the model came to the conclusion that no wells will be impacted dramatically. A plan has been set and there will be people in place to help monitor and mitigate situations. A discussion ensued and it was noted that the comments today were noted and concerns will be looked into.

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

Moved to receive and file only the Chino I and Chino II Desalter Projects Ground Water Draft Monitoring and Mitigation Plan dated April 25, 2005, as presented

D. STIPULATION WITH CUCAMONGA VALLEY WATER DISTRICT FOR WITHDRAWAL OF PROTEST AGAINST APPLICATION

Mr. Manning commented that in terms of background that Cucamonga Valley Water District did file a protest against our Santa Ana River application; they were protecting their interests on water that was coming into the basin which was prior and paramount to the pre-1914 water rights. Counsel Fife stated this is part of the process of our cleaning up our application 31369 in

front of the State Board. We had four protests that were filed, we have already resolved two of those and with this is one it will make it three that are resolved. Cucamonga's interest in filing their protest was to make sure their pre-1914 rights were not infringed upon Watermaster's application. There was no intention in filing the application to infringe their rights and this stipulation states exactly that. This is a fairly short stipulation and this will resolve Cucamonga's protest leaving us with one protest, that being from the Department of Fish and Game. Staff is seeking a motion to approve the presented stipulation.

Motion by Pierson, second by Koopman, and by unanimous vote

Moved to approve the stipulation with Cucamonga Valley Water District for withdrawal of their protest against the Watermaster application, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Attorney-Manager Meetings

Counsel Fife stated that the Attorney-Manager meetings are progressing and meetings are being held every couple weeks. The next meeting will be Thursday, after the Watermaster Board meeting. Counsel Lee stated that progress is being made. A discussion ensued with regards to mitigation and it was noted that topic is being placed on the back burner for the time being.

2. Santa Ana River Application Process

Counsel Fife stated the main thing that has taken place this month on this process is the Cucamonga Valley Water District's stipulation. Watermaster is cleaning up the protests to its application and with this stipulation three out of the four stipulations have been resolved. The fourth stipulation is with the Department of Fish and Game; which will be more complex than the previous three.

3. North Gualala Litigation

Counsel Fife stated this is litigation coming out of the Sonoma County concerning the State Board's jurisdiction over ground water pumping. A troubling trial court decision that articulated an impact test under which if ground water pumping has any kind of impact on a surface water body it falls under the State Boards jurisdiction. This will be of concern to the Chino Basin and the North Gualala Water Company is going to appeal this case. The way their dealings are going with the State Board, if they have to get a permit from the State Board it appears they will not be able to pump at all because of the permit terms the State Board is going to put into their permit. The North Gualala Water Company feels they have no alternative except to appeal the decision. At ACWA last week, the Legal Affairs Committee discussed this at length and several people tried to urge North Gualala not to appeal the case. ACWA will be filing an amicus brief; Tom Bunn will be drafting that on behalf of ACWA. Tom also represented ACWA in the last round with the SAX report and the Palma Paula decision when they attempted to do this before. Depending on how the appeal papers look, counsel may be recommending Watermaster file its own amicus brief. Counsel Fife affirmed this is a more wait and see state we are in at the moment and will have more details in the next 30 to 60 days.

Added Question:

The question regarding the new building around the Chino prison was presented if there will be a liability issue regarding subsidence, was presented. Counsel Fife stated that Watermaster does not do any pumping. There is a subsidence court workshop on Thursday, May 25, where the subsidence technical committee is going to report on the results of their technical studies.

B. CEO/STAFF REPORT1. ACWA Update

Mr. Manning stated that ACWA recently held their semi-annual conference. At that meeting the California Blue Print was released. It was noted that the Blue Print addresses the importance of relying, which is important to the Chino Basin, on ground water as part of satisfying the water demands for the State of California. Watermaster Chairman, Bob Neufeld, was a part of the Blue Print Task Force that put the Blue Print together. It was noted that the first draft of this Blue Print regarding the Chino area was very weak and made no reference to ground water within the plan at all. Mr. Neufeld took it upon himself and with the help of others to make sure that both of those items were corrected. This Blue Print will hopefully spark some legislation that will help in the struggles to regulate water to the benefit of customers and to the environment. Mr. Manning stated that there is a meeting being set up with the Inland Valley Daily Bulletin to talk about the Blue Print and what it means to California, and more importantly, what it means to the Chino Basin. There was also a great deal of discussions about Cal Fed and the Cal Fed processes; all was very interesting. A discussion ensued with regard to Cal Fed. Mr. Manning noted that Regions 8, 9, and 10 held their meetings together and had discussions on global warming. A discussion ensued with regard to the Delta Project and farmers.

2. MWD System Overview Study Update

Mr. Manning stated that Loraine Aoy Edwards from Metropolitan Water District was at the Appropriative and Non-Agricultural Pool meeting and gave a presentation on the proposed shutdowns in the MET system, however, was not available for today's meeting. Ms. Edwards will be giving her presentation again at the Advisory Committee and Watermaster Board meeting for those who want to see it on Thursday, May 26, 2005.

3. Assessment Package Update

Mr. Manning stated that the new computer software for the assessment package which ties into the budget package is almost complete. Last year's information is being fed into the system and some appropriators have been asked to review the assessment package using last years data to find out if there are any areas lacking and/or provide general feed back on the overall new look.

4. Legislative Update

Mr. Manning noted there was a handout on the back table titled, "Hot Issues – ACWA State Legislative Department Update" which was passed out at the recent ACWA Conference. It was noted that IEUA has taken a position on some of the bills on this handout such as AB 371 (Goldberg) Water Recycling Act of 2005, AB 728 (McCloud) Net Metering Charge, SB 376 (Soto/Margett) Three Valleys Standby Charge, and SB 393 (Ortiz) Special Districts.

5. Recharge Basin Repair Update

Mr. Manning noted that Mr. Treweek gave a presentation on the update for the recharge basin repairs at the Appropriative and Non-Agricultural Pool meeting, however, in his absence Mr. Manning will be giving an overview on his update. This report is broken up into two areas; 1) Basin Availability, and 2) Basin Capacity. Under Basin Availability, this last year we had a tremendous rainy season and a lot of the basin improvements were complete; however, during the course of the ten storms which were encountered during that time only 50-60% of the recharge basins were available to use for a variety of reasons. During those storms there was some storm damage of both debris and silt that washed down into the channels and basins and then due to the magnitude of some of the storms, there was some damage to the internal berms. There is a meeting scheduled today right after this meeting with IEUA to discuss basin improvements. IEUA is installing groundwater monitoring wells, lysimeters, and turnout structures for use in their recycled water programs. The Chino Basin is currently taking in replenishment water at four basins,

Montclair 1-4, Brooks, Lower Day, and San Sevaine. Turner basins 1-4 and Banana & Hickory are being worked on to remove silt and there are plans currently being worked on for the Etiwanda Spreading Grounds to turn them into a debris basin. The Etiwanda plans were not reviewed by the Chino Basin Watermaster before they went out for bid and staff does have comments on those plans for the county so that we can capture water within those new debris basins. The recycled water connections are being made at the Banana & Hickory as well as at Turner 1-4 basins. Regarding Basin Capacity, as staff reviews data of the ten storm events it was noted that half of the storms had rainfall of 2 ½ inches or less that was spread out over 2 to 3 days and our basins operated well under these conditions. The other storm events had greater than 2 ½ inches of rainfall and a great deal of water was lost in those storms that we could not capture. The trouble with the greater than 2 ½ inch storms were that the facilities were not designed to capture such volumes of water and the mindset of the Department of Flood Control. During a storm event the Flood Control position has always been that as soon as the storm was over, within 24 hours, to open the gate and let the water flow, in order to get ready for the next storm event. It is felt that the ability to project the magnitude of storms is getting much better. What Watermaster is asking Flood Control to do is work with us on conservation measures to not let water run down the channel or be given the opportunity to conserve it in the basin if there is no eminent storm pending in the next few days. This is also a concern for other areas in the Santa Ana Watershed; SAWPA has called for a meeting later this month to discuss with Flood Control and the other agencies involved to coordinate an overall conservation/rain water protection program. This will allow changes to be made at a county wide level and not just in the Chino Basin. The Operations Manual has been produced and has been given to the Flood Control for review and as it appears this manual has been well received. A discussion ensued with regard to coordination of problems with County Flood Control and Watermaster.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

Mr. Koopman inquired to the status of the Agricultural Pool transfer or tax fee which will be applied to Agricultural Water Transfers. Mr. Manning stated that there are Agricultural transfers occurring on a regular basis but there is no provision for any fees. Mr. Koopman inquired to the motion that was made to apply those transfer fees and that all Agricultural transfers were to be approved by the Agricultural Pool. Ms. Rojo noted that she recalled this was an issue that was to go to the Attorney-Manager meetings. Counsel Lee stated it was brought up at the Attorney-Manager meetings; however, the idea was basically dismissed. A discussion ensued with regard to the Agricultural Pool transfer fee and it was noted that the minutes from the past meeting motions would be looked at and the findings would be brought back to the next meeting. Counsel Fife stated the transfers are heard about after the fact; they are contractual arrangements between the water purveyor and the individual Agricultural Pool owner. The Agricultural Pool can require its members to not engage in those contractual relationships unless their contracts have specific terms; those terms could be the fee/tax; however that is an issue internal to the Agricultural Pool. This is not something that at the Watermaster level can be controlled unless the Agricultural Pool wants to push this through the Watermaster process and make it a Board level action. It was noted that this issue wants to remain at the Agricultural Pool level. Mr. Manning reiterated that he will review past motions regarding this issue and report back next month.

VI. OTHER BUSINESS

The question if there is an updated list of all the conversions that have been made was presented. Mr. Manning stated that he gave a very detailed presentation on all of the Agricultural transfers and conversions to date at the Attorney-Manager meeting. Since this is a part of the Attorney-Manager meeting process this information is not available for distribution at this time. Mr. Manning stated that once the go ahead to release this information is given, he can presentation provide that presentation to this committee. A brief discussion ensued with regard to Agricultural land use.

VII. FUTURE MEETINGS

May 12, 2005	9:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
May 12, 2005	12:00 p.m.	Attorney-Manager Meeting @ CVWD
May 17, 2005	9:00 a.m.	Agricultural Pool Meeting @ IEUA
May 18, 2005	9:00 a.m.	MZ1-Meeting
May 24, 2005	9:00 a.m.	Water Quality Meeting
May 25, 2005	10:30 a.m.	MZ1 Special Referee Workshop
May 26, 2005	9:00 a.m.	Advisory Committee Meeting
May 26, 2005	11:00 a.m.	Watermaster Board Meeting

The Agricultural Pool Meeting Adjourned at 10:45 a.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

1. Cash Disbursements May 2005
2. Combining Schedule of Revenue, Expenses and changes in Working Capital for the Period July 1, 2004 through April 30, 2005
3. Treasurer's Report of Financial Affairs for April 1 through April 30, 2005
4. Profit & Loss Budget vs. Actual July 2004 through April 2005



CHINO BASIN WATERMASTER

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KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: June 9, 2005
June 21, 2005
June 23, 2005

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report – May 2005

SUMMARY

Issue – Record of cash disbursements for the month of May 2005.

Recommendation – Staff recommends the Cash Disbursements for May 2005 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 May 2005 were \$950,458.79. The most significant expenditures during the month were Wildermuth Environmental Inc. in the amount of \$425,067.92, Inland Empire Utilities Agency in the amount of \$319,525.65, and Hatch and Parent in the amount of \$47,508.59.

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
May 2005

Type	Date	Num	Name	Amount
May 05				
Bill Pmt -Check	5/2/2005	9540	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-9,429.48
Bill Pmt -Check	5/4/2005	9541	MEDIA JIM	-840.00
Bill Pmt -Check	5/4/2005	9542	VIP AUTO DETAILING	-474.25
Bill Pmt -Check	5/9/2005	9543	ANDERSON, JOHN	-250.00
Bill Pmt -Check	5/9/2005	9544	APPLIED COMPUTER TECHNOLOGIES	-2,068.45
Bill Pmt -Check	5/9/2005	9545	BOWCOCK, ROBERT	-125.00
Bill Pmt -Check	5/9/2005	9546	COMPUSA, INC.	-1,987.60
Bill Pmt -Check	5/9/2005	9547	DAILY BULLETIN	-172.80
Bill Pmt -Check	5/9/2005	9548	DIRECTV	-74.98
Bill Pmt -Check	5/9/2005	9549	GRAINGER	-30.47
Bill Pmt -Check	5/9/2005	9550	HAMRICK, PAUL	-125.00
Bill Pmt -Check	5/9/2005	9551	HOME DEPOT	-570.00
Bill Pmt -Check	5/9/2005	9552	HOME DEPOT	0.00
Bill Pmt -Check	5/9/2005	9553	HSBC BUSINESS SOLUTIONS	-294.66
Bill Pmt -Check	5/9/2005	9554	IDEAL GRAPHICS	-1,781.67
Bill Pmt -Check	5/9/2005	9555	INLAND EMPIRE UTILITIES AGENCY	-9,255.00
Bill Pmt -Check	5/9/2005	9556	KRUGER, W. C. "BILL"	-125.00
Bill Pmt -Check	5/9/2005	9557	KUHN, BOB	-250.00
Bill Pmt -Check	5/9/2005	9558	NEUFELD, ROBERT	-750.00
Bill Pmt -Check	5/9/2005	9559	OFFICE DEPOT	-166.05
Bill Pmt -Check	5/9/2005	9560	PAYCHEX	-173.20
Bill Pmt -Check	5/9/2005	9561	PETTY CASH	-506.75
Bill Pmt -Check	5/9/2005	9562	REID & HELLYER	-5,892.57
Bill Pmt -Check	5/9/2005	9563	RICOH BUSINESS SYSTEMS-Maintenance	-705.50
Bill Pmt -Check	5/9/2005	9564	RICOH BUSINESS SYSTEMS-Maintenance	-36.00
Bill Pmt -Check	5/9/2005	9565	STATE COMPENSATION INSURANCE FUND	-137.05
Bill Pmt -Check	5/9/2005	9566	STATE OF CA - DEPT OF CONSUMER AFFAIRS	-150.00
Bill Pmt -Check	5/9/2005	9567	STAULA, MARY L	-409.83
Bill Pmt -Check	5/9/2005	9568	THEIRL, JIM	-190.40
Bill Pmt -Check	5/9/2005	9569	UNITED STATES PLASTIC CORP	-50.43
Bill Pmt -Check	5/9/2005	9570	UNITEK TECHNOLOGY INC.	-257.52
Bill Pmt -Check	5/9/2005	9571	VANDEN HEUVEL, GEOFFREY	-250.00
Bill Pmt -Check	5/9/2005	9572	VELASQUEZ JANITORIAL	-1,200.00
Bill Pmt -Check	5/9/2005	9573	VERIZON	-407.67
Bill Pmt -Check	5/9/2005	9574	WATER EDUCATION FOUNDATION	-45.00
Bill Pmt -Check	5/9/2005	9575	WILDERMUTH ENVIRONMENTAL INC	-24,820.00
Bill Pmt -Check	5/9/2005	9576	CITISTREET	-4,600.00
Bill Pmt -Check	5/9/2005	9577	YUKON DISPOSAL SERVICE	-123.90
Bill Pmt -Check	5/9/2005	9578	ENVIRONETICS	-3,879.00
General Journal	5/12/2005	05/05/4	PAYROLL	-5,231.33
General Journal	5/12/2005	05/05/4	PAYROLL	-18,129.69
Bill Pmt -Check	5/13/2005	9579	HOME DEPOT	-570.00
Bill Pmt -Check	5/19/2005	9580	A & R TIRE	-50.28
Bill Pmt -Check	5/19/2005	9581	ACWA SERVICES CORPORATION	-223.08
Bill Pmt -Check	5/19/2005	9582	BANK OF AMERICA	-1,440.12
Bill Pmt -Check	5/19/2005	9583	CHEVRON	-111.55
Bill Pmt -Check	5/19/2005	9585	CITIZENS CONFERENCING	-82.16
Bill Pmt -Check	5/19/2005	9584	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	5/19/2005	9586	HATCH AND PARENT	-47,508.59
Bill Pmt -Check	5/19/2005	9595	INLAND EMPIRE UTILITIES AGENCY	-40.00
Bill Pmt -Check	5/19/2005	9587	MCI	-900.15
Bill Pmt -Check	5/19/2005	9588	OFFICE DEPOT	-406.78
Bill Pmt -Check	5/19/2005	9589	PUMP CHECK	-6,389.25
Bill Pmt -Check	5/19/2005	9590	RICOH BUSINESS SYSTEMS-Lease	-3,591.31
Bill Pmt -Check	5/19/2005	9591	STAULA, MARY L	-136.61
Bill Pmt -Check	5/19/2005	9592	UNITED PARCEL SERVICE	-345.57
Bill Pmt -Check	5/19/2005	9593	WHEELER METER MAINTENANCE	-1,050.00
Bill Pmt -Check	5/19/2005	9594	WILDERMUTH ENVIRONMENTAL INC	-319,525.65
Bill Pmt -Check	5/19/2005	9596	INLAND EMPIRE UTILITIES AGENCY	-425,067.92
Bill Pmt -Check	5/19/2005	9597	VIP AUTO DETAILING	-444.30
Bill Pmt -Check	5/25/2005	9598	ROUTE 66 SUBS	-251.77
Bill Pmt -Check	5/25/2005	9599	EL TORITO	-258.52
Bill Pmt -Check	5/26/2005	9600	ARGENT COMMUNICATIONS GROUP	-470.25
Bill Pmt -Check	5/26/2005	9601	ARROWHEAD MOUNTAIN SPRING WATER	-76.24
Bill Pmt -Check	5/26/2005	9602	CUCAMONGA VALLEY WATER DISTRICT	-4,900.00
Bill Pmt -Check	5/26/2005	9603	ELLISON, SCHNEIDER & HARRIS, LLP	-7,644.06
Bill Pmt -Check	5/26/2005	9604	JOBS AVAILABLE INC	-29.95
Bill Pmt -Check	5/26/2005	9605	LAB SAFETY SUPPLY, INC.	-199.60

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
May 2005

<u>Type</u>	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
Bill Pmt -Check	5/26/2005	9606	PETTY CASH	-530.09
Bill Pmt -Check	5/26/2005	9607	PRE-PAID LEGAL SERVICES, INC.	-129.50
Bill Pmt -Check	5/26/2005	9608	PUMP CHECK	-3,080.00
Bill Pmt -Check	5/26/2005	9609	R&D PEST SERVICES	-85.00
Bill Pmt -Check	5/26/2005	9610	STANDARD INSURANCE CO.	-539.35
Bill Pmt -Check	5/26/2005	9611	STATE COMPENSATION INSURANCE FUND	-1,620.93
Bill Pmt -Check	5/26/2005	9612	UNITEK TECHNOLOGY INC.	-718.70
Bill Pmt -Check	5/26/2005	9613	CALPERS	-2,431.68
General Journal	5/31/2005	05/05/6	PAYROLL	-5,292.74
General Journal	5/31/2005	05/05/6	PAYROLL	-18,225.84
May 05				-950,458.79

CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE
 PERIOD JULY 1, 2004 THROUGH APRIL 30, 2005

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION AND SPECIAL PROJECTS APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	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			127,984	8,681	4,339			27	141,031	78,330
Mutual Agency Project Revenue		161,556							161,556	0
Grant Income									-	0
Miscellaneous Income									-	0
Total Revenues	-	161,556	4,934,988	8,681	78,580	-	-	27	5,183,832	4,063,218
Administrative & Project Expenditures										
Watermaster Administration	588,702								588,702	621,784
Watermaster Board-Advisory Committee	39,820								39,820	37,018
Pool Administration			10,984	60,221	2,611				73,816	91,153
Optimum Basin Mgmt Administration		1,177,684							1,177,684	1,019,183
OBMP Project Costs		2,143,890							2,143,890	3,733,694
Education Funds Use								-	-	375
Mutual Agency Project Costs	39,885								39,885	80,004
Total Administrative/OBMP Expenses	668,407	3,321,574	10,984	60,221	2,611			-	4,063,797	5,583,211
Net Administrative/OBMP Income	(668,407)	(3,160,018)								
Allocate Net Admin Income To Pools	668,407		503,252	154,432	10,723				-	0
Allocate Net OBMP Income To Pools		3,160,018	2,379,215	730,107	50,695				-	0
Agricultural Expense Transfer			937,811	(937,811)					-	0
Total Expenses			3,831,262	6,950	64,029	-	-	-	4,063,797	5,583,211
Net Administrative Income			1,103,726	1,731	14,551			27	1,120,035	(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						(9,327,447)			(9,327,447)	0
Net Other Income						394,660			394,660	(99,000)
Net Transfers To/(From) Reserves			1,103,726	1,731	14,551	394,660		27	1,514,695	(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			4,574,955	464,786	188,290	4,527,721	158,251	2,222	9,916,225	
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
APRIL 1 THROUGH APRIL 30, 2005**

DEPOSITORIES:

Cash on Hand - Petty Cash		\$	500
Bank of America:			
Governmental Checking-Demand Deposits	\$ 155,199		
Savings Deposits	9,648		
Zero Balance Account - Payroll	-		164,847
Vineyard Bank CD - Agricultural Pool			404,951
Local Agency Investment Fund - Sacramento			<u>10,122,267</u>
TOTAL CASH IN BANKS AND ON HAND	4/30/2005		\$ 10,692,565
TOTAL CASH IN BANKS AND ON HAND	3/31/2005		11,096,700
PERIOD INCREASE (DECREASE)			<u>\$ (404,135)</u>

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets:	Accounts Receivable	\$ 74,788
	Assessments Receivable	(35,947)
	Prepaid Expenses, Deposits & Other Current Assets	2,077
(Decrease)/Increase in Liabilities:	Accounts Payable	514,002
	Accrued Payroll, Payroll Taxes & Other Current Liabilities	3,326
	Transfer to/(from) Reserves	<u>(962,381)</u>
PERIOD INCREASE (DECREASE)		<u>\$ (404,135)</u>

SUMMARY OF FINANCIAL TRANSACTIONS:

	Petty Cash	Gov't Checking Demand	Zero Balance Account Payroll	Savings	Vineyard Bank	Local Agency Investment Funds	Totals
Balances as of 3/31/2005	\$ 500	\$ 635,016	\$ -	\$ 9,648	\$ 404,057	\$ 10,047,479	\$ 11,096,700
Deposits	-	16,439	-	-	894	74,788	92,121
Transfers	-	(50,813)	50,813	-	-	-	-
Withdrawals/Checks	-	(445,443)	(50,813)	-	-	-	<u>(496,256)</u>
Balances as of 4/30/2005	\$ 500	\$ 155,199	\$ -	\$ 9,648	\$ 404,951	\$ 10,122,267	\$ 10,692,565
PERIOD INCREASE OR (DECREASE)	\$ -	\$ (479,817)	\$ -	\$ -	\$ 894	\$ 74,788	<u>\$ (404,135)</u>

**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
APRIL 1 THROUGH APRIL 30, 2005**

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
4/15/2005	Interest	L.A.I.F.	74,788				

TOTAL INVESTMENT TRANSACTIONS \$ 74,788 -

* The earnings rate for L.A.I.F. is a daily variable rate; 2.48% was the effective yield rate at the Quarter ended March 31, 2005.

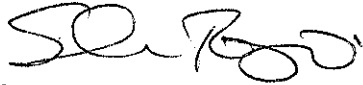
**INVESTMENT STATUS
April 30, 2005**

<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	\$ 10,122,267			
Time Certificates of Deposit				
TOTAL INVESTMENTS	<u><u>\$ 10,122,267</u></u>			

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 2004 through April 2005

	<u>Jul '04 - Apr 05</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	161,556.04	132,000.00	29,556.04	122.39%
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	74,240.87	97,652.00	-23,411.13	76.03%
4700 · Non Operating Revenues	141,030.70	78,330.00	62,700.70	180.05%
Total Income	<u>5,183,832.02</u>	<u>4,063,218.00</u>	<u>1,120,614.02</u>	<u>127.58%</u>
Gross Profit	5,183,832.02	4,063,218.00	1,120,614.02	127.58%
Expense				
6010 · Salary Costs	340,843.11	401,704.00	-60,860.89	84.85%
6020 · Office Building Expense	89,153.02	100,800.00	-11,646.98	88.45%
6030 · Office Supplies & Equip.	35,244.25	45,500.00	-10,255.75	77.46%
6040 · Postage & Printing Costs	64,817.40	67,100.00	-2,282.60	96.6%
6050 · Information Services	90,952.60	105,076.00	-14,123.40	86.56%
6060 · Contract Services	149,550.44	106,000.00	43,550.44	141.09%
6080 · Insurance	20,694.20	21,710.00	-1,015.80	95.32%
6110 · Dues and Subscriptions	14,866.29	16,600.00	-1,733.71	89.56%
6140 · WM Admin Expenses	2,983.56	2,500.00	483.56	119.34%
6150 · Field Supplies	2,566.25	4,250.00	-1,683.75	60.38%
6170 · Travel & Transportation	15,791.72	24,650.00	-8,858.28	64.06%
6190 · Conferences & Seminars	14,284.78	16,000.00	-1,715.22	89.28%
6200 · Advisory Comm - WM Board	9,919.71	13,459.00	-3,539.29	73.7%
6300 · Watermaster Board Expenses	29,900.53	23,559.00	6,341.53	126.92%
8300 · Appr PI-WM & Pool Admin	10,983.94	13,659.00	-2,675.06	80.42%
8400 · Agri Pool-WM & Pool Admin	15,178.79	16,417.00	-1,238.21	92.46%
8467 · Agri-Pool Legal Services	38,091.54	45,000.00	-6,908.46	84.65%
8470 · Ag Meeting Attend -Special	6,950.00	10,000.00	-3,050.00	69.5%
8500 · Non-Ag PI-WM & Pool Admin	2,610.93	6,077.00	-3,466.07	42.96%
6500 · Education Funds Use Expens	0.00	375.00	-375.00	0.0%
9500 · Allocated G&A Expenditures	<u>-253,045.59</u>	<u>-290,106.00</u>	<u>37,060.41</u>	<u>87.23%</u>
Subtotal G&A Expenditures	702,337.47	750,330.00	-47,992.53	93.6%
6900 · Optimum Basin Mgmt Plan	1,084,278.49	933,566.00	150,712.49	116.14%
6950 · Mutual Agency Projects	39,885.43	80,004.00	-40,118.57	49.85%
9501 · G&A Expenses Allocated-OBMP	<u>93,405.77</u>	<u>85,617.00</u>	<u>7,788.77</u>	<u>109.1%</u>
Subtotal OBMP Expenditures	1,217,569.69	1,099,187.00	118,382.69	110.77%
7101 · Production Monitoring	32,578.74	54,957.00	-22,378.26	59.28%
7102 · In-line Meter Installation	15,880.63	93,969.00	-78,088.37	16.9%
7103 · Grdwtr Quality Monitoring	97,519.03	148,792.00	-51,272.97	65.54%
7104 · Gdwtr Level Monitoring	76,430.20	135,072.00	-58,641.80	56.59%
7105 · Sur Wtr Qual Monitoring	251,466.69	282,220.00	-30,753.31	89.1%
7106 · Wtr Level Sensors Install	0.00	19,114.00	-19,114.00	0.0%
7107 · Ground Level Monitoring	290,191.30	433,720.00	-143,528.70	66.91%
7108 · Hydraulic Control Monitoring	324,726.00	437,987.00	-113,261.00	74.14%
7200 · PE2- Comp Recharge Pgm	364,407.20	413,177.00	-48,769.80	88.2%
7300 · PE3&5-Water Supply/Desalte	225.95	20,885.00	-20,659.05	1.08%
7400 · PE4- Mgmt Plan	168,394.96	795,099.00	-626,704.04	21.18%
7500 · PE6&7-CoopEfforts/SaltMgmt	26,100.32	251,343.00	-225,242.68	10.38%

CHINO BASIN WATERMASTER
Profit & Loss Budget vs. Actual
July 2004 through April 2005

	<u>Jul '04 - Apr 05</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7600 · PE&S-StorageMgmt/Conj Use	61,590.98	140,400.00	-78,809.02	43.87%
7690 · Recharge Improvement Debt Pymt	274,169.00	274,169.00	0.00	100.0%
7700 · Inactive Well Protection Prgm	569.25	28,302.00	-27,732.75	2.01%
9502 · G&A Expenses Allocated-Projects	159,639.82	204,488.00	-44,848.18	78.07%
	<u>2,143,890.07</u>	<u>3,733,694.00</u>	<u>-1,589,803.93</u>	<u>57.42%</u>
Total Expense	<u>4,063,797.23</u>	<u>5,583,211.00</u>	<u>-1,519,413.77</u>	<u>72.79%</u>
Net Ordinary Income	1,120,034.79	-1,519,993.00	2,640,027.79	-73.69%
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	0.00	8,094,622.16	100.0%
4220 · Non-Ag Pool-Replenishment	2,485.40	0.00	2,485.40	100.0%
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	9,327,446.70	2,278,500.00	7,048,946.70	409.37%
9999 · To/(From) Reserves	1,514,695.90	-1,618,993.00	3,133,688.90	-93.56%
Total Other Expense	<u>10,842,142.60</u>	<u>659,507.00</u>	<u>10,182,635.60</u>	<u>1,643.98%</u>
Net Other Income	<u>-1,120,034.79</u>	<u>1,519,993.00</u>	<u>-2,640,027.79</u>	<u>-73.69%</u>
Net Income	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.0%</u>

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CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

C. WATER TRANSACTIONS

1. Notice of Sale or Transfer – The City of Ontario has agreed to purchase from the City of Chino a portion of Chino’s water in storage in the amount of 5,350 acre-feet
2. Notice of Sale or Transfer – Cucamonga Valley Water District has agreed to purchase 500 acre-feet of West San Bernardino County Water District’s stored Chino Basin groundwater

CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

May 9, 2005

This notice is to advise interested persons that the attached application(s) will come before the Watermaster Board on or after 30 days from the date of this notice.

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NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **April 20, 2005**

Date of this notice: **May 9, 2005**

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

- A. Notice of Sale or Transfer – The City of Ontario has agreed to purchase from the City of Chino a portion of Chino’s water in storage in the amount of 5,350 acre feet.

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

Appropriative Pool: June 9, 2005

Non-Agricultural Pool: June 9, 2005

Agricultural Pool: June 21, 2005

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

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

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

Watermaster address:

Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

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

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: May 9, 2005

A party to the Judgment has submitted a proposed transfer of water for Watermaster approval. Unless contrary evidence is presented to Watermaster that overcomes the rebuttable presumption provided in Section 5.3(b)(iii) of the Peace Agreement, Watermaster must find that there is "no material physical injury" and approve the transfer. Watermaster staff is not aware of any evidence to suggest that this transfer would cause material physical injury and hereby provides this notice to advise interested persons that this transfer will come before the Watermaster Board on or after 30 days from the date of this notice. The attached staff report will be included in the meeting package at the time the transfer begins the Watermaster process (comes before Watermaster).



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

DATE: May 9, 2005
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

Summary -

There does not appear to be a potential material physical injury to a party or to the basin from the proposed transaction as presented.

Issue -

- Notice of Sale or Transfer – The City of Ontario has agreed to purchase from the City of Chino a portion of Chino's water in storage in the amount of 5,350 acre feet.

Recommendation –

1. Continue monitoring as planned in the Optimum Basin Management Program.
2. Use all new or revised information when analyzing the hydrologic balance and report to Watermaster if a potential for material physical injury is discovered, and
3. Approve the transaction as presented.

Fiscal Impact –

- None
- Reduces assessments under the 85/15 rule
- Reduce desalter replenishment costs

Background

The Court approved the Peace Agreement, the Implementation Plan and the goals and objectives identified in the OBMP Phase I Report on July 13, 2000, and ordered Watermaster to proceed in a manner consistent with the Peace Agreement. Under the Peace Agreement, Watermaster approval is required for applications to store, recapture, recharge or transfer water, as well as for applications for credits or reimbursements and storage and recovery programs.

Where there is no material physical injury, Watermaster must approve the transaction. Where the request for Watermaster approval is submitted by a party to the Judgment, there is a rebuttable presumption that most of the transactions do not result in Material Physical Injury to a party to the Judgment or the Basin (Storage and Recovery Programs do not have this presumption).

The following application for water transaction is attached with the notice of application.

- Notice of Sale or Transfer – The City of Ontario has agreed to purchase from the City of Chino a portion of Chino's water in storage in the amount of 5,350 acre feet

Notice of the water transaction identified above was mailed on May 9, 2005 along with the materials submitted by the requestors.

DISCUSSION

Water transactions occur each year and are included as production by the respective entity (if produced) in any relevant analyses conducted by Wildermuth Environmental pursuant to the Peace Agreement and the Rules & Regulations. There is no indication additional analysis regarding this transaction is necessary at this time. As part of the OBMP Implementation Plan, continued measurement of water levels and the installation of extensometers are planned. Based on no real change in the available data, we cannot conclude that the proposed water transaction will cause material physical injury to a party or to the Basin.

CITY OF



ONTARIO

PUBLIC WORKS AND
COMMUNITY SERVICES AGENCY

ONTARIO MUNICIPAL SERVICES CENTER

ALAN D. WAPNER
MAYOR PRO TEM

GERALD A. DuBOIS
PAUL S. LEON
JASON ANDERSON
COUNCIL MEMBERS

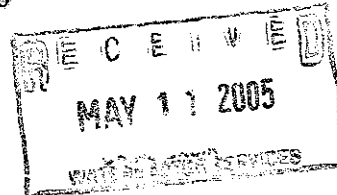
April 20, 2005

GREGORY C. DEVEREAUX
CITY MANAGER

KENNETH L. JESKE
PUBLIC WORKS, COMMUNITY
SERVICES DIRECTOR

MARY E. WIRTES, MMC
CITY CLERK

JAMES R. MILHISER
TREASURER



Mr. Kenneth R. Manning, CEO
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, California 91730

Subject: PURCHASE OF WATER IN STORAGE
CHINO BASIN - FY 2004-2005

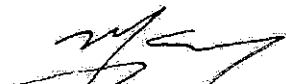
Dear Mr. Manning:

Please take notice that the City of Ontario (Ontario) has agreed to purchase from the City of Chino (Chino) a portion of Chino's water in storage in the amount of 5,350 acre feet to satisfy a portion of the Ontario's anticipated Chino Basin replenishment obligation for FY 2004-2005.

Enclosed is executed application for sale or transfer of right to produce water from storage and a recapture plan for consideration by Watermaster. Please agendaize the proposed purchase for the May meetings.

If you have any questions or require additional information concerning this matter, please call me at 395-2681. Thank you.

Sincerely,


Mohamed El-Arany
Utilities Director

May. 3. 2005 4:03PM

No. 1316 P. 2

Form 3

**APPLICATION FOR
SALE OR TRANSFER OF RIGHT TO PRODUCE WATER FROM STORAGE**

TRANSFER FROM LOCAL STORAGE AGREEMENT # _____

City of Chino 5/3/2005 _____
 Name of Party Date Requested Date Approved

13220 Central Avenue 5,350 Acre-feet _____ Acre-feet
 Street Address Amount Requested Amount Approved

Chino CA 91710
 City State Zip Code

Telephone: 909-927-1377 Facsimile: 909-591-6829

DAV Croley
 Applicant (Dave Croley, Water & Environmental Manager)

TRANSFER TO:

City of Ontario Attach Recapture Form 4
 Name of Party

1425 S. Bon View
 Street Address

Ontario CA 91761
 City State Zip Code

Telephone: 909-395-2681 Facsimile: 909-395-2601

Have any other transfers been approved by Watermaster between these parties covering the same fiscal year? Yes [] No [X]

WATER QUALITY AND WATER LEVELS

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

See attached

MATERIAL PHYSICAL INJURY

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

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

**APPLICATION OR AMENDMENT TO APPLICATION
TO
RECAPTURE WATER IN STORAGE**

APPLICANT

<u>City Of Ontario</u> Name of Party	<u>April 20, 2005</u> Date Requested	<u> </u> Date Approved
<u>1425 S. Bon View Avenue</u> Street Address	<u>5,350</u> Acre-feet Amount Requested	<u> </u> Acre-feet Amount Approved
<u>Ontario</u> City	<u>CA</u> State	<u>91761</u> Zip Code
	<u>Varies</u> Projected Rate of Recapture	<u>July 1, 2004 – June 30, 2005</u> Projected Duration of Recapture
Telephone: <u>909-395-2600</u>	Facsimile: <u>909-395-2601</u>	

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

IDENTITY OF PERSON THAT STORED THE WATER: _____

PURPOSE OF RECAPTURE

- [] Pump when other sources of supply are curtailed
- [X] Pump to meet current or future demand over and above production right
- [] Pump as necessary to stabilize future assessment amounts
- [] Other, explain _____

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

N/A

PLACE OF USE OF WATER TO BE RECAPTURED

Management zones 1, 2 and 3

N/A

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

WATER QUALITY AND WATER LEVELS

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

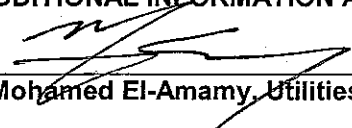
Recapture by Ontario will be accomplished by pumping 22 wells. Static level varies from 272 feet to 524 feet. Of the wells routinely pumped, nitrate levels vary form less than 5 to 40 mg/L.

MATERIAL PHYSICAL INJURY

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

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

ADDITIONAL INFORMATION ATTACHED Yes [X] No []



Mohamed El-Amamy, Utilities Director

TO BE COMPLETED BY WATERMASTER

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

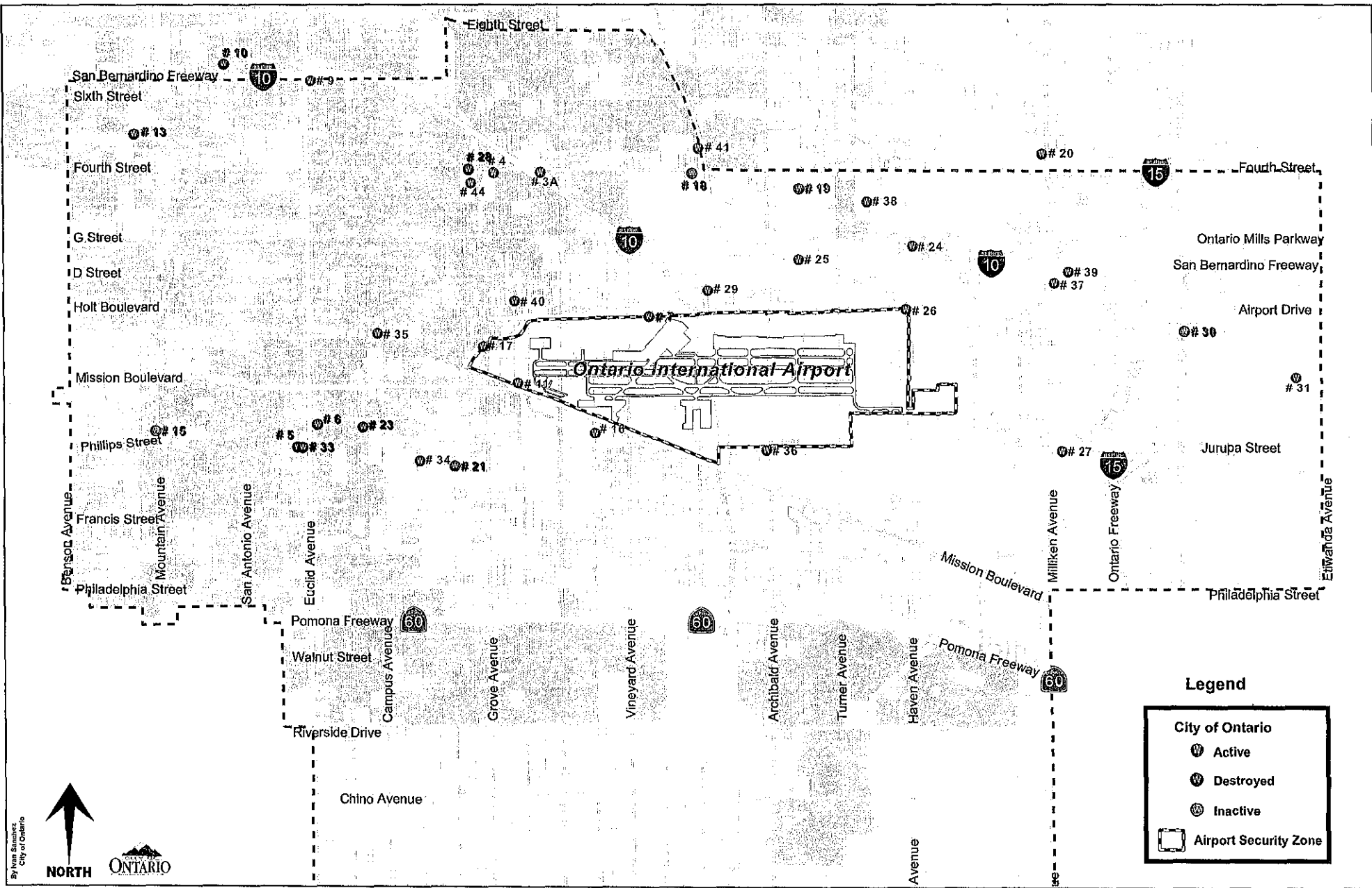
CITY OF ONTARIO Recapture Plan

The subject water is a transfer of stored groundwater from the City of Chino located within Management Zones 2 to the City of Ontario in the amount of 5,350 acre-feet to satisfy a portion of the City's replenishment obligation for FY 2004-2005. Recapture of the stored water is accomplished by the production of any or all of the 22 wells owned and operated by the City with Management Zones 2 or 3 of the Chino Groundwater Basin. The approximate daily production capacity of these wells is as follows.

<u>Well No.</u>	<u>Capacity acre-feet/day</u>
9	7.8
11	5.7
16	3.2
17	7.2
18	5.3
19	2.5
20	3.4
24	8.4
25	6.2
26	5.7
27	4.9
29	11.2
30	14.1
31	13.1
35	8.6
36	8.3
37	13.4
38	11.4
39	8.6
40	13.4
41	11.0

173.5

A map showing the locations of these wells is attached. The rate of extraction can vary significantly, depending upon system demand and seasonal changes.



Legend

- City of Ontario
- Active
- Destroyed
- Inactive
- Airport Security Zone



CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

May 12, 2005

This notice is to advise interested persons that the attached application(s) will come before the Watermaster Board on or after 30 days from the date of this notice.

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INTENTIONALLY
BEEN LEFT
BLANK
FOR PAGINATION

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **February 24, 2005** Date of this notice: **May 12, 2005**

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

- A. Notice of Sale or Transfer – Cucamonga Valley Water District has agreed to purchase 500 acre feet of West San Bernardino County Water District's stored Chino Basin groundwater.

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

Appropriative Pool:	June 9, 2005
Non-Agricultural Pool:	June 9, 2005
Agricultural Pool:	June 21, 2005

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

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

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

Watermaster address:

Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

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

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: May 12, 2005

A party to the Judgment has submitted a proposed transfer of water for Watermaster approval. Unless contrary evidence is presented to Watermaster that overcomes the rebuttable presumption provided in Section 5.3(b)(iii) of the Peace Agreement, Watermaster must find that there is "no material physical injury" and approve the transfer. Watermaster staff is not aware of any evidence to suggest that this transfer would cause material physical injury and hereby provides this notice to advise interested persons that this transfer will come before the Watermaster Board on or after 30 days from the date of this notice. The attached staff report will be included in the meeting package at the time the transfer begins the Watermaster process (comes before Watermaster).



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

DATE: May 12, 2005

TO: Watermaster Interested Parties

SUBJECT: Summary and Analysis of Application for Water Transaction

Summary -

There does not appear to be a potential material physical injury to a party or to the basin from the proposed transaction as presented.

Issue -

- Notice of Sale or Transfer – Cucamonga Valley Water District has agreed to purchase 500 acre feet of West San Bernardino County Water District's stored Chino Basin groundwater.

Recommendation –

1. Continue monitoring as planned in the Optimum Basin Management Program.
2. Use all new or revised information when analyzing the hydrologic balance and report to Watermaster if a potential for material physical injury is discovered, and
3. Approve the transaction as presented.

Fiscal Impact –

- None
- Reduces assessments under the 85/15 rule
- Reduce desalter replenishment costs

Background

The Court approved the Peace Agreement, the Implementation Plan and the goals and objectives identified in the OBMP Phase I Report on July 13, 2000, and ordered Watermaster to proceed in a manner consistent with the Peace Agreement. Under the Peace Agreement, Watermaster approval is required for applications to store, recapture, recharge or transfer water, as well as for applications for credits or reimbursements and storage and recovery programs.

Where there is no material physical injury, Watermaster must approve the transaction. Where the request for Watermaster approval is submitted by a party to the Judgment, there is a rebuttable presumption that most of the transactions do not result in Material Physical Injury to a party to the Judgment or the Basin (Storage and Recovery Programs do not have this presumption).

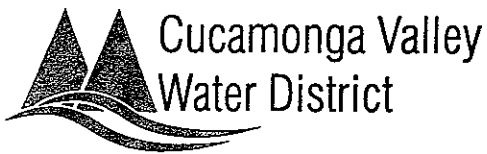
The following application for water transaction is attached with the notice of application.

- Notice of Sale or Transfer – Cucamonga Valley Water District has agreed to purchase 500 acre feet of West San Bernardino County Water District's stored Chino Basin groundwater.

Notice of the water transaction identified above was mailed on May 12, 2005 along with the materials submitted by the requestors.

DISCUSSION

Water transactions occur each year and are included as production by the respective entity (if produced) in any relevant analyses conducted by Wildermuth Environmental pursuant to the Peace Agreement and the Rules & Regulations. There is no indication additional analysis regarding this transaction is necessary at this time. As part of the OBMP Implementation Plan, continued measurement of water levels and the installation of extensometers are planned. Based on no real change in the available data, we cannot conclude that the proposed water transaction will cause material physical injury to a party or to the Basin.

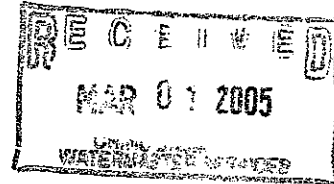


Cucamonga Valley
Water District

10440 Ashford Street • Rancho Cucamonga, CA 91729-0638
P.O. BOX 638 • (909) 987-2591 • Fax (909) 476-8032

Robert A. DeLoach
General Manager
Chief Executive Officer

February 24, 2005



Mr. Ken Manning
Chief Executive Officer
CHINO BASIN WATERMASTER
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

Dear Mr. Manning,

Please be advised that Cucamonga Valley Water District ("CVWD") has an agreement with West San Bernardino County Water District ("WSBCWD") whereby CVWD will purchase 500 acre feet of WSBCWD's stored Chino Basin groundwater. Please credit the 500 acre feet to CVWD's local storage account.

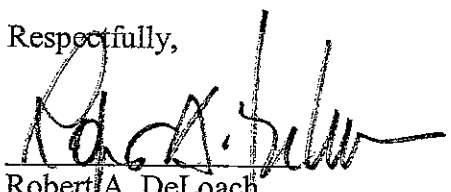
Enclosed please find:

- Form 3 – Application for Sale or Transfer of Right to Produce Water from Storage
- Form 4 – Application or Amendment to Application to Recapture Water in Storage
- Form 5 – Application to Transfer Annual Production Right or Safe Yield
- Map of CVWD's Chino Basin Wells

CVWD requests that this transaction be agendaized for the next available Appropriative Pool meeting.

Should you have any questions, please contact me. Thank you.

Respectfully,


Robert A. DeLoach
General Manager/CEO

Enclosures

APPLICATION FOR
SALE OR TRANSFER OF RIGHT TO PRODUCE WATER FROM STORAGE

RECEIVED

MAY 02 2005

TRANSFER FROM LOCAL STORAGE AGREEMENT # _____

W.V.W.D.

West San Bernardino County Water District

February 24, 2005

Name of Party

Date Requested

Date Approved

855 W. Baseline Road

500 Acre-feet

_____ Acre-feet

Street Address

Amount Requested

Amount Approved

Rialto

CA

92376

City

State

Zip Code

Telephone: (909) 875-1804

Facsimile: (909) 875-7284

Anthony W. Araiza

Applicant

TRANSFER TO:

Cucamonga Valley Water District

Attach Recapture Form 4

Name of Party

10440 Ashford Street

Street Address

Rancho Cucamonga

CA

91730

City

State

Zip Code

Telephone: (909) 987-2591

Facsimile: (909) 476-8032

Have any other transfers been approved by Watermaster
between these parties covering the same fiscal year?

Yes []

No [X]

WATER QUALITY AND WATER LEVELS

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

Static water levels vary from 510' to 620'. Of the wells routinely pumped, nitrate levels vary from a low of 4 ppm to a high of 39 ppm.

MATERIAL PHYSICAL INJURY

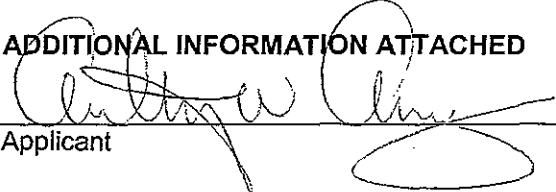
Is the Applicant aware of any potential Material Physical Injury to a party to the Judgment or the Basin that may be caused by the action covered by the application? Yes [] No [X]

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

N/A

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]


Applicant

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

**APPLICATION OR AMENDMENT TO APPLICATION
TO
RECAPTURE WATER IN STORAGE**

APPLICANT

<u>Cucamonga Valley Water District</u>			<u>February 24, 2005</u>	_____
Name of Party			Date Requested	Date Approved
<u>10440 Ashford Street</u>			<u>500 Acre-feet</u>	_____ Acre-feet
Street Address			Amount Requested	Amount Approved
<u>Rancho Cucamonga</u>	<u>CA</u>	<u>91730</u>	<u>Varies</u>	<u>July 1, 2004 – June 30, 2005</u>
City	State	Zip Code	Projected Rate of Recapture	Projected Duration of Recapture
Telephone: <u>(909) 987-2591</u>			Facsimile: <u>(909) 476-8032</u>	

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

IDENTITY OF PERSON THAT STORED THE WATER: West San Bernardino County Water District

PURPOSE OF RECAPTURE

- Pump when other sources of supply are curtailed
- Pump to meet current or future demand over and above production right
- Pump as necessary to stabilize future assessment amounts
- Other, explain _____

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

N/A

PLACE OF USE OF WATER TO BE RECAPTURED

Within Cucamonga County Water District's service area (see attached map) Management Zone 2

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

N/A

WATER QUALITY AND WATER LEVELS

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

Static water levels vary from 434' to 495'. Of the wells routinely pumped, nitrate levels vary from a Low of 4 ppm to a high of 39 ppm.

MATERIAL PHYSICAL INJURY


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

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

N/A

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]



Applicant Robert A DeLoach

General Manager/CEO; Cucamonga Valley Water District

TO BE COMPLETED BY WATERMASTER

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

APPLICATION
TO
TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

Fiscal Year 2004 - 2005

Commencing on July 1, 2004 and terminating on June 30, 2005, West San Bernardino County Water District ("Transferor") hereby transfers to Cucamonga Valley Water District ("Transferee") the quantity of 500 acre-feet of corresponding Annual Production Right (Appropriative Pool) or Safe Yield (Non-Agricultural Pool) adjudicated to Transferor or its predecessor in interest in the Judgment rendered in the Case of "CHINO BASIN MUNICIPAL WATER DISTRICT vs. CITY OF CHINO, et al.," RCV 51010 (formerly Case No. SCV 164327).

Said Transfer shall be conditioned upon:

- (1) Transferee shall exercise said right on behalf of Transferor under the terms of the Judgment and the Peace Agreement and for the period described above. The first water produced in any year shall be that produced pursuant to carry-over rights defined in the Judgment. After production of its carry-over rights, if any, the next (or first if no carry-over rights) water produced by Transferee from the Chino Basin shall be that produced hereunder.
- (2) Transferee shall put all waters utilized pursuant to said Transfer to reasonable beneficial use.
- (3) Transferee shall pay all Watermaster assessments on account of the water production hereby Transferred.
- (4) Any Transferee not already a party must intervene and become a party to the Judgment.

TO BE EXECUTED by both Transferor and Transferee, and to be accompanied by a general description of the area where the Transferred water was to be Produced and used prior to the Transfer, and where it will be Produced and used after the Transfer. This general description can be in the form of a map.

WATER QUALITY AND WATER LEVELS

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

Static water levels vary from 510' to 620'. Of the wells routinely pumped, nitrate levels vary from a low of 4 ppm to a high of 39 ppm.

MATERIAL PHYSICAL INJURY

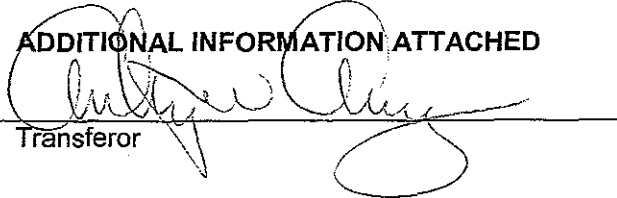
Is the Applicant aware of any potential Material Physical Injury to a party to the Judgment or the Basin that may be caused by the action covered by the application? Yes [] No [X]

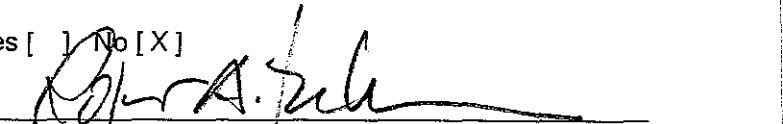
If yes, what are the proposed mitigation measures, if any, that might reasonably be imposed to ensure that the action does not result in Material Physical Injury to a party to the Judgment or the Basin?

N/A

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]


Transferor


Transferee Robert A DeLoach, General Manager/CEO
Cucamonga Valley Water District

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

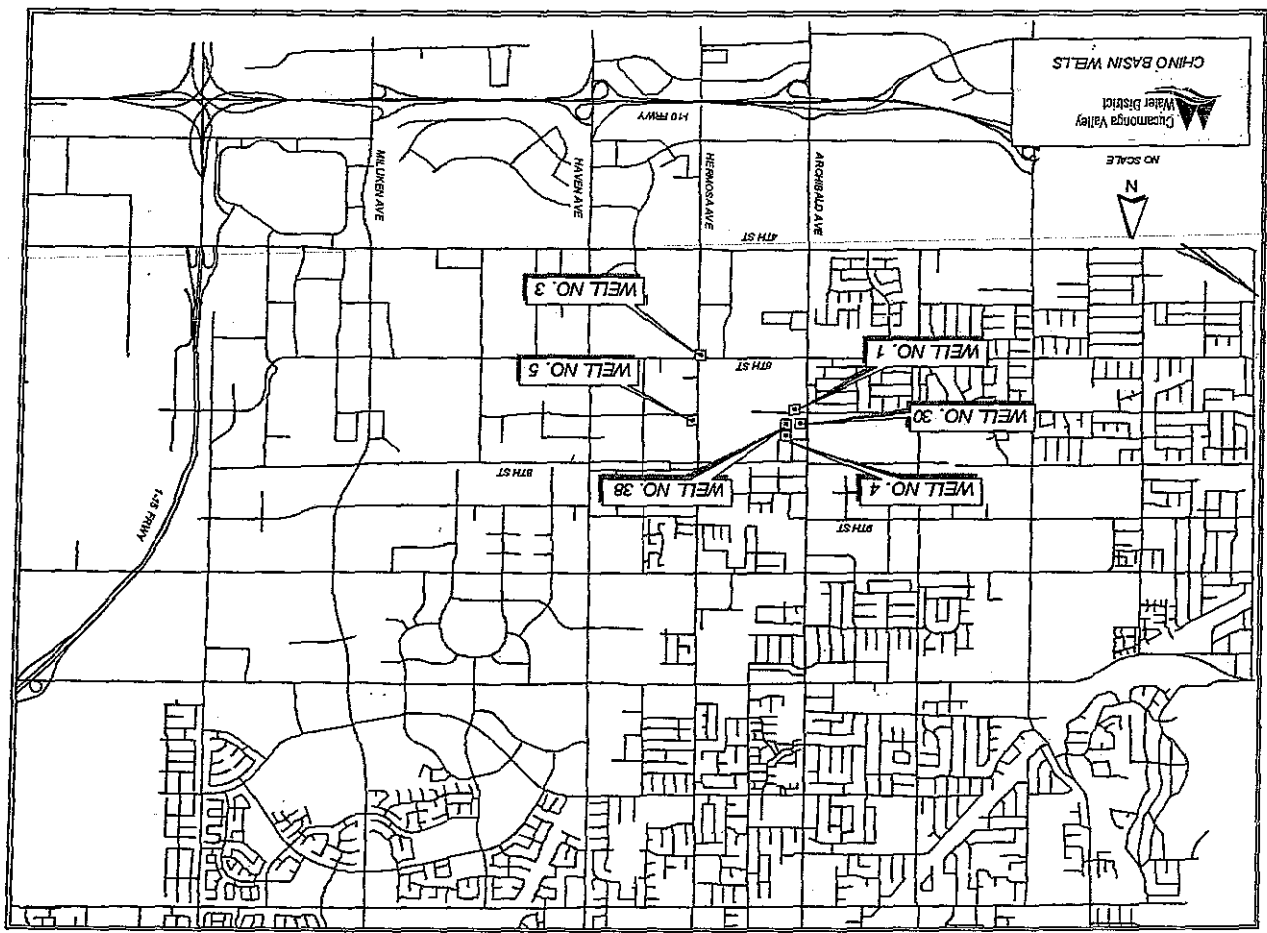
DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____





CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

E. TWENTY-SEVENTH ANNUAL REPORT



Chino Basin Watermaster Twenty-Seventh Annual Report

Fiscal Year 2003-04

Working Together to Maximize the Benefits of Chino Basin

Welcome From the Chief Executive Officer

The Optimum Basin Management Program is the roadmap that Watermaster follows in carrying out its mission.

"To manage the Chino Groundwater Basin in the most beneficial manner, and to equitably administer and enforce the provisions of the Chino Basin Watermaster Judgment."

Case No. RCV 51010
(formerly Case
No. SCV 164327)

During 2003-04, Watermaster underwent some key changes while making major progress in its transition from planning to implementation of the Optimum Basin Management Program.

John Rossi, who had been CEO of Watermaster, left toward the end of the fiscal year. Sheri Rojo, Watermaster's Finance Manager, stepped in as Chief of Watermaster from May through September 2004, supported by the Watermaster Board's Executive Oversight Committee, and with extra support by staff. I was appointed in September, 2004.

Meanwhile, during the year, Watermaster moved ahead on a wide front:

- *Monitoring programs were reorganized to better support Watermaster's many water supply and water quality programs, including a greatly expanded use of key wells to provide better information, faster and at less cost.*
- *A two-year, \$50 million project to improve and expand 20 recharge basins was initiated.*
- *A Dry Year Yield Storage Agreement with MWD for 100,000 acre-feet of storage was implemented.*
- *In what is expected to be a model agreement throughout California, the Regional Water Quality Control Board recognized Watermaster's accomplishments in managing the Basin by approving a Basin Plan Amendment. This agreement gives Watermaster wider latitude in meeting supplemental water objectives using reclaimed and imported water, in a manner that is expected to save tens of millions of dollars over the long run.*
- *Numerous cooperative programs were advanced, including the use of flood control basins for recharge and the development of regional water quality and supply databases.*
- *Watermaster began developing a better database to manage its voluminous data and updated its sophisticated computer model used to analyze the Basin.*

These advances in Watermaster's programs, in addition to continuation of others, made 2003-04 a year of major progress for Watermaster. The progress reflected an enhanced spirit of cooperation among stakeholders, who worked together to maximize the benefits of the Basin. We look forward to continued success and progress in the years ahead.

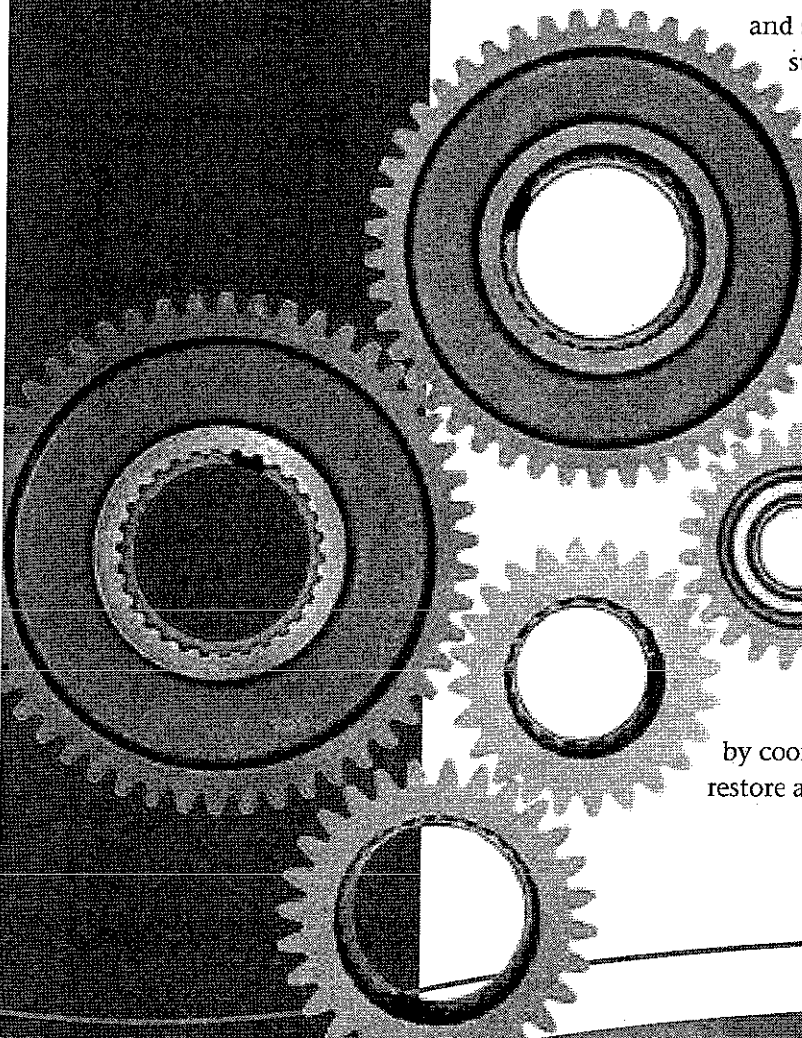
**Kenneth R. Manning,
CEO, Chino Basin Watermaster**

Watermaster's Five Key Responsibilities

Watermaster's fundamental role is to manage the Chino Basin Groundwater Basin, thereby protecting and improving its water supply and water quality.

Basin management activities are guided by a detailed Optimum Basin Management Program. In managing the basin, Watermaster brings together the diverse Chino Basin stakeholders—literally hundreds of public and private water suppliers, cities, businesses, dairies, farmers and other entities that pump, treat, use, buy, sell and deliver water in the Basin.

Watermaster has been vested with five key responsibilities:



Maintaining and increasing the water supply by acquiring and spreading replenishment water, and facilitating the storage of supplemental water in the Basin.

Ensuring a fair division of the water by determining the amount of groundwater each producer is entitled to extract without incurring a replenishment obligation.

Providing cooperative leadership by developing consensus plans regarding management of the Basin.

Monitoring and increasing the understanding of the Basin by collecting information on water production, water quality, water level and other relevant data from producers.

Maintaining and improving water quality by coordinating and actively participating in local efforts to restore and preserve the quality of groundwater in the Basin.

Chino Basin: Our Underground Water Supply

Chino Basin comprises 220 square miles beneath portions of San Bernardino,

Serving 750,000 People, Thousands of Businesses and Agriculture

Because of the strategic location of the Chino Basin, Watermaster is able to exchange water via the Metropolitan Water District system, and cooperates with many water agencies throughout the region.

Two Trillion Gallons, 800 Wells

Each year, over 800 wells pump more than 140,000 acre-feet of groundwater from the Basin, which has a storage capacity estimated between 5 and 7 million acre-feet, or about two trillion gallons.

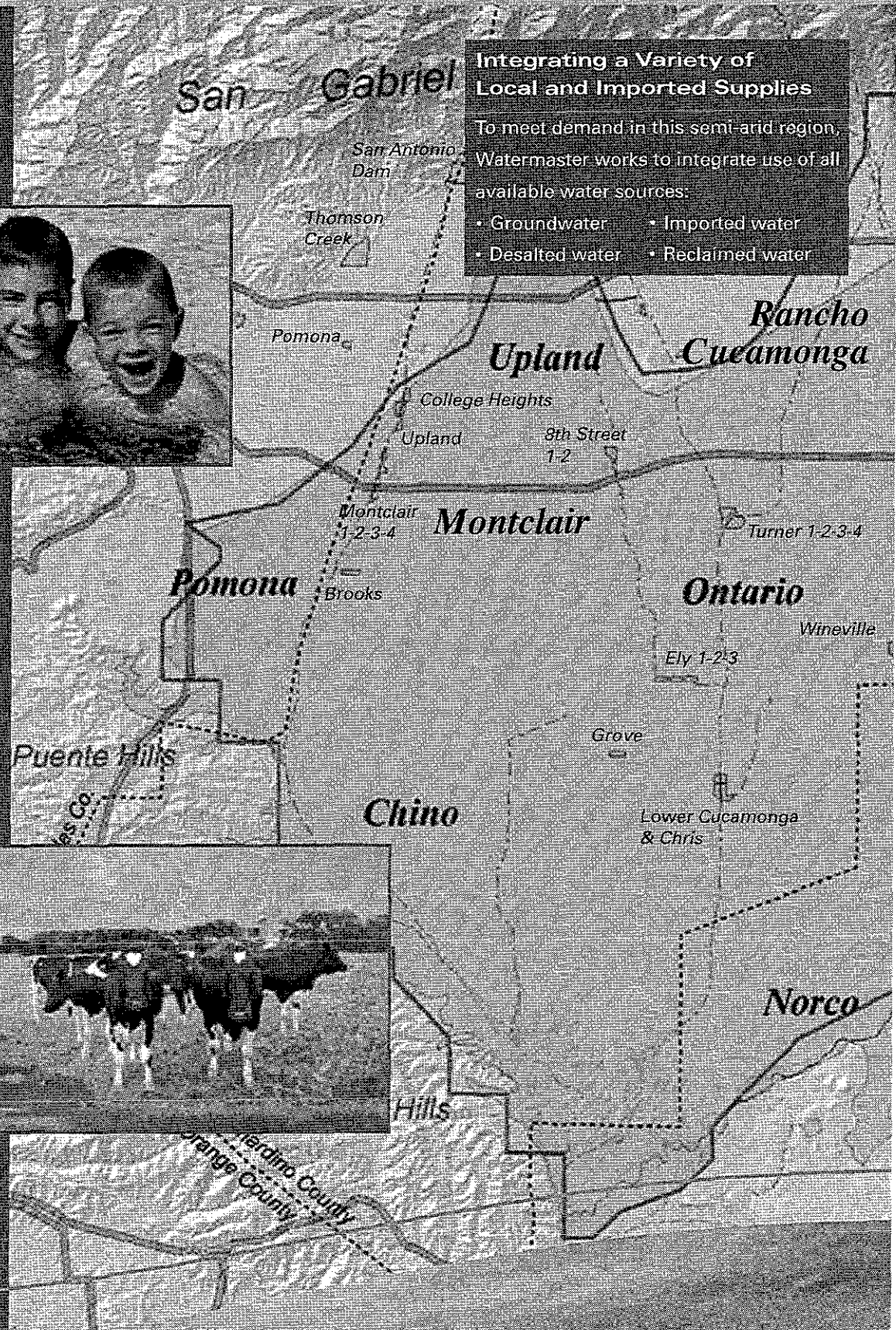
Besides being one of the fastest growing regions in California, the Chino Basin area also is home to a thriving agricultural industry, including some of the most intensive dairy farming in the state.



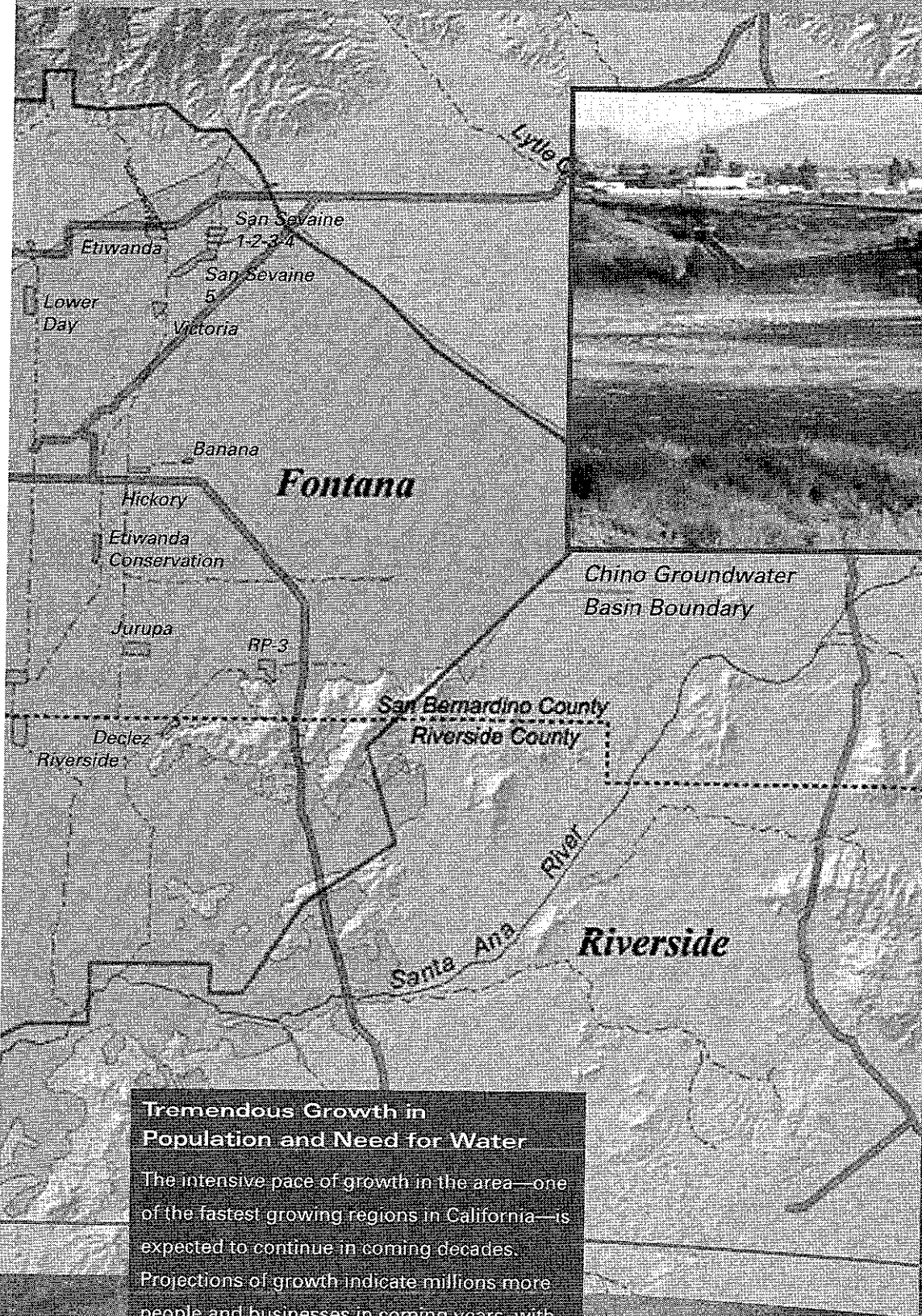
Integrating a Variety of Local and Imported Supplies

To meet demand in this semi-arid region, Watermaster works to integrate use of all available water sources:

- Groundwater
- Imported water
- Desalted water
- Reclaimed water



Riverside and Los Angeles Counties



Fire and Flood

During October 2003, serious fires raged in parts of the Basin and many members of Watermaster used their water resources to help fight the fires, as exemplified by this fire fighting helicopter scooping water from a recharge basin. Heavy rains later in the year caused destruction throughout the region and sent tremendous amounts of silt, soot and ash down the canyons and into water recharge basins, clogging them and stopping percolation. The Basins have nearly all been cleaned since then.

Tremendous Growth in Population and Need for Water

The intensive pace of growth in the area—one of the fastest growing regions in California—is expected to continue in coming decades. Projections of growth indicate millions more people and businesses in coming years, with corresponding increases in water use.

Optimum Basin Management Program: Recipe for a Healthy Basin

The actions and solutions outlined in the OBMP provide the following benefits:

- Providing additional water supplies to meet growth in the Basin
- Improving water quality
- "Drought proofing" the region
- Enhancing economic development; and
- Improving environmental quality.

Protecting and Improving Water Supply and Quality

The Optimum Basin Management Program (OBMP) is a detailed action plan with hundreds of specific projects that are identified, prioritized, budgeted and scheduled for implementation over two decades. Despite its immense detail, it is flexible enough to meet the changing needs of the Basin and its many stakeholders.

The OPMB is composed of nine separate but related program elements:

1. **Comprehensive monitoring of the Basin**, including groundwater levels and water quality, to gather data for more effective water management.
2. **Comprehensive recharge** of imported, reclaimed and stormwater to maintain and improve groundwater levels, making more water available to producers.
3. **Water supply plan for impaired areas**, focusing on the shift of production in the southern basin away from agricultural uses toward increased urban uses in order to avoid higher water levels and uncontrolled groundwater losses.
4. **Management Zone 1 strategies** to reduce unacceptable land subsidence and fissuring.
5. **Regional supplemental water program** to improve water quality and increase use of treated, desalted water.
6. **Cooperative programs** with the Regional Water Quality Control Board and other agencies to improve Basin quality and management.
7. **Salt management programs** to develop a more detailed understanding of salt loads in groundwater, develop objectives and define the benefits of salt removal.
8. **Groundwater storage management** to allow for large increases in groundwater storage by local and outside agencies.
9. **Conjunctive use programs** to store excess water available in wet years for use in dry years.



Groundwater Monitoring: Our Underground "Eyes and Ears"

Development of a key well program during 2003-04 was a major step forward in groundwater monitoring that was coupled with increased groundwater recharge and continued implementation of the groundwater Dry Year Yield and Storage and Recovery programs.

These measures are aimed at increasing available water supplies to meet current and future demands in a fast-growing region, and to ultimately "drought proof" the Basin, which is subjected to weather cycle extremes ranging from years of below average rainfall to near-record rains.

The Chino Groundwater Basin is essentially a giant underground water reservoir hidden under portions of three counties. In order to manage, protect and improve water supply and water quality, Watermaster undertakes a substantial monitoring program that allows it to understand what is happening in the underground basin through hundreds of tests and monitoring wells.

Watermaster has three active groundwater-level monitoring programs in the Chino Basin:

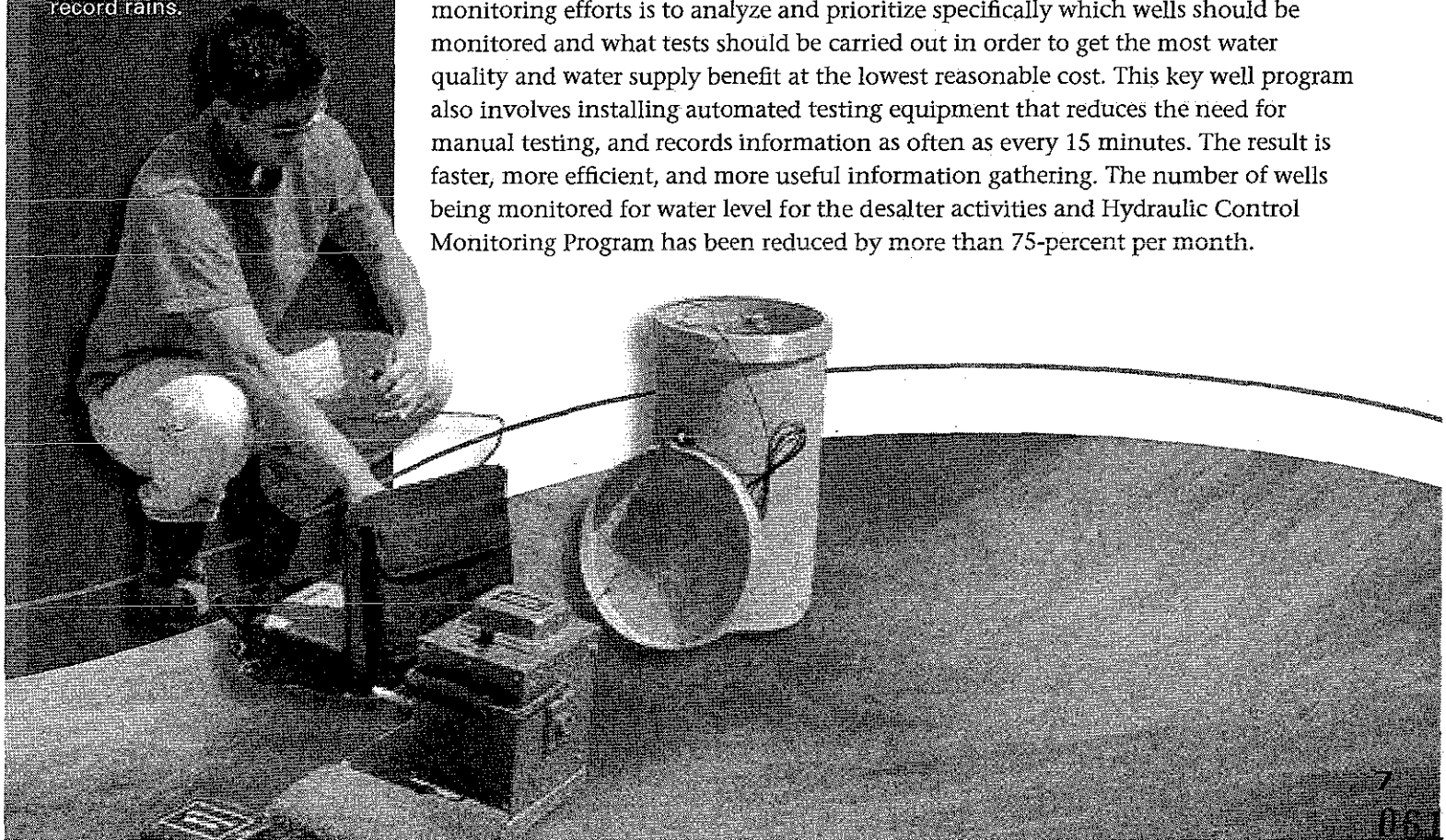
- A semiannual Basin-wide program.
- An intensive key well monitoring program associated with the effects of desalter activities and the Hydraulic Control Monitoring Program.
- An intensive piezometric monitoring program associated with land subsidence and ground fissuring in Management Zone 1.

Basin-Wide Groundwater-Level Monitoring Program

Watermaster manually measures water levels in about 340 agricultural wells twice each year to determine the effects of water production on groundwater levels.

Development of Key Well Program Will Improve Efficiency and Lower Costs

Hundreds of groundwater wells are spread throughout the Basin, and Watermaster has historically monitored many of them. A current focus of Watermaster's monitoring efforts is to analyze and prioritize specifically which wells should be monitored and what tests should be carried out in order to get the most water quality and water supply benefit at the lowest reasonable cost. This key well program also involves installing automated testing equipment that reduces the need for manual testing, and records information as often as every 15 minutes. The result is faster, more efficient, and more useful information gathering. The number of wells being monitored for water level for the desalter activities and Hydraulic Control Monitoring Program has been reduced by more than 75-percent per month.



Groundwater Monitoring: Our Underground "Eyes and Ears" (continued)

Watermaster has developed a comprehensive groundwater quality monitoring program that includes collecting data and checking water quality from its own samples as well as samples provided by Appropriators, the Department of Health Services, Department of Toxic Substance Control, and Regional Water Quality Control Board.

In addition, Watermaster undertakes special testing such as for volatile organic compounds, including 1,2,3 TCP in areas where they are suspected, as well as for perchlorate in all wells.

MZ-1 Monitoring Program to Prevent Subsidence

Watermaster collects groundwater level data at 35 wells in the southern portion of Management Zone 1 with the purpose of understanding and preventing any ground subsidence due to changes in groundwater levels. Related to this are Cooperative Aquifer Stress Tests that measure water production versus groundwater levels and are done in cooperation with the cities of Chino and Chino Hills.

Hydraulic Control to Prevent Loss of Groundwater to the Santa Ana River

Hydraulic Control is a means of protecting water quality and supply by controlling the flow of water between the Chino Groundwater Basin and the Santa Ana River. Watermaster, Inland Empire Utilities Agency, Orange County Water District and the Santa Ana Regional Water Quality Control Board agreed in 2003-04 to construct nine new monitoring wells as part of the Hydraulic Control Monitoring Program.

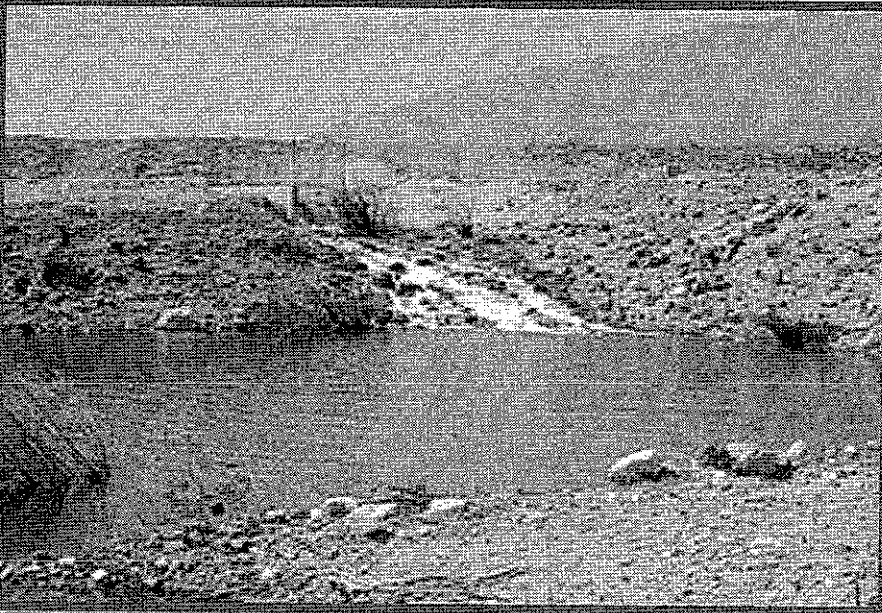
These monitoring wells are needed because existing well locations and well construction are not sufficient to measure the extent of hydraulic control occurring and because of the loss of monitoring by agricultural wells that are being gradually destroyed in the conversion of the land from agriculture to urban uses.

Monitoring VOC Plumes

As part of its enhanced and more proactive water quality programs, Watermaster is monitoring wells within or near the two volatile organic compound (VOC) plumes south of the Ontario and Chino Airports. In addition Watermaster is tracking the general mineral content and general physical parameters of the water in the plumes.

Surface-Water Monitoring of Groundwater Recharge Basins

Currently, Watermaster monitors the water quality in 20 recharge basins. Each is sampled three to five times a year, including immediately after storms. The sampling rate is scheduled to increase during 2004-05 for basins that will receive reclaimed water.



Increasing Water Supplies: a Key Watermaster Responsibility

\$50 Million Recharge Chino Basin Facilities Improvement Project Advances

The two-year project to improve and expand 20 recharge basins got underway in 2003-04 and the first construction projects were completed during the fiscal year. About half the cost will be paid by Proposition 13 funds.

Recharge of groundwater is a key ingredient of the OBMP. By storing excess water during wet years and reclaimed water year-round, the overall water supply in the Basin is increased.

Watermaster does not own recharge basins. To develop recharge plans, Watermaster cooperated with three agencies, including Inland Empire Utilities Agency, San Bernardino County Flood Control District and the Chino Basin Water Conservation District.

Progress on Reclaimed Water Project for Recharge

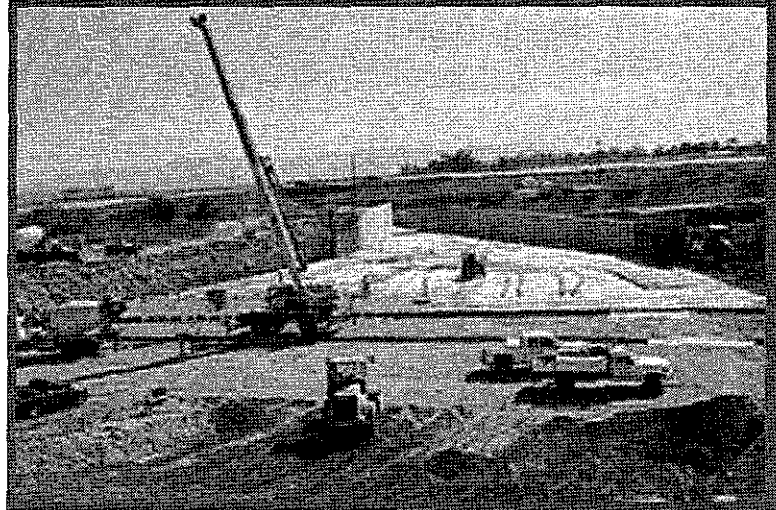
As stated above, reclaimed water plays a part in the recharge effort. Inland Empire Utilities Agency is developing a large-scale reclaimed water project that ultimately will produce 22,000 acre-feet of water for recharge.

Desalters to Treat Water

Water with high dissolved solids and high nitrate levels will be treated by new desalters, in quantities up to 20 million gallons a day.

Groundwater Storage Management Moves Towards Implementation

The Dry Year Yield (DYY) storage program is continuing to evolve, moving from the planning to the implementation stage during 2003-04, and is expected to advance more rapidly in the coming year. The program will initially involve 100,000 acre-feet of storage in cooperation with Metropolitan Water District (MWD). In total, the Storage and Recovery program has an ultimate goal of 500,000 acre-feet.



Watermaster has made considerable progress in recharge, moving from policy to implementation.

With advances in the Dry Year Yield Program underway, Watermaster is continuing to explore additional future storage and recovery programs.

Protecting and Maintaining Water Quality: Another Core Watermaster Responsibility

Watermaster continues to update its understanding of water quality and improve its water quality management, in particular targeting monitoring and treatment activities for maximum benefit and cost efficiency.

Basin Plan Amendment Approved by Regional Board

Recognizing the accomplishments of Watermaster in managing the Basin, the Regional Water Quality Control Board during 2003-04 approved the Basin Plan Amendment. This action allows Watermaster to meet supplemental water objectives using reclaimed and imported water in the Basin without costly and unproductive mitigation measures.

Changes to the nitrate and salt objectives, approved by the Regional Board, promote maximum beneficial use of waters in the Basin, ultimately saving many tens of millions of dollars in water quality and water supply costs.

Watermaster also worked with the Regional Water Quality Control Board and the Department of Toxic Substances Control to track perchlorate contamination.

Water Quality Committee

An ad hoc Water Quality Committee continued to meet during 2003-04. The committee was formed the prior year to bring additional Board-level focus and oversight to water quality issues. The Committee has facilitated many Basin water supply improvements. Through the efforts of the Committee and new technical efforts, Watermaster is taking a more proactive approach in identifying water quality challenges, seeking to develop solutions before they become crises.

Mitigation Activities

Watermaster has refined its water quality efforts to focus on the following key areas: 1) identify and characterize water quality anomalies in areas such as Chino Airport and Ontario International Airport; 2) remain active in the process of developing the Total Maximum Daily Loads (TMDLs) used to determine revisions to water quality regulations for the Santa Ana River and other bodies of water in the Lower Chino Basin; and 3) assist the Regional Water Quality Control Board—which has been impacted by State budget cuts—with research, monitoring, and the crafting of Investigative Orders and Cleanup and Abatement Orders for potential dischargers involved with the anomaly near Ontario International Airport.



Success Through Good Management, Cooperation and Technology

Watermaster moved into larger offices with several meeting rooms that make it easier to arrange and efficiently conduct the numerous meetings that are required for both staff and Watermaster's many stakeholders.

Cooperation Replaces Old Turf Wars

Notable in 2003-04 was Watermaster's continued success in mobilizing stakeholders to work together to obtain even greater joint benefits by approaching challenges and opportunities in a more entrepreneurial and cooperative fashion.

For example, during an important testing phase of the Chino Basin Facilities Improvement Project, when Watermaster was unable to obtain imported water from its normal sources, Orange County Water District allowed Watermaster to divert flow into a recharge basin. Similarly, San Bernardino County Flood Control District has allowed Watermaster unprecedented access to flood control basins to serve as recharge basins. Such cooperative actions will provide increasing benefits and cost savings for all involved.

Regional Database to be Created

Taking Basin wide cooperation to a new level, efforts began during 2003-04 to develop a regional database, currently called DOGS (Data Organizational Group and Subgroups), to share data among agencies in the Basin, and streamline data collection and analysis while eliminating duplication of effort.

During 2003-04, the project was in the development stage and is scheduled to be implemented in multiple phases over subsequent fiscal years. The shared databases will incorporate extensive information and data, including: water production, water quality, water level, and deliveries of imported and reclaimed water.

Watermaster Improves Use of Technology

There are many other examples of how Watermaster uses advanced technology to improve the way it operates. For example: during 2003-04, Watermaster completely redesigned and rebuilt its website, adding a public calendar and many other new features; the production database was upgraded with new tools that make it much easier to develop useful reports, including a rolodex that sends out automatic requests for updated information from the many producers that supply data to Watermaster, and; staff worked systematically to scan and archive older paper documents.



A History of Struggle and Success

HISTORY

Confronted with a multitude of water issues—a falling groundwater table, land subsidence, reduction in groundwater quality, and others—concerned water producers conducted studies in the early 1970s that led to a Memorandum of Agreement for the Chino Basin.

The State Legislature then dedicated \$2 per each acre-foot pumped from the Basin to finance development of a Basin management plan and an agreement on the allocation of water rights among producers.

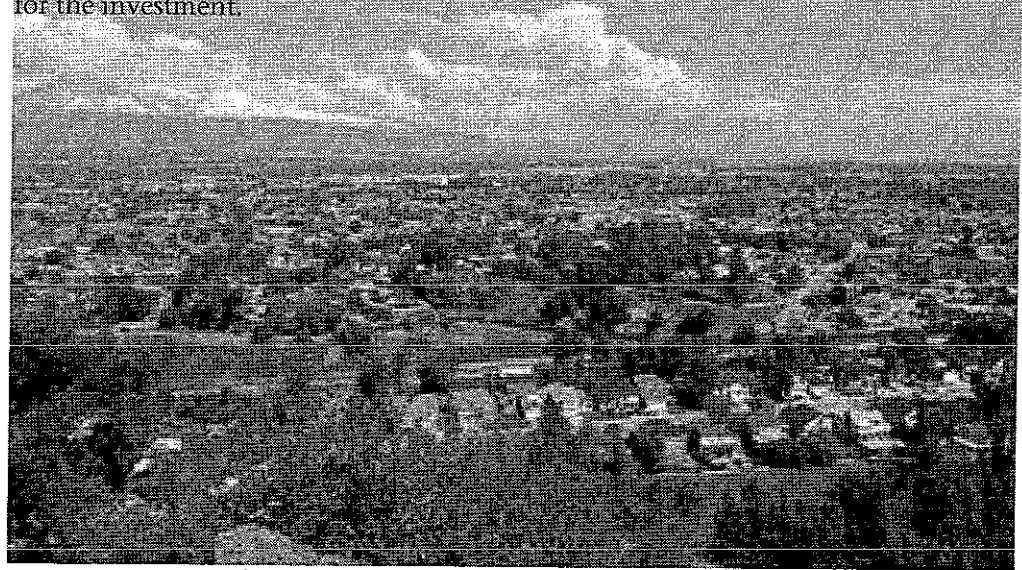
To complete the framework, Chino Basin Watermaster was established in 1977 under a Judgment by the Superior Court in San Bernardino County. Watermaster was charged with administering adjudicated water rights and managing groundwater resources within the Chino Groundwater Basin.

Watermaster and Basin Stakeholders Build on Past Successes

Chino Basin Watermaster is at its core a consensus-based organization that facilitates the enhancement and beneficial use of the Chino Groundwater Basin for its many stakeholders: cities, water districts, water companies, agricultural, commercial and other interests.

Watermaster is actively implementing the Basin's Optimum Basin Management Program, a 20-year water quality and supply plan that incorporates extensive monitoring, development of recharge capabilities, storage and recovery projects, managing salt loads, and developing new supplies such as the use of reclaimed water and stormwater recharge, while continuing to work with other agencies and entities to enhance this significant natural resource.

Over the years, Watermaster and the basin stakeholders have successfully moved through many stages of progress: first learning to settle differences and work together, then to develop initial technical plans; next to raise local and grant funding, and most recently to begin rapidly implementing numerous water supply and quality projects. Looking to the future, Watermaster will be focusing on obtaining even broader benefits through greater cooperation and by finding new efficiencies and tighter focus on those projects that provide the most benefit for the investment.



Watermaster Governance and Membership

Watermaster is Structured to Accommodate All Stakeholders

To draw together in a single organization all the diverse interests in the Basin, three groups or producer Pools were formed to represent the majority of producer interests

- Agricultural Pool to represent dairymen, farmers, and State interests.
- Non-Agricultural Pool to represent commercial and industrial producers.
- Appropriative Pool to represent cities, water districts and water companies.
- An Advisory Committee and Watermaster Board, each representing all stakeholder groups.

Watermaster Board

Calendar Year 2004

Agricultural Pool Representatives

MEMBER Paul Hoter

MEMBER Geoffrey Vanden Heuvel

REPRESENTATIVE Darryl

Non-Agricultural Pool Representatives

REPRESENTATIVE Bob Bowcock

MEMBER ENTITY Vulcan Materials Company (Calmat Division)

Appropriative Pool Representatives

REPRESENTATIVE Robert Neufeld, Chair

REPRESENTATIVE Dan Rodriguez/Paula Lantz

REPRESENTATIVE W.C. "Bill" Kruger

REPRESENTATIVE Fomona, City of

REPRESENTATIVE Chino Hills, City of

Municipal Water District Representatives

REPRESENTATIVE Terry Catlin, Vice Chair

REPRESENTATIVE Inland Empire Utilities Agency

REPRESENTATIVE John L. Anderson

REPRESENTATIVE Bob Kuhn, Secretary

REPRESENTATIVE David DeJesus

REPRESENTATIVE Donald Schroeder

REPRESENTATIVE Western Municipal Water District

REPRESENTATIVE Donald Harriger

Advisory Committee

Calendar Year 2004

Agricultural Pool Representatives

REGULAR MEMBERS Nathan deBoorn, Vice Chair

REGULAR MEMBERS Robert Feenstra

REGULAR MEMBERS Joe Delgado

REGULAR MEMBERS Glen Durrington

REGULAR MEMBERS Pete Hall

REGULAR MEMBERS Gene Koopman

REGULAR MEMBERS Peter Hettlinga

REGULAR MEMBERS Wayne Davidson

REGULAR MEMBERS Barbara Swanson

REGULAR MEMBERS Jeff Pierson

REGULAR MEMBERS John Hutsing

REGULAR MEMBERS State

REGULAR MEMBERS State

REGULAR MEMBERS State

REGULAR MEMBERS State

REGULAR MEMBERS Dairy

REGULAR MEMBERS Dairy

REGULAR MEMBERS Crops

REGULAR MEMBERS Crops

REGULAR MEMBERS State

REGULAR MEMBERS State

REGULAR MEMBERS Dairy

REGULAR MEMBERS Dairy

REGULAR MEMBERS Crops

REGULAR MEMBERS Crops

Agricultural Pool Representatives

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MEMBER Geoffrey Vanden Heuvel

REPRESENTATIVE Darryl

Non-Agricultural Pool Representatives

REPRESENTATIVE Bob Bowcock

MEMBER ENTITY Vulcan Materials Company (Calmat Division)

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REPRESENTATIVE Chino Hills, City of

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REPRESENTATIVE Bob Kuhn, Secretary

REPRESENTATIVE David DeJesus

REPRESENTATIVE Donald Schroeder

REPRESENTATIVE Western Municipal Water District

REPRESENTATIVE Donald Harriger

Appropriative Pool Representatives

MEMBER ENTITY Dave Crosley

MEMBER ENTITY Mike Maestas

MEMBER ENTITY Ken Jeske, Chair

MEMBER ENTITY Henry Pepper

MEMBER ENTITY Rob Turner

MEMBER ENTITY Robert Deloach

MEMBER ENTITY Gerald Black

MEMBER ENTITY Jim Bryson

MEMBER ENTITY Carole McGreevy

MEMBER ENTITY Mark Kinsey

MEMBER ENTITY Ray Wellington

MEMBER ENTITY J. Arnold Rodriguez

MEMBER ENTITY Santa Ana River Water Company

MEMBER ENTITY San Antonio Water Company

MEMBER ENTITY Monte Vista Water District

MEMBER ENTITY Jurupa Community Services District

MEMBER ENTITY Fontana Water Company

MEMBER ENTITY Fontana Union Water Company

MEMBER ENTITY Cucamonga Valley Water District

Agricultural Pool

Calendar Year 2004

REPRESENTING

REGULAR MEMBERS

Nathan deBoom, Chair
Gene Koopman, Vice-Chair
Robert Feenstra

Pete Hall

Glen Durrington

Wayne Davidson

Barbara Swanson

Joe Delgado

Jeff Pierson

Peter Hettlinga

John Huising

ALTERNATES

Don Galleano

Syp Vander Dussen

Duffy Bian

Dairy

Dairy

Dairy

Crops

State of California - CDM

State of California - CDM

Boys Republic

Crops

Dairy

Crops

Crops

REPRESENTING

Crops

Dairy

Boys Republic

Non-Agricultural Pool

Calendar Year 2004

MEMBER ENTITY

REPRESENTATIVE

Mark Ward

Eric Vaughn

Les Richter

Steve Abbelide

Mike Del Santo

Mark Gage/Lisa Hamilton

David Starnes

R.E. Thrash III

Vic Barron, Vice-Chair

James Jenkins

Michael Thies

David Cooper

Bob Bowcock, Chair

Ameron Products

Angelic Rental Service

California Speedway

California Steel Industries (CSI)

CCG Ontario, LLC (Catelus)

General Electric Company

Mobile Community Management

(Swan Lake Mobile Home Park)

Praxair

Reliant Energy, Etowanda LLC

San Bernardino County

Department of Airports

Space Center Mira Loma

Sunkist Growers Incorporated

Vulcan Materials Company

(Calmat Division)

Appropriative Pool

Calendar Year 2004

REPRESENTATIVE

MEMBER ENTITY

Patrick Bauer

Arrowhead Mountain Spring Water

Mike Maestas, Chair

Dave Crosley, Vice-Chair

Robert Deloach

Gerald Black

Mike McGraw

Curtis Aaron

Rich Atwater

Carole McGreevy

Kevin Sullivan

Bill Stafford

Mark Kinsey

Mark Kinsey

Joe Schenk

Ken Jeske

Henry Pepper

Ray Wellington

Phil Krause

J. Arnold Rodriguez

Kyle Snay

Rob Turner

Jim Moody

A.W. "Butch" Araiza

Chino Hills, City of

Chino, City of

Guacamonga Valley Water District

Fontana Union Water Company

Fontana Water Company

Fontana, City of

Inland Empire Utilities Agency

Jurupa Community Services District

Los Serranos Country Club

Marygold Mutual Water Company

Monte Vista Irrigation Company

Monte Vista Water District

Norco, City of

Ontario, City of

Pomona, City of

San Antonio Water Company

San Bernardino, County of

(Prado Shooting Park)

Santa Ana River Water Company

Southern California Water Company

Upland, City of

West End Consolidated Water District

West Valley Water District

Staff

Calendar Year 2004

Jim Theirl, Water Resource Engineer

Sherril Lynne Molino, Executive Assistant

Janine Wilson, Secretary

Paula Molter, Secretary

Justin Nakano, Intern

John V. Rossi, Chief Executive Officer

(January - June)

Kenneth R. Manning, Chief Executive Officer

(September - December)

Sheri Rojo, CPA, Finance Manager

Gordon Treweek, PE, PhD, Project Engineer

Danielle Maurizio, PE, Senior Engineer

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Appendices

**COURT HEARINGS AND ORDERS
FISCAL YEAR 2003-2004**

During the fiscal year 2003-04, several hearings were held relating to implementation of the Optimum Basin Management Program (OBMP). Hearings were held as follows with the Honorable Judge J. Michael Gunn presiding:

Hearing Date	Primary Subject Matter
July 16, 2003	<ul style="list-style-type: none"> • Notice of Ex Parte Motion and Motion for an Order Shortening Time for filing of Motion for Continuance of July 17, 2003 Workshop Re: MZ1 Interim Subsidence Plan • Special Referee's Comments Regarding CBWM Motion to Continue the Workshop Re: MZ1 Interim Subsidence Plan • Order Granting Motion to Continue July 17, 2003 Workshop MZ1 Interim Subsidence Plan
September 4, 2003	<ul style="list-style-type: none"> • Notice of Motion for Approval of Seventh Amendment to Cyclic Storage Agreement • Order Approving Seventh Amendment to Cyclic Storage Agreement
September 5, 2003	<ul style="list-style-type: none"> • Notice Regarding Participation in MZ1 Interim Plan Forbearance
October 24, 2003	<ul style="list-style-type: none"> • Transmittal of OBMP Status Report Nos. 7 and 8
March 8, 2004	<ul style="list-style-type: none"> • Transmittal of Annual Reports 25th and 26th; OBMP Status Report No.9; Production Reports; Technical Memorandum
April 22, 2004	<ul style="list-style-type: none"> • Joint Request Order to Continue Hearing on MVWD Motion to Compel Watermaster to Establish a Program to Equitably Allocate Benefits from Water Quality Mitigation Measures under the Physical Solution to June 24, 2004 • Notice of Motion for an Order Directing Watermaster to Proceed in Accordance with the Peace Agreement as Amended by the First Amendment to the Peace Agreement
June 24, 2004	<ul style="list-style-type: none"> • Notice of Motion and Motion of Defendant MVWD for Order Compelling Watermaster to establish a Program to Equitably Allocate Benefits from Water Quality Mitigation Measures Under the Physical Solution; Declaration of Mark Kinsey; Memo of Points and Authorities • Joint Request Order to Continue for a Second Time the MVWD Motion to Compel Watermaster to Establish a Program to Equitably Allocate Benefits from Water Quality Mitigation Measures under the Physical Solution to June 24, 2004 (Continue new hearing to Sept 2, 2004) • Order Approving Storage and Recovery Program on Storage Agreement Re: Implementation of Dry Year Yield Storage Project • Transmittal of OBMP Status Report No. 10

**RESOLUTIONS
FISCAL YEAR 2003-2004**

Resolution	Adopted	Summary of Resolution
04-01	January 29, 2004	<p><i>Establishing a Watermaster Investment Policy</i></p> <ul style="list-style-type: none"> • The authority to invest and reinvest funds of Watermaster is 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. • This resolution shall take effect from and after its date of adoption and Resolution 00-09 is rescinded in its entirety.
04-02	January 29, 2004	<p><i>Electing to Raise and Fix the Employer's Contribution Under the Public Employees' Medical and Hospital Care Act at an Amount at or Greater than that Prescribed by Section 22825 of the Government Code</i></p> <ul style="list-style-type: none"> • The executive body appoints and directs, and it does appoint and direct, the Chief Executive Officer of the Watermaster to file with the Board of Administration of the Public Employee's Retirement System a verified copy of this Resolution, and to perform on behalf of said Public Agency all functions required of it under the Act and Regulations of the Board of Administration. • Beginning January 1, 2004, the employer's contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan or plans up to a maximum of \$32.20 per month, plus administrative fees and Contingency Reserve Fund assessments. • The employer's contribution for each employee or annuitant shall increase according to the schedule as provided by Section 22825. • The employer's contributions and maximums enunciated shall not serve to amend, prohibit, or limit any pre-existing settlements or agreements already in place to which the Public Agency is a signatory, except as required by law.
04-03	September 30, 2004	<p><i>To Proceed in Accordance with the Peace Agreement as Amended</i></p> <ul style="list-style-type: none"> • The goals and plans in the Phase I Report and their implementation as provided in and consistent with the Implementation Plan and the Peace Agreement as amended by the First Amendment are in furtherance of the physical solution set forth in the Judgment and Article X, Section 2 of the California Constitution. • Although not a signatory, the Chino Basin Watermaster Board supports and approves the Peace Agreement negotiated by the parties thereto and as amended by the First Amendment to the Peace Agreement. • Subject to the unanimous approval of the First Amendment to the Peace Agreement by the Parties, Watermaster will proceed in accordance with the OBMP Implementation Plan and the Peace Agreement as amended. • The Watermaster Board will transmit a request to the Court to issue an Order authorizing and directing Watermaster to proceed in accordance with this Resolution.

HISTORY OF INTERVENTIONS AFTER THE JUDGMENT

Fiscal Year	Appropriative	Non-Agricultural	Agricultural
03-04			
02-03	Niagara Bottling Company		
01-02	Nicholson Trust		
00-01		Loving Savior of the Hills Lutheran Church CCG Ontario, LLC (Caelus Commercial Group)	
99-00			
98-99			
97-98		Mountain Vista Power Generation Company, LLC	Louis Badders Paul Russavage
96-97		California Speedway Corporation	Ambrosia Farms, Chin T. Lee
95-96	City of Fontana	General Electric Company	Elizabeth H. Rohrs Richard Van Loon S.N.S. Dairy Wineside 45 Frank Lizzaraga
94-95			
93-94			
92-93			
91-92	Arrowhead Mountain Springs Water Co.	California Steel Industries, Inc.	
90-91			
89-90	Fontana Water Company		Gary Teed
88-89			
87-88			Que Fullmer
86-87		American Diversified Capital Corporation	Robert Barth Richard Lambeth Jim Nace Lemon D. and Louise Thrall Whispering Lakes Community Church
85-86			Carlos Palacio Jay Park Andy Sytsma Fred Scane Bob DeJager Chino Valley Investment John Vander Poel
84-85			Eric Daale James Idsinga
83-84			Marvin H. Belville Los Serranos Golf Club, Inc. Rick and Debbie Mouw Geoffrey Vanden Heuvel
82-83			Manuel Moreno Ronald C. and Kristine Pietersma Francisco Islas Gene and Geneva Burbridge Dick Bosma Richard Lorenz

HISTORY OF INTERVENTIONS AFTER THE JUDGMENT CONT.

Fiscal Year	Appropriative	Non-Agricultural	Agricultural
81-82		Anaheim Citrus Products	Joe Heim Louis Struikman George Noble Everett/Charles, Inc. Abel Villalpando Ontario Planned Residential Joint Venture
80-81			Pete Boersma David Chez Judith Collins Sharon Schact Andy Dyt J.D. Smith Charlie Tadema Maynard Troost Ralph D. Wenger Walter W. Wurster Jeannette Wurster Theodore Zwicker
79-80			Ray Albers Intex Corporation Dutchmen Properties Frank Jacques Mobile Home Partners of California Alfred B. and Sandra Tourigny Leon Weaver
78-79			Jim and Linda Carroll Richard Haagsma John R. and Claudel Moore Jack Pinheiro A.C. Pinheiro Mary Pinheiro August Vandenberg Andrew W. Vandenberg Ben Vandenberg Turn Key Associates, Inc. Albert Levinson, Tomlev, Inc. R.C. Land Company Frans and Cornelia Aardema Sylvester and Ariene Vander Tuig
77-78			Mira Loma Thoroughbred Farm Sky Country Development Co., Magnolia Farms George Yamamoto Carol A. Larsen and Mary L. Rawitser Tex L. and Phyllis T. Rexius Paul C. and Linda E. Sackin Chino Grain and Mill, Inc. Amil and Helen Steiner Anthony H. and Darlene Olive Osterkamp Pete Borba and Sons

**WATERMASTER'S "NOTICE OF INTENT" TO
CHANGE THE OPERATING SAFE YIELD OF THE
CHINO GROUNDWATER BASIN**

PLEASE TAKE NOTICE that on this 29th day of January 2004, Chino Basin Watermaster hereby files this 'NOTICE OF INTENT' to change the operating safe yield of the Chino Groundwater Basin Pursuant to the Judgment entered in Chino Basin Municipal Water District v. City of Chino, et al., San Bernardino Superior Court, Case No. RCV 51010 (formerly Case No. 164327) (Exhibit I, Paragraph 2b, Page 80).

Approved by
**CHINO BASIN WATERMASTER
ADVISORY COMMITTEE**

**CHINO BASIN WATERMASTER
BOARD OF DIRECTORS**

By: /s/ Ken Jeske
Ken Jeske
Chairman, Advisory Committee

By: /s/ Robert Neufeld
Robert Neufeld
Chairman, Watermaster Board

ATTEST:

By: /s/ Bob Kuhn
Bob Kuhn
Secretary, Watermaster Board

**APPROPRIATIVE RIGHTS
(ORIGINAL PER JUDGMENT)**

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

**APPROPRIATIVE RIGHTS
(AS OF JUNE 30, 2004)**

<u>Party</u>	<u>Appropriative Right (Acre-Feet)</u>	<u>Share of Initial Operating Safe Yield (Acre-Feet)</u>	<u>Share of Operating Safe Yield (Percent)</u>
City of Chino ^A	5,794.60	4,034.14	7.36
City of Chino Hills ^B	3,033.20	2,111.66	3.85
City of Norco	289.50	201.79	0.37
City of Ontario	16,337.40	11,373.67	20.74
City of Pomona	16,110.50	11,215.75	20.45
City of Upland	4,097.20	2,852.47	5.20
Cucamonga Valley Water District ^C	5,199.20	3,619.59	6.60
Jurupa Community Services District ^D	2,960.70	2,061.21	3.76
Monte Vista County Water District ^E	6,928.80	4,823.75	8.80
West Valley Water District ^F	925.50	644.30	1.18
Fontana Union Water Company ^G	9,188.30	6,392.00	11.66
Fontana Water Company ^H	-	1.97	0.00
Los Serranos County Club ^I	-	-	-
Marygold Mutual Water Company	941.30	655.27	1.20
Monte Vista Irrigation Company	972.10	676.65	1.23
Niagara Bottling Company ^J	-	-	-
Nicholson Trust ^K	-	4.00	0.01
San Antonio Water Company	2,164.50	1,506.84	2.75
Santa Ana River Water Company	1,869.30	1,301.21	2.37
Southern California Water Company ^L	590.70	411.26	0.75
West End Consolidated Water Company	1,361.30	947.53	1.73
San Bernardino County (Shooting Park) ^M	-	-	-
Arrowhead Mountain Springs Water Company ^N	-	-	-
City of Fontana ^O	-	-	-
Total	78,764.10	54,835.03	100.00

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

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

^C CVWD acquired the rights to Etiwanda Water Company (upon dissolution in 1986). CCWD changed their name to CVWD in 2004.

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

^E In 1990, MVWD received 675.610 AF of WW#8 OSY as a result of a permanent transfer.

^F WSBCWD changed their name to WVWD in 2003.

^G In FY 2001-02 5.00 AF of Safe Yield was reassigned, 1.00 AF to FWC and 4.00 AF to the Nicholson Trust.

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

^I Los Serranos intervened in FY 83-84.

^J Niagara Bottling Company intervened in FY 02-03.

^K Nicholson Trust intervened in FY 01-02.

^L SCWC permanently transferred 823.900 AF of OSY to Park Water Company in 1980. Park Water Co was acquired by WW#8, which was subsequently acquired by the City of Chino Hills.

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

^N Arrowhead intervened in FY 92-93.

^O Fontana intervened in FY 98-99.

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

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

**OVERLYING NON-AGRICULTURAL RIGHTS
(AS OF JUNE 30, 2004)**

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

^A Conrock became Calmat and in FY 99-00 became Vulcan Materials Co.

^B Kaiser Steel Corporation became Kaiser Resources and then Kaiser Venture, Inc. Kaiser sold portions of its property to CSI & Speedway, its last property holdings and all its remaining water rights to CCG Ontario LLP on 8-16-00.

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

^D A portion of SCE was sold in FY 98-99. SCE retained 27.959 AF OSY.

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

^F Southern Service Company became Angelica Rental Service.

^G Carlsberg Mobile Home Properties became Mobile Community Management and is known as Swan Lake Mobile Home Park.

^H California Steel Industries (CSI) intervened in FY 91-92 after purchasing land from Kaiser.

^I Union Carbide Corp. became Praxair, Inc.

^J General Electric Company intervened in FY 95-96.

^K California Speedway intervened in FY 96-97 after purchasing land from Kaiser. On August 16, 2000, Catellus permanently transferred 525 AF OSY to Speedway

^L Loving Savior of the Hills Lutheran Church intervened in FY 00-01.

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

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

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

² Does not include 7,674.3 AF exchanged with MWDSC.

³ Does not include 6,423.6 AF exchanged with MWDSC.

⁴ Does not include 16,377.1 AF exchanged with MWDSC.

⁵ Does not include 14,929.1 AF exchanged with MWDSC.

⁶ Does not include 12,202.4 AF exchanged with MWDSC.

⁷ Does not include 13,657.3 AF exchanged with MWDSC.

⁸ Does not include 20,194.7 AF exchanged with MWDSC.

⁹ Does not include 4,221.9 AF exchanged with MWDSC.

¹⁰ Does not include 6,167.2 AF exchanged with MWDSC.

¹¹ Reflects corrected production after reporting errors were accounted for.

¹² Does not include 4,275.4 AF exchanged with MWDSC.

¹³ Does not include 216.5 AF exchanged with MWDSC.

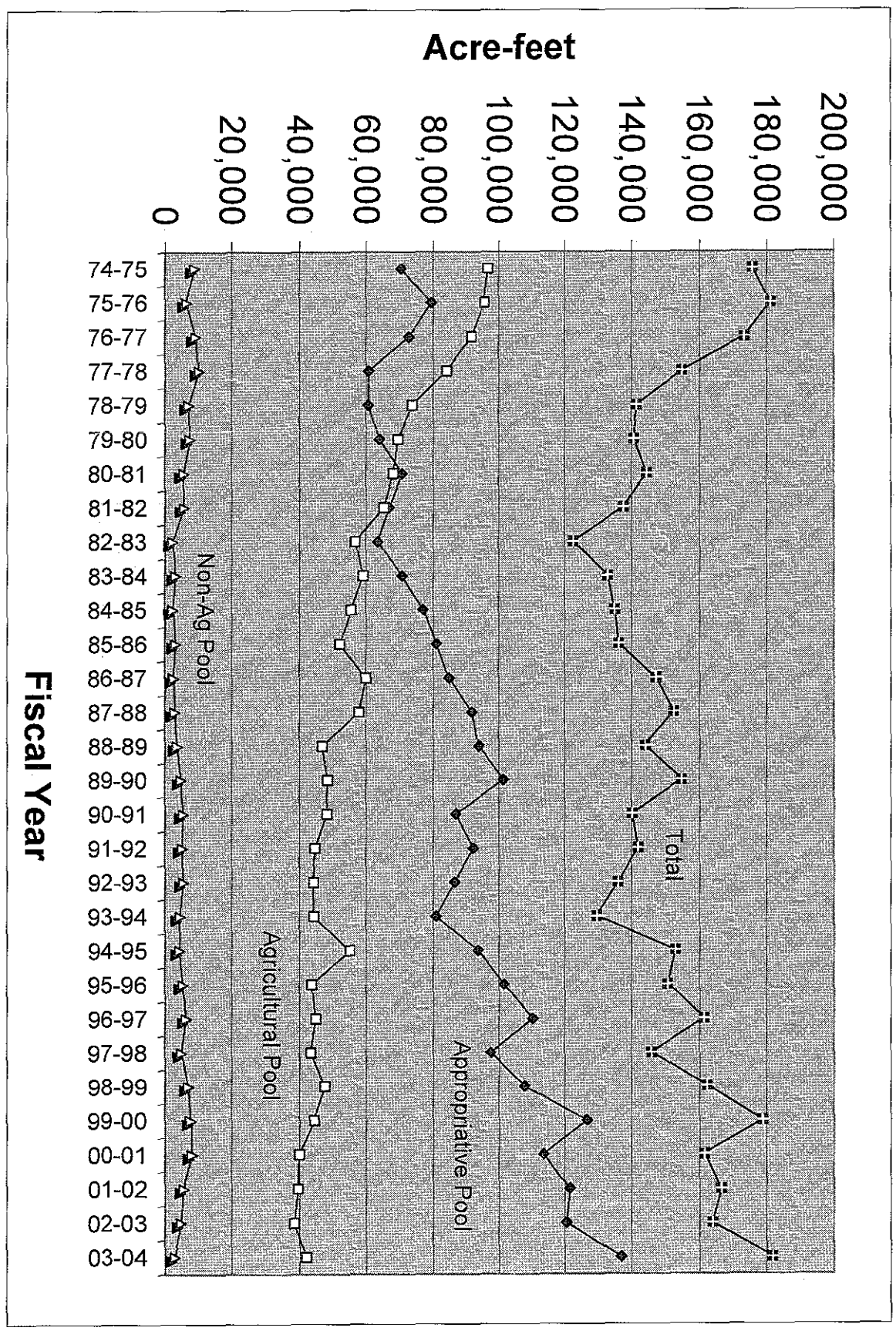
¹⁴ Does not include 7,989 AF Desalter production or 99.8 AF Dept. of Toxic Substances Control (DTSC) production.

¹⁵ Does not include 9,458 AF Desalter production.

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

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

HISTORY OF TOTAL ANNUAL GROUNDWATER PRODUCTION BY POOL



**HISTORY OF REALLOCATION OF UNPRODUCED
AGRICULTURAL POOL SAFE YIELD¹
(ACRE-FEET)**

Fiscal Year	Land Use Conversions	Remaining 50% Allocated	Balance Available	Total Ag Pool Reallocated to Appropriators
74-75				
75-76				
76-77				
77-78				
78-79				
79-80				
80-81				
81-82				
82-83				
83-84	297	297	25,762	26,355 ²
84-85	297	297	18,543	19,136
85-86	406	406	21,091	21,902
86-87	406	406	36,348	37,159
87-88	2,028	2,028	74,433	78,489 ³
88-89	406	406	24,124	24,935
89-90	406	406	35,227	36,038
90-91	406	406	33,569	34,380
91-92	406	406	33,904	34,715
92-93	406	406	37,307	38,118
93-94	406	406	37,897	38,708
94-95	3,246	406	34,850	38,502
95-96	5,855	5,855	16,067	27,778
96-97	6,310	6,310	26,541	39,161
97-98	7,213	7,213	23,565	37,991
98-99	8,511	8,511	22,433	39,455
99-00	10,471	N/A	63,191	73,662 ⁴
00-01	13,920	N/A	28,926	42,846
01-02	14,133	N/A	29,173	43,306
02-03	16,480	N/A	27,833	44,313
03-04	17,510 ⁵	N/A	23,312	40,822

¹ Source: Watermaster Annual Reports and Assessment Packages.

² First year reallocation occurred under the Judgment.

³ Appropriators agree to pay Ag Pool assessments. Reallocation procedure changed by agreement.

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

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

**SUMMARY OF REPLENISHMENT, SUPPLEMENTAL AND CYCLIC ACTIVITIES
FISCAL YEAR 2003-2004
(ACRE-FEET)**

Month	Replenishment Water Purchased from Cyclic	Supplemental Water Deliveries	Total
July	-	-	-
August	-	-	-
September	-	-	-
October	-	1,611.0	1,611.0
November	-	1,616.8	1,616.8
December	-	1,425.2	1,425.2
January	-	496.9	496.9
February	-	362.6	362.6
March	-	280.5	280.5
April	-	805.4	805.4
May	-	525.5	525.5
June	-	458.4	458.4
Total	0.0	7,582.3	7,582.3

**SUMMARY OF MWDC DELIVERIES
FISCAL YEAR 2003-2004
(ACRE-FEET)**

Month	Water Facilities Authority - CB-12					
	Upland	MVWD	Ontario	Chino	Chino Hills	Total
July	1,346	1,508	1,639	613	-	5,106
August	1,329	1,720	1,827	713	28	5,616
September	1,240	1,543	1,700	726	-	5,209
October	1,082	1,130	1,563	685	-	4,460
November	382	861	1,124	492	-	2,859
December	202	666	1,162	381	-	2,412
January	136	423	806	366	-	1,730
February	57	506	1,077	382	-	2,023
March	335	730	953	531	-	2,548
April	474	902	1,213	667	-	3,255
May	958	1,351	1,631	765	-	4,705
June	804	1,081	1,077	632	-	3,593
Total	8,343	12,420	15,772	6,953	28	43,516

Month	Reliant	Cucamonga Valley Water District			Pomona	Total
	CB-01	CB-07	CB-16	Sub-Total		
July	0.2	248	3,857	4,105	384	9,595
August	-	324	4,242	4,566	538	10,721
September	-	329	3,975	4,305	412	9,925
October	-	354	3,892	4,246	324	9,030
November	-	376	2,011	2,387	151	5,397
December	-	205	1,723	1,928	70	4,409
January	-	108	1,359	1,467	336	3,532
February	-	9	1,379	1,388	72	3,483
March	-	-	2,556	2,556	120	5,224
April	-	3	2,807	2,809	172	6,236
May	-	-	3,779	3,779	375	8,860
June	-	31	3,095	3,126	442	7,161
Total	0.2	1,986	34,676	36,662	3,396	83,574

**SUMMARY OF SUPPLEMENTAL SUPPLIES
FISCAL YEAR 2003-2004
(ACRE-FEET)**

Member Agency	Other Basins	Surface Diversions	SBVMWD MWDCS Imported Deliveries	Recycled Water	Total
Chino, City of	-	-	-	1,549.2	1,549.2
Chino Hills, City of	-	-	-	1,061.8	1,061.8
Cucamonga Valley Water District ¹	5,468.7	1,785.3	-	10.7	7,264.7
Inland Empire Utilities Agency ²	-	-	-	144.4	144.4
Fontana Water Company ³	16,452.3	1,968.3	1,657.9	-	20,078.5
Marygold Mutual Water Company ⁴	1,228.7	-	-	-	1,228.7
MWDSC ⁵	-	-	80,177.9	-	80,177.9
Monte Vista Water District	-	-	-	2.3	2.3
Ontario, City of	-	-	-	1,171.8	1,171.8
Pomona, City of ⁶	2,467.7	1,481.9	3,395.9	-	7,345.5
San Antonio Water Company ⁷	7,155.2	1,076.3	-	-	8,231.5
San Bernardino County of	-	-	-	1,501.7	1,501.7
State of California, CIM ⁸	-	-	-	934.6	934.6
Upland, City of ⁹	3,351.8	718.4	-	14.3	4,084.5
West End Consolidated Water Company	1,950.8	-	-	-	1,950.8
West Valley Water District ¹⁰	7,260.6	-	-	-	7,260.6
Total	45,335.8	7,030.2	85,231.7	6,390.8	143,988.5

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

² IEUA provided 5,407.5 AF of recycled water as follows: 1,501.7 AF to San Bernardino County; 1,160.0 AF to Ontario; 1,544.2 AF to the City of Chino, and 1,057.2 AF to the City of Chino Hills. Ely Basin Groundwater Recharge in the amount of 37.3 AF is shown as allocated to the individual participants.

³ Imported groundwater produced from Colton/Rialto and "unnamed" basin. Surface water deliveries are from Lytle Creek.

⁴ Imported groundwater produced from wells located in the Rialto Basin.

⁵ MWDSC/SBVMWD deliveries (See Appendix E-1 for individual agencies breakdown).

⁶ Includes 1518.4 AF of groundwater from Six Basins and 949.3 AF of groundwater from Spadra Basin. Imported water was delivered through TVMWD.

⁷ An amount of 1,076.318 AF was treated local canyon flow used in the overlying Chino Basin. The imported groundwater was 1,014.184 AF from San Antonio Tunnel, 5,059.72 AF from Cucamonga Basin and 1,081.3 AF from Six Basins.

⁸ Recycled wastewater that was applied to fields, including water held in storage ponds.

⁹ Includes 1590.417 AF from Cucamonga Basin. Surface water deliveries are from the San Antonio Canyon WTP. Recycled water includes water from the Upland Hills Country Club Sewage Treatment Plant.

¹⁰ Listed amount was delivered to "meter book" service area.

TOTAL WATER CONSUMPTION WITHIN THE CHINO BASIN¹
(ACRE-FEET)

Fiscal Year	Chino Basin Extractions ²	Other Imported Supplies ³	Total
1974-75	175,757	49,383	225,140
1975-76	181,017	57,686	238,703
1976-77	173,355	55,765	229,120
1977-78	154,675	61,567	216,242
1978-79	142,412 ⁴	75,864	218,276
1979-80	140,566	70,727	211,293
1980-81	144,416	77,765	222,181
1981-82	137,532	67,491	205,023
1982-83	122,635	76,000	198,635
1983-84	132,799	99,257	232,056
1984-85	134,870	92,952	227,822
1985-86	136,113	114,624	250,737
1986-87	147,068	126,493	273,561
1987-88	152,402	116,175	268,577
1988-89	143,998	128,167	272,165
1989-90	154,620	139,004	293,624
1990-91	140,151	116,493	256,644
1991-92	141,904	104,480	246,384
1992-93	135,923	117,205	253,128
1993-94	129,682	136,038	265,720
1994-95	152,768	116,797	269,565
1995-96	150,669 ⁴	130,494	281,163
1996-97	161,281 ⁴	115,031	276,312
1997-98	145,735	106,360	252,095
1998-99	162,267	113,040	275,307
1999-00	178,820	129,208	308,028
2000-01	161,475 ⁴	128,596	290,071
2001-02	165,898	140,907	306,805
2002-03	163,897	134,154 ⁴	298,051
2003-04	181,727	143,989	325,716

¹ Total includes water used over Cucamonga Basin.

² See Appendix B.

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

⁴ Reflects corrected value.

APPROPRIATIVE POOL LOCAL STORAGE ACTIVITY FISCAL YEAR 2003-2004

Producer	Excess Carry Over Water Activity					Local Supplemental Water Activity (1)			
	Amount In Storage From June 30, 2003	Eligible for Storage In 2003-04	Transfer To/(From)	From Supply Water	Excess CO Yr End 2003-04	Local Supply Water July 1, 2003	MZ1 (2) Eligible for Storage In 2003-04	To Excess Carry Over	Local Supply Yr End 2003-04
Arrowhead Mountain Spring Water	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000
Chino, City of	4,833.082	5,531.548	(5,600.000)	0.000	4,764.630	2,741.084	261.762		3,002.846
Chino Hills, City of	0.000	784.764	0.000	0.000	784.764	7,954.315	137.019		8,091.334
Cucamonga Valley Water District	343.003	5,101.823	(5,000.000)	633.345	1,078.171	13,681.996	234.864	(633.345)	13,283.515
Desalter Authority	22,678.288	0.000	(5,302.520)	0.000	17,375.768	0.000	0.000		0.000
Fontana Union Water Company	0.000	0.000	0.000	0.000	0.000	757.635	414.756		1,172.391
Fontana Water Company	0.000	0.000	0.000	0.000	0.000	0.249	0.071		0.320
Inland Empire Utilities Agency	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000
Jurupa Community Services District	8,847.112	0.000	(3,000.000)	0.000	5,847.112	732.982	133.745		866.727
Los Serranos Country Club	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000
Marygold Mutual Water Company	604.048	907.712	0.000	0.000	1,511.760	2,129.539	42.518		2,172.057
Metropolitan Water Dist of So Cal	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000
Monte Vista Irrigation Company	233.703	0.000	(12.893)	0.000	220.810	7,255.936	43.906		7,299.842
Monte Vista Water District	0.000	0.000	650.000	0.000	650.000	5,682.721	312.997		5,995.718
Niagara Bottling Company, LLC	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000
Nicholson Trust	0.000	0.000	0.000	0.000	0.000	0.929	0.249		1.178
Norco, City of	319.407	0.000	0.000	0.000	319.407	71.758	13.093		84.851
Ontario, City of	0.000	0.000	0.000	0.000	0.000	13,268.424	738.000		14,006.424
Pomona, City of	0.000	0.000	(2,594.765)	2,594.765	0.000	15,422.187	727.753	(2,594.765)	13,555.175
Santa Ana River Water Company	0.000	0.000	0.000	0.000	0.000	288.361	84.431		372.792
San Antonio Water Company	8,967.941	1,599.259	0.000	0.000	10,567.200	535.844	97.774		633.618
San Bernardino County (Shooting Park)	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000
Southern California Water Company	1,029.996	513.776	(2,000.000)	546.326	90.098	2,245.071	26.685	(546.326)	1,725.430
Upland, City of	2,592.267	2,822.624	0.000	0.000	5,414.891	7,844.711	185.087		8,029.798
West End Consolidated Water Company	14,832.971	1,576.939	0.000	0.000	16,409.910	336.950	61.482		398.432
West Valley Water District	6,046.777	1,072.175	(1,650.000)	0.000	5,468.952	229.118	41.807		270.925
Totals	71,328.595	19,910.619	(24,510.178)	3,774.436	70,503.472	81,179.810	3,558.000	(3,774.436)	80,963.374

(1) 93,862.143 AF quantified as supplemental water on 5/24/01 pursuant to Peace Agreement and Watermaster Rules and Regulations.
 (2) 3,558 AF of supplemental water purchased and recharged in MZ1 pursuant to Peace Agreement and Watermaster Rules and Regulations.

**OVERLYING (NON-AGRICULTURAL) POOL PRODUCTION
FISCAL YEAR 2003-2004**

Producer	Notes	Carry-Over From 2002-03	Share of Operating Safe Yield	Transfers	2003-04 Production & Exchange	Net Over Production	Carry-Over To 2004-05	Eligible for Local Storage	Amount In Storage From 2002-03	Storage Transfer	Local Storage At Yr End 2003-04
Ameron Steel		97.858	97.858	0.000	0.000	0.000	97.858	97.858	1,658.137	0.000	1,755.995
Angelica Rental Service	2, 11	0.000	18.789	0.000	28.124	9.335	0.000	0.000	0.000	0.000	0.000
California Speedway	9, 11	789.543	1,000.000	0.000	551.622	0.000	1,000.000	237.921	0.000	0.000	237.921
California Steel Industries (CSI)	3, 6, 11	1,300.000	1,300.000	0.000	0.000	0.000	1,300.000	1,300.000	0.000	0.000	1,300.000
CCG Ontario LLC	6, 9, 10, 11	630.274	630.274	0.000	0.000	0.000	630.274	630.274	6,962.866	0.000	7,593.140
Edison Company	11	27.959	27.959	0.000	0.000	0.000	27.959	27.959	111.636	0.000	139.795
General Electric -- Geomatrix	5, 11	0.000	0.000	0.000	20.220	0.607	0.000	0.000	0.000	0.000	0.000
Praxair Inc.	3, 11	427.446	427.446	0.000	145.257	0.000	427.446	282.189	3,530.304	0.000	3,812.493
Reliant Energy, Etiwanda	11	691.544	954.540	0.000	741.835	0.000	904.249	0.000	5,566.943	0.000	5,566.943
S. B. County, Chino Airport	8, 11	123.180	133.870	0.000	52.691	0.000	133.870	70.489	0.000	0.000	70.489
Space Center -- Mira Loma	4, 11	0.000	104.121	137.413	241.534	0.000	0.000	0.000	341.543	(137.413)	204.130
Sunkist	7, 11	1,873.402	1,873.402	0.000	736.143	0.000	1,873.402	1,137.259	8,804.730	0.000	9,941.989
Swan Lake	11	464.240	464.240	0.000	392.745	0.000	464.240	71.495	1,993.859	0.000	2,065.354
Vulcan Materials Co. (Calmat)	1, 11	317.844	317.844	0.000	4.603	0.000	317.844	313.241	7,879.804	0.000	8,193.045
West Venture Development	11		0.000								
Totals		6,743.290	7,350.343	137.413	2,914.774	9.942	7,177.142	4,168.685	36,850.022	(137.413)	40,881.294

- (1) Calmat Properties, formerly Conrock, became Vulcan Materials in 99-00.
- (2) Southern Service Company became Angelica Rental Service in FY 94-95.
- (3) Union Carbide Corp. became Praxair Inc. in FY 94-95. Fontana Water Company entered into two agency agreements with Praxair & CSI in calendar year 1996. Praxair assigned 151,599 af. CSI did not assign water to FWC for service it provided to them in this FY.
- (4) JCSD assigned 232,656 AF of production to Space Center. Assignments over SY will reduce storage until Space Center has no water in storage, then assignments will be limited by SY per Michael Thies 9/9/03.
- (5) GE pumped and recharged after treatment, 1028,620 AF. By agreement, they are assessed 3% losses due to spreading.
- (6) Kaiser/CSI received court approval on settlement Dec 20, 1995. CSI was assigned 1,300,000 AF permanent right as of July 1, 1995, Kaiser 1000 AF & 630,274 AF of Joint Water Rights per Water Rights Agreement and Water Rights Acknowledgement dated in October 1995. The agreement allows for removal of water from storage to satisfy the assignment.
- (7) Sunkist and Ontario entered into an Agency Agreement for the assignment of water provided by Ontario to Sunkist, which was only 55,041 AF of their production in this FY.
- (8) San Bernardino County Department of Airports production has been increased by 76.2 AF from the City of Chino, whose production was decreased the same, under an Agency agreement approved by Watermaster.
- (9) Kaiser/SDC entered into a Water Rights agreement similar to Kaiser/CSI's on November 21, 1995. The agreement provides for 475 AF to be held as "tenants in common," with SDC having the first priority for use of the rights, but no carryover or storage rights for unused water. CCG Ontario LLP transferred an additional 525 AF to SDC effective August 16, 2000.
- (10) Kaiser Ventures sold its last property holdings and all water rights to CCG Ontario LLP on August 16, 2000. [(CCG-630,274) + (Calif Speedway-1000) + (CSI-1300) = (Original Kaiser-2,930,274 AF)]
- (11) West Venture dissolved and their Non Ag rights of 15,657 AF/yr were divided up between other Non Ag producers based on their percent share of safe yield for purposes of the volume vote calculation.

WATER TRANSACTIONS - RECAPTURE/SALES/TRANSFERS REPORTED FISCAL YEAR 2003-04

On January 29, 2004, the Watermaster Board approved the following water transactions:

- Lease and/or purchase of Water Production Right from the City of Pomona to the Monte Vista Water District in the amount of 2,500 acre-feet.
- Transfer of 1,040 acre-feet of Monte Vista Irrigation Company's Fiscal Year 2003-2004 Annual Production Right to Monte Vista Water District.

On March 1, 2004, the Watermaster Board approved the following water transaction:

- Purchase of Right to Produce Water in Storage from the West Valley Water District to the Cucamonga Valley Water District in the amount of 500 acre-feet.

On May 27, 2004, the Watermaster Board approved the following water transactions:

- Purchase of Water in Storage from the West Valley Water District to the Monte Vista Water District in the amount of 650 acre-feet. Water purchased through this transaction was placed in Monte Vista Water District's Local Storage Account.
- Purchase of Right to Produce Water in Storage and/or Water Production Right from the City of Pomona to the Fontana Water Company in the amount of 500 acre-feet.
- Purchase of Right to Produce Water in Storage from the Southern California Water Company to the Fontana Water Company in the amount of 2,000 acre-feet.

On July 22, 2004, the Watermaster Board approved the following water transactions:

- Purchase of Right to Produce Water in Storage and Annual Production Right from the Nicholson Trust to the Fontana Water Company in the amount of 6,475 acre-feet.
- Purchase of Right to Produce Water in Storage from the Cucamonga Valley Water District to the Fontana Water Company in the amount of 2,500 acre-feet.
- Purchase of Right to Produce Water in Storage from the City of Chino to the City of Ontario in the amount of 5,600 acre-feet.
- Purchase of Right to Produce Water in Storage from the Cucamonga Valley Water District to the Fontana Water Company in the amount of 2,500 acre-feet.
- Lease of Water Production Right from the Santa Ana River Water Company to the Jurupa Community Services District in the amount of 1,000 acre-feet.
- Purchase of Right to Produce Water in Storage from the Jurupa Community Services District to the City of Ontario in the amount of 3,000 acre-feet.

On August 26, 2004, the Watermaster Board approved the following water transaction:

- Purchase of Right to Produce Water in Storage from the West Valley Water District to the Fontana Water Company in the amount of 500 acre-feet.

SUMMARY OF WATER TRANSACTIONS FISCAL YEAR 2003-04

To	From	Quantity	Date Watermaster Approved	\$/AF	Total (\$)	Financial impact on 85%/15% Producers		Watermaster Pays 15% To
						85%	15%	
Ontario	Chino	5,600.000	7/22/04	210.00	1,176,000.00	999,600.00	176,400.00	Chino
	JCSD	3,000.000	7/22/04	201.00	603,000.00	512,550.00	90,450.00	JCSD
MVWD	WVWD	650.000 (1)	5/27/04	N/A				
	Pomona	2,500.000	1/29/04	210.00	525,000.00	446,250.00	78,750.00	Pomona
	MVIC	1,040.000	1/29/04	218.00	226,720.00	192,712.00	34,008.00	MVIC
Fontana Water Co	Pomona	500.000	5/27/04	210.00	105,000.00	89,250.00	15,750.00	Pomona
	CVWD	5,000.000	7/22/04	216.90	1,084,500.00	921,825.00	162,675.00	CVWD
	SCWC	2,000.000	5/27/04	216.00	432,000.00	367,200.00	64,800.00	SCWC
	Nicholson Trust	6.475	7/22/04	216.90	1,404.43	1,193.76	210.66	FWC
	WVWD	500.000	8/26/04	210.00	105,000.00	89,250.00	15,750.00	FWC
CVWD	WVWD	500.000	3/1/04	N/A				
JCSD	Santa Ana	1,000.000	7/22/04	233.00	233,000.00	198,050.00	34,950.00	SARWC
Total		22,296.475			\$4,491,624.43	\$3,817,880.76	\$673,743.66	

(1) The 85/15 Rule does not apply to this transaction, as the water was purchased for storage and not to offset overproduction. The 650 AF transferred is to be put in MVWD's storage account pending approval of recapture plan.

ASSIGNMENTS (2)

Norco	JCSD	286.387		N/A				
Santa Ana		567.183		N/A				
Space Center		241.534		N/A				
Swan Lake		392.746		N/A				
Praxair	FWC	145,257 (3)		85.00	18,445.29	15,678.49	2,766.79	FWC
Sunkist	Ontario	25,303		200.00	5,060.60	4,301.51	759.09	Ontario
Ag Pool Assign		183,900		N/A				
San Antonio WC		858,416						
Chino Airport	Chino	52,690		N/A				
Ag Pool Assign		1,201,301		N/A				
El Prado Golf		472,058		N/A				
El Prado Park		1,029,605		N/A				
Ag Pool Assign	MVWD	390,140		N/A				
Higgins Ranch	Chino Hills	9,851						
Boys Republic		163,118						
Los Serranos		257,255		N/A				
Total Assignments		6,276,744			\$23,505.89	\$19,980.00	3,525.88	

(2) Assignment of equivalent production based on metered service in net production shown by entity/pool. Reflected here for assessment adjustment page.

Subtotal Credits \$677,269.55

(3) FWC also paid prior year assessments for Praxair of: \$ 3,825.28

\$ 573.79

Total Credits \$677,843.34

Acre Feet

-10,605,039 Desalter Account reduced acre feet of production and increased rising water capture by 50%
5,302,520 of new yield from desalter operations.

79,090 Stringfellow/DTSC 1/10/86 Court Order - Up to 300,000 acre feet per year is exempt from assessment. Included in Ag Pool Production

Some water transferred from storage to eliminate a potential replenishment obligation due to water transactions & supplemental water designations.

**SUMMARY OF ASSESSMENTS PER ACRE-FOOT
FISCAL YEAR 2003-2004
PRODUCTION YEAR 2002-2003**

1) Non-Agricultural Pool

Assessments based on Production

Administrative Budget	\$ 5.37	Per AF Production
OBMP & Special Project Budget	<u>\$ 20.02</u>	Per AF Production
	<u>\$ 5.00</u>	Minimum

Replenishment Rates

100% Net Replenishment	<u>\$ 244.00</u>	Per AF
------------------------	------------------	--------

2) Appropriative Pool

Assessments based on Production

Administrative Budget	\$ 2.95	Per AF Production
OBMP & Special Project Budget	<u>\$ 19.95</u>	Per AF Production
	<u>\$ 5.00</u>	Minimum

Reallocated Ag Pool Right

Administrative Budget	\$ 10.60	Per AF Reallocated
OBMP & Special Project Budget	<u>\$ 23.50</u>	Per AF Reallocated

Replenishment Rates

100% Net Replenishment	<u>\$ 244.00</u>	Per AF
Gross - 15%	<u>\$ 5.91</u>	Per AF
Net - 85%	<u>\$ 207.40</u>	Per AF

HISTORIC ASSESSMENTS PER ACRE-FOOT OF PRODUCTION

Fiscal Year	Agricultural Pool ¹ (\$/AF)	Non-Ag Pool (\$/AF)	Appropriative Pool ² (\$/AF)	Gross Replenishment ¹ Water Rate (\$/AF)
1977-78	0.29	0.32	0.42	
1978-79	0.65	1.29	0.77	51.00
1979-80	0.54	0.20	0.51	56.20
1980-81	0.32	0.00	0.00	62.51
1981-82	0.10	0.00	0.00	63.78
1982-83	0.10	0.00	0.00	81.46
1983-84	0.10	0.00	0.00	102.18
1984-85	0.10	0.00	0.10	154.00
1985-86	0.10	0.00	0.45	149.39
1986-87	0.10	0.00	0.41	155.10
1987-88	0.10	0.00	0.25	155.42
1988-89	0.09	0.00	0.67	155.33
1989-90	3.27	0.00	0.48	115.00
1990-91	2.31	0.00	0.43	117.55
1991-92	3.53	0.12	0.11	132.55
1992-93	7.03	4.07	3.41	169.89
1993-94	12.37	6.67	2.51	210.69
1994-95	9.86	3.24	2.06	222.00
1995-96	11.68	3.43	1.57	233.15
1996-97	19.70	7.55	3.69	233.15
1997-98	15.19	6.56	2.73	237.15
1998-99	19.04	9.85	7.77	243.00
1999-00	26.30	14.12	11.75	243.00
2000-01	18.15	25.79	24.74	242.00
2001-02	34.37	29.93	25.42	243.00
2002-03	35.69	26.72	21.35	244.00
2003-04	34.10	25.39	22.90	244.00

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

² Excludes amounts related to the debt service of the Recharge Improvement Project and supplemental and replenishment water purchases.

**SUMMARY BUDGET
FISCAL YEAR 2002-2003**

	FY 01-02 June Actual	FY 02-03 December Actual	FY 02-03 Current Budget	FY 03-04 Proposed Budget	Current vs. Proposed
Ordinary Income/Expense					
4000 Mutual Agency Revenue	\$85,125	\$26,629	\$20,000	\$0	-\$20,000
4110 Admin Asmnts-Approp Pool	4,241,553	4,470,785	3,580,590	3,931,695	351,105
4120 Admin Asmnts-Non-Agri Pool	241,961	149,042	196,982	88,201	-108,781
4730 Prorated Interest Income	118,808	38,095	132,890	112,025	-20,865
Total Income	4,687,290	4,684,551	3,930,462	4,131,921	201,459
Administrative Expenses					
6010 Salary Costs	428,397	198,285	414,173	385,900	-28,273
6020 Office Building Expense	70,561	40,491	123,845	108,995	-14,850
6030 Office Supplies & Equip.	30,082	14,814	29,800	41,000	11,200
6040 Postage & Printing Costs	63,155	28,726	72,450	66,400	-6,050
6050 Information Services	95,905	43,348	101,800	105,750	3,950
6060 WM Special Contract Services	184,846	53,569	227,600	121,000	-106,600
6080 Insurance Expense	10,689	7,128	11,210	16,710	5,500
6110 Dues and Subscriptions	12,619	11,217	13,500	14,500	1,000
6150 Field Supplies & Equipment	4,258	1,907	3,950	4,250	300
6170 Vehicle Maintenance Costs	24,656	9,816	25,500	46,300	20,800
6190 Conferences & Seminars	11,882	10,952	14,500	16,000	1,500
6200 Advisory Committee Expenses	20,256	7,311	17,870	15,071	-2,799
6300 Watermaster Board Expenses	42,198	13,818	42,522	28,371	-14,151
6500 Education Fund Expenditures	375	0	375	375	0
8300 Appropriative Pool Administration	15,236	6,746	16,310	14,471	-1,839
8400 Agricultural Pool Administration	120,221	33,821	119,010	233,979	114,969
8500 Non-Agricultural Pool Administration	6,666	2,380	4,462	6,698	2,236
9500 Allocated G&A Expenditures	0	-119,852	-286,120	-309,073	-22,953
Total Administrative Expenses	1,141,602	364,479	952,757	916,697	-36,060
General OBMP Expenditures					
6900 Optimum Basin Mgmt Program	806,676	443,070	810,777	942,065	131,288
6950 Cooperative Efforts	103,504	38,156	2,500	85,004	82,504
9501 Allocated G&A Expenditures	0	33,419	80,857	91,999	11,142
Total General OBMP Expenditures	910,180	514,645	894,134	1,119,068	224,934
7000 OBMP Implementation Projects					
7101 Production Monitoring	28,488	14,174	61,062	79,283	18,221
7102 In-Line Meter Installation/Maintenance	222,973	187,302	439,399	131,380	-308,019
7103 Groundwater Quality Monitoring	194,891	101,120	321,829	274,613	-47,216
7104 Groundwater Level Monitoring	182,501	51,492	205,916	157,852	-48,064
7105 Surface Water Quality Monitoring	23,727	17,028	85,161	133,595	48,434
7106 Water Level Sensors Install	20,969	16,596	34,501	26,835	-7,666
7107 Ground Level Monitoring	51,302	367,981	801,070	202,283	-598,787
7108 Hydraulic Control Monitoring Program	0	0	0	718,227	718,227
7200 OBMP Pgm Element 2 - Comp Recharge Program	286,856	114,523	184,168	89,575	-94,593
7300 OBMP Program Element 3 & 5 - Water Supply Plan - Desalter	133,099	5,300	123,587	47,499	-76,088
7400 OBMP Pgm Element 4 - Mgmt Zone Mgmt Strategies	98,523	98,803	81,172	187,308	106,136
7500 OBMP Pgm Element 6 & 7 - Coop Efforts/Salt Mgmt	37,889	87,942	58,299	51,820	-6,479
7600 OBMP Pgm Element 8 & 9 Storage Mgmt/Conj Use	157,334	26,656	102,830	146,179	43,349
7700 Inactive Well Protection Program	0	0	0	30,447	30,447
7206 Comp Recharge - Basin Program O&M	0	0	0	441,859	441,859
7690 Recharge Improvement Debt Payment	0	429,250	620,000	429,250	-190,750
9502 Allocated G&A Expenditures	0	86,433	205,263	217,074	11,811
Total OBMP Implementation Projects	1,438,552	1,604,600	3,324,257	3,365,079	40,822
Total Expenses	3,490,334	2,483,725	5,171,148	5,400,844	229,696
Net Ordinary Income	1,196,956	2,200,826	-1,240,686	-1,268,923	-28,237
Other Income					
4210 Approp Pool-Replenishment	38,946	1,424,041	0	0	0
4220 Non-Ag Pool-Replenishment	9,329	8,567	0	0	0
4230 Groundwater Recharge Activity	1,579,500	1,586,000	2,285,049	2,189,500	-95,549
Total Other Income	1,627,776	3,018,609	2,285,049	2,189,500	-95,549
Other Expense					
5010 Groundwater Recharge	1,567,524	1,333,067	2,285,049	2,273,500	-11,549
5050 SB222 Cyclic Storage Program	0	0	0	0	0
Total Other Expense	1,567,524	1,333,067	2,285,049	2,273,500	-11,549
Net Other Income	60,252	1,685,541	0	-84,000	-84,000
9800 From / (To) Reserves	-1,257,208	-3,886,368	1,240,686	1,352,923	112,237
Net Income	\$0	\$0	\$0	\$0	\$0

**CHINO BASIN WATERMASTER
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA
YEAR ENDED JUNE 30, 2004**

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

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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	<u>4,303,112</u>
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)

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.

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.

	2002-03	
	<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:

Form of Deposit	Category			Bank Balance	Carrying Amount
	1	2	3		
Demand deposits	\$100,000	58,934	-	158,934	62,184
	<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 (as restated)*	Additions	Deletions	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>79,173</u>
Total costs of depreciable assets	<u>98,577</u>	<u>90,178</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>(47,115)</u>
Total accumulated depreciation	<u>(53,310)</u>	<u>(28,804)</u>	-	<u>(82,114)</u>
Net capital assets	<u>\$45,267</u>	<u>61,374</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

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION AND SPECIAL PROJECTS			GROUNDWATER OPERATIONS		EDUCATION FUNDS	GRAND TOTALS
			APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	GROUNDWATER REPLENISHMENT	SB222 FUNDS		
Administrative Revenues									
Administrative Assessments			4,614,056		122,460				4,736,516
Interest Revenue			81,090	7,111	3,624			38	91,863
Mutual Agency Project Revenue		301,209							301,209
Grant Income									-
Miscellaneous Income									-
Total Revenues		301,209	4,695,146	7,111	126,084	-	-	38	5,129,588
Administrative & Project Expenditures									
Watermaster Administration	816,818								816,818
Watermaster Board-Advisory Committee	47,569								47,569
Pool Administration			13,796	246,513	3,221				263,530
Optimum Basin Mgmt Administration		932,272							932,272
OBMP Project Costs		2,308,516							2,308,516
Education Funds Use								375	375
Mutual Agency Project Costs	81,416								81,416
Total Administrative/OBMP Expenses	945,803	3,240,788	13,796	246,513	3,221			375	4,450,496
Net Administrative/OBMP Income	(945,803)	(2,939,579)							-
Allocate Net Admin Income To Pools	945,803		701,641	216,156	28,007				-
Allocate Net OBMP Income To Pools		2,939,579	2,180,717	671,817	87,046				-
Agricultural Expense Transfer			1,124,360	(1,124,360)					-
Total Expenses			4,020,514	10,125	118,273	-	-	375	4,450,496
Net Administrative Income			674,632	(3,014)	7,811			(337)	679,092
Other Income/(Expense)									
Replenishment Water Purchases						4,135,998			4,135,998
MZ1 Supplemental Water Assessments						1,585,854			1,585,854
Water Purchases									-
MZ1 Imported Water Purchase									-
Groundwater Replenishment						(1,855,294)			(1,855,294)
Net Other Income						3,866,558			3,866,558
Net Transfers To/(From) Reserves			674,632	(3,014)	7,811	3,866,558		(337)	4,545,650
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%

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Chino Basin Watermaster
**Twenty-Seventh
Annual Report**

Fiscal Year 2003-04

9641 San Bernardino Road • Rancho Cucamonga, CA 91730

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CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

A. SAN ANTONIO CHANNEL - UPLAND BASIN INTERCONNECT



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: June 9, 2005
June 21, 2005
June 23, 2005

TO: Committee Members
Watermaster Board Members

SUBJECT: San Antonio Channel – Upland Basin Interconnect

Summary

Issue – Authorization of the Construction of a Connector Pipeline between the College Heights Junction Structure and the Upland Basin Storm Drain

Recommendation – Approve the construction of 600 feet of 48" RCP between the stub out at the College Heights Junction Structure and the stub out in the 102" Foothill Storm Drain in accordance with the City of Upland Pipe Procurement Bid 2005-02(P). The City of Upland will issue a change order to Bonidaman-McCain (installation contractor) and Rialto Concrete Products (pipe supplier) in an amount NTE \$150,000 to purchase and install the pipeline.

Fiscal Impact – Pursuant to the City of Upland Agreement with the Chino Basin Watermaster and the Inland Empire Utilities Agency, the City will be reimbursed a flat sum of \$150,000 for the installation of the pipeline. Chino Basin Watermaster and IEUA will seek reimbursement under the DWR Grant.

Background

An agreement for financial assistance between the City of Upland, the Chino Basin Watermaster (CBWM), and the Inland Empire Utilities Agency (IEUA) provided \$750,000 for construction of Phase I of the Upland Groundwater Recharge Basin. Of that amount, \$530,000 has been remitted to the City for their construction efforts in FY 2004/2005; and \$70,000 has been paid to URS Corporation for their installation of two monitoring wells at the Upland Basin. Limited monitoring of these wells in April and May 2005 indicates successful recharge of nearly 1000 AF of stormwater during the period from October 16, 2004 through May 25, 2005. Based on this successful stormwater recharge, the investment of \$150,000 to install the connector pipeline between the College Heights Junction Structure and the existing Upland Basin Storm Drain will enable the use of the reconfigured Upland Basin for imported water recharge during the remainder of the year.

The existing facilities (OC-59, San Antonio Channel, and the College Heights rubber dam and junction structure) provide for the delivery of 30 cfs (60 AFD) of MWDSC imported water, which can be diverted into the Upland Basin upon construction of this pipeline. Based on a 150 day "season" for imported water, this results in an additional 9000 AFY of recharged water in MZ1, and valuable redundancy when either the Montclair or Brooks basins must be removed from service. Some additional capacity is also provided for those instances in which surplus water is released from the San Antonio Dam following storm events. Operation of the Upland Basin under controlled conditions will provide valuable new data for making an eventual decision on the role of the College Heights Basins in recharging imported water.



CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

B. PROPOSITION 50 GRANT APPLICATION



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: June 9, 2005
June 21, 2005
June 23, 2005

TO: Committee Members
Watermaster Board Members

SUBJECT: Proposition 50 Grant Application

SUMMARY

Issue – Support for a cooperative Proposition 50 grant application for development of an Integrated Regional Water Management Plan.

Recommendation – Approve Resolution No. 05-04, supporting a cooperative grant agreement and application under Chapter 8 of Proposition 50 for the development of an integrated regional management plan.

Fiscal impact – No fiscal impact

BACKGROUND

The San Gabriel Valley Municipal Water District is authorized as the lead agency to execute, gather and provide any and all documents necessary to further the award of the "Proposition 50" grant application on behalf of Inland Empire Utilities Agency, Three Valley's Municipal Water District, Foothill Municipal Water District and the Main San Gabriel Basin Watermaster (collectively known as the "participating agencies"). These agencies are making a cooperative Proposition 50 Planning grant application for the purpose of funding the creation of an Integrated Regional Water Management Plan. Besides creating a plan for water resource management, recycling and conservation for the main San Gabriel Basin, it will include water supply reliability for the IEUA and Three Valley's service areas via emergency interconnections to the San Gabriel (Azusa) pipeline.

It has been requested by the two member agencies that the Chino Basin Watermaster take a support position for the grant application.

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RESOLUTION NO. 05-04

RESOLUTION OF THE CHINO BASIN WATERMASTER SUPPORTING A COOPERATIVE GRANT AGREEMENT UNDER CHAPTER 8 OF PROPOSITION 50 FOR THE DEVELOPMENT OF AN INTEGRATED REGIONAL MANAGEMENT PLAN

WHEREAS, Inland Empire Utilities Agency, in cooperation with the San Gabriel Valley Municipal Water District, the Foothill Municipal Water District, the Three Valleys Municipal Water and the Main San Gabriel Basin Watermaster (collectively known as the "participating agencies") wish to make a cooperative "Proposition 50 Planning" grant application for the purposes of funding the creating of a plan for water resource management, development, recycling and conservation; and

WHEREAS, the San Gabriel Valley Municipal Water District is authorized as the lead agency to execute, gather and provide any and all documents necessary to further the award of the Proposition 50 grant application on behalf of Inland Empire Utilities Agency as one of the participating Agencies; and

WHEREAS, the San Gabriel Valley Regional Management Plan will benefit the Chino Basin by including imported water supply reliability for the IEUA service area via emergency interconnections to the San Gabriel (Azusa) pipeline; and

WHEREAS, the Chino Basin Watermaster supports the submission of a joint Proposition 50 grant application by the San Gabriel Valley Municipal Water District.

NOW THEREFORE the Chino Basin Watermaster's Board hereby commits its support for the cooperative effort necessary for the development of an integrated regional water management plan as described as the "Proposition 50" grant application.

By: _____
Chairman, Watermaster Board

APPROVED:

Chairman, Advisory Committee

ATTEST:

Secretary, Watermaster Board

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CHINO BASIN WATERMASTER

IV. INFORMATION

1. Newspaper Articles

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- Chino Valley
- Jurupa Valley/Norco
- Upland/Claremont
- Pomona/Diamond Bar
- La Verne/San Dimas
- Ontario/Montclair
- David Allen
- Our Past
- Sunday's Best
- Society
- Lottery

Columnists

Coffee Break

- Flash games
- Crickler
- Crossword
- Horoscopes
- Gossip
- Sports Challenge

Sports

- Lakers / NBA
- Dodgers / MLB
- Angels / MLB
- Kings / NHL
- Galaxy
- Chivas USA
- USC
- UCLA
- NFL
- Special Reports
- Redlands Bike Classic
- Prep Sports
- Sports Challenge
- Sports Columnists

EMAIL ARTICLE LINK TO ARTICLE PRINT ARTICLE

Article Published: Wednesday, May 11, 2005 - 9:52:45 PM PST

Commission OKs Hofer plan to develop ranch

ONTARIO - The Planning Commission gave a thumbs up Wednesday to a plan to develop the last working ranch near Ontario International Airport.

Building on earlier plans for the area, the Hofer Ranch proposal will build industrial and business buildings on vineyards that now straddle Jurupa Avenue south of the airport.

The Hofer family compound, a historic site, could eventually be thrown open to the public with a hotel, bed and breakfast, visitor center and shops.

Before voting 6-0 to recommend City Council approval of the proposal, planning commissioners praised the effort to preserve the ranch's historic buildings.

"The Hofer family loves their land," Commissioner Sheila Mantz said. "Every project they've brought before us has been well done."

The commission did stipulate that the new industrial and business buildings go before the Historic Preservation Subcommittee for review.

Commissioner Gabe Derocili was absent.

The project must now go before the City Council for a final vote.

- Naomi Kresge, (909) 483-8553

OTHER ARTICLES IN THIS SECTION

5/16/2005

- Rancho veteran saved by German medic
- Proposed auto mall raises ire
- Graduates celebrate journey's end
- Chino slaying remains unsolved
- Mayoral candidates woo black voters
- Blue-tinted headlights not all created equal
- NTSB seeks cause of fatal plane crash
- Pair to be arraigned in torching of opossums
- Lawmaker resumes deportation amends
- Young bicyclist dies from injuries
- Chino school growing slowly
- Two suspects arrested in killing of teenager
- Rancho's Klusman House getting back into business
- Jackson retains star power despite famous witnesses
- Distractions prevail at county Diaper Derby
- Claremont cemetery needs volunteers
- Pomona council sets swap-meets hearing
- Professor to speak on book "Toxic Leaders"
- L.A. latest jail to use radio tags to track inmates
- Rugby coach rushed to hospital after beating
- Pomona historic home hearing tonight
- Baha' celebration to honor mothers
- Today in History

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Inland Valley Daily Bulletin

Hofer Ranch may open gates

Proposal would bring tourists to land

By Naomi Kresge

Staff Writer

Monday, May 09, 2005 - ONTARIO - For decades, the iron gates of their ranch shielded the Hofer family from the changes around them.

Vineyards and orchards melted before roads, freeways and airport runways. Still Hofer Ranch remained much as it always had been, hidden in lush greenery just south of Ontario International Airport.

A proposal before the city now could open the family compound to the public for the first time.

"It's just like going back to historic California, what it was like back at the turn of the century," said Planning Commissioner Rick Gage, who toured the property last week. "It's just like an oasis ... with jumbo jets landing just to the north of it."

The development proposal scheduled for a Planning Commission hearing Wednesday maps for the first time the future of the 196 acres that remain of what was once about a 1,000-acre ranch.

The proposal includes plans laid in the 1990s, and already partly executed, for 107 acres of office and distribution buildings south of Jurupa Avenue.

But it also proposes an industrial area and business park north of Jurupa Avenue, on what are now vineyards, and a tourist-oriented historic commercial complex in what is now the family compound. The proposal grew out of the family's decision in 2002 to work with Dallas developer Hillwood to develop the property.

The plan would preserve the home that Hofer patriarch Sanford Ballou converted out of a one-room schoolhouse more than 110 years ago. Other historic buildings, including a two-story bunkhouse built before 1910, a Quonset hut and ranch outbuildings, would also stay.

Some would get a second life, perhaps as shops, and the proposal would allow for buildings such as a multistory resort hotel, bed-and-breakfast, restaurants or specialty shops.

A landscaped earthen berm would separate the tourist area from its industrial neighbors.

"It's kind of the Disneyland approach to screening out the uses," city Planning Director Jerry Blum said.

Gage compared the painstakingly preserved compound to Knott's Berry Farm.

"I just loved listening to him," he said of Paul Hofer III, who led the Planning Commission tour. "He knew all the history of every shovel, every wine barrel ... it's just original, all the way it was."

The family will still own the land.

"I'd just as soon still have vineyards there, but that's not the way the valley's going," said Hofer, 57.

The ranch's future has been unclear for the past few years. Much of the land included in the earlier development plan for the area south of Jurupa remains vacant.

Last year, the family fought a suggestion by Los Angeles World Airports that their land be part of the Ontario International Airport expansion.

The agency and the family clashed publicly about runway access for air cargo facilities Hofer hopes to build on his land.

Hofer said approval of the development plan, which will come before City Council after its Planning Commission hearing this week, would be a significant step toward the industrial development.

He also said the family still plans to live on the homestead.

"We've been here 120 years, so we're not going anywhere soon," he said.

Naomi Kresge can be reached by e-mail naomi.kresge@dailybulletin.com or by phone at (909) 483-8553.

Inland Valley Daily Bulletin

Mining plans create unrest

Claremont digs in against proposal

By Edward Barrera

Staff Writer

Saturday, May 14, 2005 - CLAREMONT - Ivan Misner stood outside on his second-floor balcony Thursday, overlooking hundreds of acres of undeveloped land in northeast Claremont, land owned by the Pomona Valley Protective Association that is used to replenish underground water supplies.

In the distance, across the San Bernardino County line, a mining company churned away, extracting rock and gravel used for construction projects, including building freeways and fixing surface streets.

The sight may portend things to come, said the Claremont resident, shaking his head.

"If I had known that there could be an open-pit mine in my back yard, I would have never bought this house," Misner said.

Misner and other local residents fear that Vulcan Materials Co., which has a lease on 214 acres south of Mt. Baldy Road, will be able to convince the state Mines and Geology Board to overturn Claremont's decision to ban mining on the land.

In February, the City Council turned down the company's request, upholding the planning commission's denial, which cited numerous concerns over the project.

Vulcan's plans to mine the area closer to Misner's home would accomplish an additional goal, that of the Pomona Valley Protective Association, the area's water supplier, which hopes to augment its water-collection capabilities by digging pits across the parcel.

According to a staff report, however, mining would be incompatible with the residential community aligned along the west side of the parcel, creating noise and air-quality issues that could adversely affect the community.

Mining could also cause irreversible ecological damage through the removal of alluvial fan sage scrub, the report states.

Even though the state has designated the area "of regional significance" in meeting the need for future mineral resources, the city is not required to allow mining, staff concluded.

"I sense our council is very strong on this," said Councilwoman Ellen Taylor. "They are not happy about having mining near a residential area. We are a pretty united front." While a Vulcan official declined to comment, the company, in a February response to the planning commission's denial, said that it was only asking the city to study the proposal thoroughly, including initiating an environmental review.

According to the mining company, the city skirted state law that requires local agencies to set clear regulations for allowing mining of mineral resources, deprived the company from making money off the leased land and denied the ability of the water company to enhance its capabilities.

Bill McDonald, president of the Pomona Valley Protective Association, said Vulcan's proposal to create pits is compatible with the water provider's goals and will aid the community's needs.

"We need to capture more water when it's available," he said. "At this point, we think that mining will be a benefit to (collecting) more water."

The proposal calls for two large pits at a maximum of 100 feet deep and excavated at least 50 feet away from the nearest residential community.

Some Claremont residents opposed to the project said the proposal would create pits too large and will be built too close to homes.

"We have such a high water level in north Claremont that we feel putting these pits there could cause flooding in south Claremont," said Mike Kunce, an organizer of a group, Claremonters Against Strip Mining, created solely to fight the Vulcan proposal.

Don Drysdale, a state Mines and Geology Board spokesman, said Vulcan will have to file an appeal in about a week to have the state review the decision. Once the agency receives the report, it will make a decision within 30 days, he said.

Standing on the balcony, Misner said he was seething about the developments.

"If this was zoned for mining, and I moved in - shame on me. But it was never zoned for it," he said. If Vulcan eventually wins, "I would have to seriously consider moving."

Edward Barrera can be reached by e-mail at edward.barrera@dailybulletin.com or by phone at (909) 483-9356.

Inland Valley Daily Bulletin

State wins lawsuit vs. Stringfellow

Victory brings in \$16M; appeal will seek \$28M

By L.C. Greene

Staff Writer

Monday, May 16, 2005 - RIVERSIDE - The state of California can add a \$16 million victory in its quest to recover damages caused by the Stringfellow toxic dump, following a jury verdict Monday.

Five insurance companies that refused to settle and fought the state through 12 years of legal wrangling and a six-week trial must now make good on their policies, the Superior Court panel decided.

"It's been a long time coming," said Beth Jines, spokeswoman for the State Water Resources Control Board, which along with Cal EPA was suing the firms. "The jury found, when you buy insurance, the insurance companies have an obligation to pay."

Steven Crane, the lead lawyer for the insurance firms, could not be reached for comment.

The five holdout insurance firms involved in Monday's verdict were CNA, Wausau, Yosemite, Horace Mann (ACE) and Stonebridge.

Despite the victory, the state will attempt to recover more money from the insurance companies on appeal, state Attorney General spokesman Tom Dresslar said.

"We hope on appeal to raise it to \$28 million," he said.

The state has recovered about \$121 million from other insurers. In February, Lloyd's of London and 15 other companies settled for \$93 million.

The money will go toward ongoing cleanup of the Stringfellow Acid Pits, which operated between 1956 and 1972 in a box canyon above the Jurupa Valley community of Glen Avon.

Hundreds of firms, including aeronautics, metals and chemical companies and the U.S. Air Force, dumped more than 34 million gallons of hazardous liquid waste at the 17-acre site through the years.

The waste, which was deposited in evaporation ponds, came primarily from metal finishing, electroplating and pesticide production.

Several times, heavy rains caused the ponds to overflow, sending waste into creeks and the community below. Contaminated groundwater also invaded area wells.

Glen Avon has been receiving its water from a public utility since 1989.

Cleanup of the Stringfellow dump, which is expected to take decades, already has cost the state about \$300 million.

"This has been a success for the state," San Francisco insurance attorney Paul Glad said of the verdict.

The firms Glad represented, which included American Home and New Hampshire Insurance Co., opted out of the trial and settled with the state about three weeks ago.

While Glad declined to disclose financial terms of the settlement, Jines said it amounted to about \$20 million.

Although the state can claim victory, it was not successful in retrieving anywhere near the money it was originally pursuing, which was in excess of \$500 million, Glad said.

Stringfellow Acid Pits Lawsuit

STATE OF CALIFORNIA V. CNA, Wausau, Yosemite, Horace Mann (ACE) and Stonebridge insurance companies.

Jury Verdict: Insurance firms must pay \$16 million for damages caused by the toxic waste dump.

What's next: State seeking \$28 million on appeal.

L.C. Greene can be reached by e-mail l_greene@dailybulletin.com or by phone at (909) 483-9337.

Inland Valley Daily Bulletin

House approves water-recycling bill

Measure would bring \$30M here

By Lisa Friedman

Staff Writer

Monday, May 16, 2005 - WASHINGTON - For the second time in two years, the House gave a unanimous thumbs up to a \$30 million water-recycling initiative in the Inland Empire.

Last year, the legislative clock ran out before the Senate could take up the measure. But supporters said Monday they are optimistic it will hit President Bush's desk this time around.

"We're thrilled that it passed the House," said Richard Atwater, general manager of the Inland Empire Utilities Agency. "We're very hopeful that it will be approved by the Senate so it can be enacted into law."

The bill authorizes a 10 percent federal match to state and local funding for two new water recycling projects in the Inland Empire expected to produce 100,000 acre-feet of water annually.

Water officials have said that relying on recycled water will help meet the demands of growth, especially as the cities of Chino and Ontario develop former dairy land into homes.

Rep. David Dreier, R-Glendora, who sponsored the bill, said recycling is critical to preventing water shortages.

"This legislation means we will use less water from the Colorado River and Northern California, and will produce benefits like improved water quality from the Santa Ana River watershed," he said in a statement.

The legislation authorizes \$20 million for the first project and \$10 million for the second.

It passed by voice vote as part of a separate water bill. Its supporters included local Reps. Ken Calvert, R-Riverside; Gary Miller, R-Brea; Joe Baca, D-San Bernardino; and Grace Napolitano, D-Santa Fe Springs.

Atwater called recycling "the most cost-effective new supply in California."

Staff writer Joe Florkowski contributed to this report. Lisa Friedman can be reached by e-mail at lisa.friedman@langnews.com or by phone at (202) 662-8731.

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San Bernardino County Sun

House panel OKs dam study funds

By George Watson

Staff Writer

Friday, May 27, 2005 - The House Appropriations Committee has approved a \$1 million study to examine why the water behind Seven Oaks Dam has become contaminated each of the last two years.

A pool of thick silt ruined millions of dollars of pristine water from melting snow this year that local water districts could have used to augment their supplies.

Earlier this year, a shortage forced some districts to buy water from the State Water Project, a cost that increased customers' bills in Redlands, Highland and parts of San Bernardino.

The request for funding passed through late Tuesday night with the support of Rep. Jerry Lewis, the influential Redlands Republican who is chairman of the Appropriations Committee. Before a study can proceed, the full House must approve the bill, the Senate must do the same, and then President Bush must sign it into law.

"This gets us a real strong start," said Robert Martin, general manager of the East Valley Water District. "I'm very pleased."

The Army Corps of Engineers, which built the dam several years ago, would conduct the study.

As part of the examination, some local officials hope the corps will look at changing the dam's sole flood-control role. The \$460 million earthen dam, the nation's largest structure built strictly for protecting against floods, could also become a storage facility for water, some officials have said.

Initially, the bill proposed a more comprehensive, \$3.6 million study, but Martin said that would have taken a year to complete. The need to answer questions is more urgent, Martin said.

"The key is, if and when this is appropriated, we want to get with the Corps about how this should proceed," Martin said.

Jay Field, spokesman for the Corps of Engineers, said the agency is looking at several alternatives.

"Right now, we don't want to get too specific because we have a lot of things on the table that we want to look at to improve the water quality," he said.

Randy Van Gelder, assistant general manager of the San Bernardino Valley Municipal Water District, said he has had conversations with corps officials and they supported the plan to add water conservation to the dam's duties.

Regardless of how quickly the bill passes through Congress, Van Gelder doesn't expect any significant changes to occur at the dam for some time.

"Obviously, it's study money, not construction money,' Van Gelder said.

Local districts' water-reclamation efforts were boosted recently when Southern California Edison got its electric power plants, which operate above the dam, up and running, Martin said. Water used to power the plants is diverted around the dam, keeping it from becoming contaminated in the dam's silty holding pool, before the districts can collect it.

The loss of water to contamination was particularly daunting because of the wealth of snow that has packed mountain tops. At least 12 feet of snowpack could be found earlier this month near peaks that melt into the Santa Ana Watershed and then flow to the dam.

Water behind the dam also became contaminated a year ago because the hot spring allowed organisms to proliferate. It rendered the water undrinkable because the local districts' systems could not sufficiently treat it.