

CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Thursday, February 8, 2007

10:00 a.m. – Joint Appropriative and Non-Agricultural Pool Meeting

AT THE CHINO BASIN WATERMASTER OFFICES

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

Tuesday, February 20, 2007

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

Thursday, February 8, 2007

10:00 a.m. – Joint Appropriative & Non-Ag Pool Meeting

Tuesday, February 20, 2007

9:00 a.m. – Agricultural Pool Meeting

AGENDA PACKAGE



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

10:00 a.m. – February 8, 2007

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 Annual Non-Agricultural Pool Election Meeting held January 11, 2007
(Page 1)
2. Minutes of the Joint Annual Appropriative and Non-Agricultural Pool Meeting held January 11, 2007 (Page 3)

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of January 2007 (Page 15)
2. Combining Schedule of December 31, 2006 (Page 19)
3. Treasurer's Report of Financial Affairs for the Period December 1, 2006 through December 31, 2006 (Page 21)
4. Profit & Loss Budget vs. Actual July 2006 through December 2006 (Page 23)

C. WATER TRANSACTION

Consider Approval for Transaction of Notice of Sale or Transfer – Fontana Water Company ("Company") has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 2,500 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007. Date of application: January 22, 2007
(Page 25)

D. INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 2006

Independent Auditors' Report from Mayer Hoffman McCann P.C. an Independent CPA firm
(Page 39)

II. BUSINESS ITEMS

A. ASSESSMENTS FOR FISCAL YEAR 2006-2007

Consider Approval of Assessment Package for Fiscal Year 2006-2007 (Page 65)

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River Water Right Application
2. Peace II Process

B. FINANCIAL REPORT

1. Budget Update for fiscal 2007/2008

C. CEO/STAFF REPORT

1. Upland Basin Funding Assistance
2. Legislative Update
3. Recharge Update

IV. INFORMATION

1. Newspaper Articles (*Page 81*)

V. POOL MEMBER COMMENTS

VI. OTHER BUSINESS

VII. FUTURE MEETINGS

February 8, 2007	10:00 a.m.	Joint Appropriative & Non Agricultural Pool Meeting
February 20, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
February 22, 2007	9:00 a.m.	Advisory Committee Meeting
February 22, 2007	11:00 a.m.	Watermaster Board Meeting
February 27, 2007	9:00 a.m.	GRCC Meeting

Meeting Adjourn

**CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING
9:00 a.m. – February 20, 2007
At The Offices Of
Inland Empire Utilities Agency
6075 Kimball Ave., Bldg. A, Board Room
Chino, CA 91710**

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

I. 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 Annual Agricultural Pool Meeting held January 16, 2007 *(Page 9)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of January 2007 *(Page 15)*
2. Combining Schedule of December 31, 2006 *(Page 19)*
3. Treasurer's Report of Financial Affairs for the Period December 1, 2006 through December 31, 2006 *(Page 21)*
4. Profit & Loss Budget vs. Actual July 2006 through December 2006 *(Page 23)*

C. WATER TRANSACTION

Consider Approval for Transaction of Notice of Sale or Transfer – Fontana Water Company ("Company") has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 2,500 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007. Date of application: January 22, 2007 *(Page 25)*

D. INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 2006

Independent Auditors' Report from Mayer Hoffman McCann P.C. an Independent CPA firm *(Page 39)*

II. BUSINESS ITEMS

A. ASSESSMENTS FOR FISCAL YEAR 2006-2007

Consider Approval of Assessment Package for Fiscal Year 2006-2007 *(Page 65)*

B. Calendar-Year 2007 Agricultural Pool Members

The Agricultural Pool membership shall consist of not less than ten representatives selected at large by members of the pool. Pool members will be asked to make any necessary changes to the following list in order to establish pool membership and alternates for calendar year 2007:

Current Agricultural Pool Members

Crops: Glen Durrington
 Jeff Pierson
 Dairy: Robert Feenstra
 Gene Koopman
 Peter Hettinga
 Nathan deBoom
 John Huitsing
 State: Pete Hall
 Edward Gonsman
 Robert Nobles

Current Alternates:

Crops: Dan Hostetler
 Dairy: Syp Vander Dussen
 State: Gary Lord
 Peter Von Haam
 Aboyomi Sunomi

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River Water Right Application
2. Peace II Process

B. ENGINEERING UPDATES

1. Regional Water Quality Control Board Permit for Confined Animal Feeding Operations – Tentative Order R8-2004-0055

C. FINANCIAL REPORT

1. Budget Update for fiscal 2007/2008
2. Agricultural Pool Reserve Balance

D. CEO/STAFF REPORT

1. Upland Basin Funding Assistance
2. Legislative Update
3. Recharge Update

IV. INFORMATION

1. Newspaper Articles (*Page 81*)

V. POOL MEMBER COMMENTS

VI. OTHER BUSINESS

VII. FUTURE MEETINGS

February 8, 2007	10:00 a.m.	Joint Appropriative & Non Agricultural Pool Meeting
February 20, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
February 22, 2007	9:00 a.m.	Advisory Committee Meeting
February 22, 2007	11:00 a.m.	Watermaster Board Meeting
February 27, 2007	9:00 a.m.	GRCC Meeting

Meeting Adjourn



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Annual Non-Agricultural Pool Election Meeting – January 11, 2007
2. Joint Annual Appropriative and Non-Agricultural Pool Meeting – January 11, 2007



Draft Minutes
CHINO BASIN WATERMASTER
ANNUAL NON-AGRICULTURAL POOL MEETING
 January 11, 2007

The Annual Non-Agricultural Pool Meeting was held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on January 11, 2007 at 9:30 a.m.

NON-AGRICULTURAL POOL MEMBERS PRESENT

Robert Bowcock, Chair Vulcan Materials Company (Calmat Division)

WATERMASTER BOARD MEMBERS PRESENT

Sandra Rose Monte Vista Water District

Watermaster Staff Present

Kenneth R. Manning	Chief Executive Officer
Sheri Rojo	CFO/Assistant GM
Danielle Maurizio	Senior Engineer
Gordon Treweek	Project Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental Inc.
Tom McCarthy	Wildermuth Environmental Inc.

Others Present

Kevin Sage	Vulcan Materials Company (Calmat Division)
David DeJesus	Three Valleys Municipal Water District
Raul Garibay	City of Pomona

Chair Bowcock called the meeting to order at 9:30 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. ANNUAL ELECTIONS – Action

A. Calendar-Year 2007 Non-Agricultural Pool Officers

Nominations will be heard for Pool Chair, followed by nominations for Pool Vice-Chair, to serve during Calendar-Year 2007.

Chair	<u>Bob Bowcock</u>
Vice-Chair	<u>Kevin Sage</u>
Secretary/Treasurer	<u>Watermaster Chief Executive Officer</u>

B. Calendar-Year 2007 Advisory Committee Members

Pool member(s) will be asked to elect representatives and alternates to serve on the Advisory Committee during Calendar-Year 2007.

Member: Bob Bowcock Alternate: Kevin Sage

C. Calendar-Year 2007 Advisory Committee Officers

Based on the rotation sequence established among the pools, the members of the Non-Agricultural Pool will be asked to appoint a designated representative, Vice-Chair of the Advisory Committee during Calendar-Year 2007. If the appointed representative is unable to attend an Advisory Committee meeting, a remaining pool officer may serve as his/her alternate.

Appropriative Pool	Chair	_____
Non-Agricultural Pool	Vice-Chair	<u>Bob Bowcock</u>
Agricultural Pool	2 nd Vice-Chair	_____

D. Calendar-Year 2007 Pool Representation on Watermaster Board

The Pool members will be asked to select one representative to serve on the Watermaster Board during Calendar-Year 2007 and one alternate representative.

Member: Bob Bowcock _____ Alternate: Kevin Sage _____

The Annual Non-Agricultural Pool Election Meeting Adjourned at 9:35 a.m.

Secretary: _____

Minutes Approved: _____

Draft Minutes
ANNUAL APPROPRIATIVE POOL ELECTION MEETING
AND
JOINT ANNUAL APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
January 11, 2007

The Annual Appropriative Election and joint Appropriative and Non-Agricultural Pool Meeting were held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on January 11, 2007 at 10:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Robert DeLoach, 2006 Chair	Cucamonga Valley Water District
Raul Garibay, 2007 Chair	City of Pomona
Rosemary Hoerning	City of Upland
Dave Crosley	City of Chino
Ken Jeske	City of Ontario
Mike McGraw	Fontana Water Company
Chris Diggs	Fontana Union Water Company
J. Arnold Rodriguez	Santa Ana River Water Company
Justin Brokaw	Marygold Mutual Water Company
Charles Moorrees	San Antonio Water Company
Mike Maestas	City of Chino Hills
Mark Kinsey	Monte Vista Water District

NON-AGRICULTURAL POOL MEMBERS PRESENT

Robert Bowcock	Vulcan Materials Company (Calmat Division)
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WATERMASTER BOARD MEMBERS PRESENT

Sandra Rose	Monte Vista Water District
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Watermaster Staff Present

Kenneth R. Manning	Chief Executive Officer
Sheri Rojo	CFO/Asst. General Manager
Danielle Maurizio	Senior Engineer
Gordon Treweek	Project Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental Inc.
Tom McCarthy	Wildermuth Environmental Inc.

Others Present

Kevin Sage	Vulcan Materials Company (Calmat Division)
David DeJesus	Three Valleys Municipal Water District

Chair DeLoach called the meeting to order at 10:05 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. ANNUAL ELECTIONS - ACTION

A. Calendar Year 2007 Appropriative Pool Officers

Nominations will be heard for the Appropriative Pool Chair to serve during calendar year 2007.

Chair	<u>Raul Garibay, City of Pomona</u>
Vice-Chair	<u>Rosemary Hoerning, City of Upland</u>
Secretary/Treasurer	<u>Watermaster Chief Executive Officer</u>

Chair DeLoach turned the meeting over to the new 2007 Chair, Raul Garibay, from the City of Pomona

B. Calendar Year 2007 Advisory Committee Members & Officers

According to the rotation sequence established among the pools, the appropriators will be asked to appoint a designated representative to serve on the Advisory Committee during calendar year 2007.

Chair	Appropriative Pool	<u>Ken Jeske, City of Ontario</u>
Chair Alternate for Advisory Committee		<u>Robert DeLoach, CVWD</u>
Vice-Chair	Non-Agricultural Pool	<u>Robert Bowcock</u>
2 nd Vice-Chair	Agricultural Pool	<u>Robert Feenstra</u>

C. Calendar Year 2007 Pool Representation on the Watermaster Board

Based on the Court-adopted Rotation Schedule for Representatives to the Watermaster, during calendar year 2007, the following will represent the Appropriative Pool on the Watermaster Board.

City of Ontario – New Member: Jim W. Bowman
Alternate: Sheila Mautz

The Annual Appropriative Pool Election Meeting Adjourned at 10:17 a.m.

Chair Garibay called the joint annual Appropriative and Non-Agricultural Pool meeting to order at 10:17 a.m.

Mr. Manning noted there is a confidential Storage and Recovery meeting scheduled for today directly after this meeting concludes.

II. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Joint Appropriative and Non-Agricultural Pool Meeting held December 14, 2006

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of December 2006
2. Combining Schedule of November 30, 2006
3. Treasurer's Report of Financial Affairs for the Period November 1, 2006 through November 30, 2006
4. Profit & Loss Budget vs. Actual July 2006 through November 2006

C. CHINO BASIN WATERMASTER INVESTMENT POLICY

Resolution 07-01 - Resolution of the Chino Basin Watermaster, San Bernardino County, California, re-authorizing the Watermaster's Investment Policy

D. LOCAL AGENCY INVESTMENT FUND

Resolution 07-02 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF)

E. NOTICE OF INTENT

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

*Motion by Crosley, second by Rodriquez, and by unanimous vote – Non-Ag concurred
Moved to approve Consent Calendar Items A through E, as presented*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River Water Right Application

Counsel Fife stated counsel has been meeting with the other parties involved in the application process to discuss our joint strategies for the hearings. It is the general agreement by all parties who have attended these meetings that we are going to have one hearing on all of the applications. The parties are trying to approach this process cooperatively between all the different agencies; because of the cooperation we are anticipating the process to go smoothly. Watermaster staff is going to Sacramento to meet with the State Board staff next week regarding this issue. Counsel has requested from the State Board that they hold a series of pre-hearing workshops before noticing the hearings and have not yet had a response back from the State Board.

2. Regional Salinity Cooperative Agreement

Counsel Fife stated a draft agreement was made available at last month's meeting. Since that meeting, that draft has been completely scrapped and the parties involved in drafting this agreement are starting from scratch again. This has been a long process and with recent events it appears it will continue to be a time-consuming progression.

3. MWD DYY Agreement

Counsel Fife stated because of events that took place yesterday, a confidential storage and recovery meeting has been noticed for today to be held directly after this meeting. No further comment was made regarding this item.

4. Peace II Process

Counsel Fife stated studies are still being worked on regarding this item. Mr. Scalmanini has indicated he will have his review of the Wildermuth model done in January and ready for counsel and staff review. In addition to Mr. Scalmanini's report, we have had the macro economic review from Dr. Sunding and the next step in that aspect is to have a micro economic analysis done. There was discussion about how Watermaster should approach the micro analysis and the Watermaster Board directed counsel and staff to ask Dr. Sunding what would be involved in this next study and to put together a preliminary cost structure to provide that report. Dr. Sunding has worked up a cost estimate; Counsel Fife handed out the cost estimate. Counsel Fife stated since Dr. Sunding prepared the macro economic review, he has a good idea on a time frame and related costs. Counsel Fife noted Dr. Sunding estimated his costs at \$160,000 dollars to do this study; no motion is being asked for at this time, it is being handed out for review only. A lengthy discussion ensued with regard to the work that will be considered necessary to prepare the next study and the associated costs. Mr. Kinsey inquired if this estimated cost is in the Watermaster budget and Mr. Manning stated it is not budgeted. A discussion ensued with regard to possible costs if this item goes out for bid from another party other than Dr. Sunding to perform the micro economic review. Ms. Hoerning commented on the handout and noted it was not complete as far as actual tasks being performed or an actual scope of work. Counsel Fife stated this was drafted by Dr. Sunding as an initial pass at a cost estimate and not a concrete or detailed scope of work at this point in time because we needed to get feedback first prior to too much work being put into it by Dr. Sunding. If the parties feel Dr. Sunding is the right person for the job, staff can then go back to him and ask him for a more detailed scope of work for his phases. Mr. Manning stated this item will come back through the Watermaster process once discussions have concluded.

B. ENGINEERING UPDATES

1. Rialto Request

Mr. Wildermuth stated a year ago when the Regional Board was beginning to talk about writing permits for imported water recharge, the Regional Board engaged the Watermaster staff to have a discussion about it. From those deliberations one of the concerns that came up was granting people who are not part of the Optimum Basin Management Program (OBMP) process, access to the maximum benefit permit. The Regional Board, at that time, had issues thinking it could not stop other parties who are not part of the OBMP from getting access. After several discussions, the Regional Board issued its first draft recharge permit and in that draft it was stated you had be a part of the OBMP or you would not get access to the assimilative capacity in the Chino Basin. Subsequent to that draft issue, the City of Rialto's Wastewater Discharge Permit has come up for renewal and is being written presently. In that process the Regional Board noted that part of Rialto's planning was to serve recycled water, which would be on property overlying in the Chino Basin. The Regional Board has contacted the Inland Empire Utilities Agency (IEUA) and the Chino Basin Watermaster (CBWM) staff regarding this issue for comment. From that request for comment, it was determined that in order for the City of Rialto to serve recycled water to the Chino Basin they have to get a letter from both IEUA and CBWM saying whatever the City of Rialto is doing is consistent with the OBMP. Mr. Wildermuth stated, to his knowledge, the City of Rialto has not participated monetarily or personally in the formation and adoption of the OBMP. This is an information item only at this time and parties may be asked to provide them with a letter in the near future. A lengthy discussion ensued with regard to Mr. Wildermuth's update on the Rialto request. Mr. Manning stated it is staff's recommendation since the City of Rialto has not participated in any of the costs necessary to achieve the Maximum Benefit there would have to be some sort of negotiations before a letter would be written granting them access including some sort of buy-in comparable with the proportional area that they are talking about; we will not automatically write them an acceptance letter. Mr. Manning stated staff has notified the Regional Board's staff that the Chino Basin Watermaster is not prepared at this time to write a letter because we do not have enough information on their request. A formal request that includes more details is now needed from the City of Rialto in order to proceed with their request.

C. FINANCIAL REPORT

1. Assessment Package Update

Ms. Rojo stated the Assessment Package is not included in the agenda for this month nor was it on the previous month for consideration because there have been some notifications by parties that the activity of the previous year was different than what was agreed to on their Water Activity Reports. Ms. Rojo stated investigations have begun on those discrepancies as well as some of the balances on record for the Dry Year Yield account between Metropolitan Water District, Inland Empire Utilities Agency and Chino Basin Watermaster. Ms. Rojo noted the accounting department received the last of the information needed to complete the Assessment Package today so we are anticipating having a copy to possibly hand out at the Advisory Committee and Watermaster Board meeting later on this month. This version will be different from the copy that was previously sent out and hopefully this will be the final draft which will then be put through the Watermaster process next month. Mr. Manning stated Watermaster staff sends out the Water Activity Reports (WAR) and agencies sign off on those reports as being correct and since then there have been more than one agency come back and say they had disagreements with the reports they signed and requested them to be redone. Mr. Manning stated on a go forward basis Watermaster staff would like to make sure the certifications that are made on the WAR's are verified before they are signed and returned to Watermaster to elevate sending out the Assessment Package at such a late date. One of a few important reasons staff wants the Assessment Package out when scheduled is because of the volume vote. If for some reason there was a contested motion or election at the Appropriate Pool level and a volume vote was needed, we would have had to use the

previous year's numbers. A brief discussion ensued with regard to the Assessment Package changes.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning discussed the Governor's new state report and in that report the Governor discussed infrastructure. One of these infrastructures is tied to a water bond that the Governor is proposing and that appears to be approximately a \$3.9 billion dollar proposal with \$2 billion dollars authorized in revenue bonds. Mr. Manning stated he has not heard what the senate and the house assembly will do with that when they get it. Mr. Manning stated on the federal level there is some discussions going on in Washington right now regarding creating a new tax related mechanism to assist in financing certain kinds of water infrastructure projects including water recycling, desalting, and groundwater remediation. That involves authorization of the tax credit bonds which is similar to what congress did with renewable energy project in 2005; this is not tied to appropriative dollars. This just might finance several of the projects which are being discussed for California and projects here in the Chino Basin. Updates will be given on these and several more changes in the upcoming months.

2. Recharge Update

Mr. Manning stated Chino Basin Watermaster basins are right on target with approximately 5,500 acre-feet of monthly recharge. We are expecting at the end of January/beginning of February a shut down on the Rialto line from Metropolitan Water District who will be doing some repairs. The shut down could last as long as four weeks.

3. Cyclic Storage Account

Mr. Manning stated he has asked Inland Empire Utilities Agency to negotiate with Metropolitan Water District for an extension of the existing cyclic storage account. Our existing cyclic storage program runs through the end of this year. The provisions within the cyclic storage call for Watermaster to buy the water out of cyclic storage if we do not have an extension beyond 2007. Our balance in that account presently is zero, however, being aggressive with recharge this year we do not want to give up our recharged water. We are putting water into the Dry Year Yield as temporary hold until the cyclic storage account is taken care of with the extension. Mr. Kinsey inquired as to how large the cyclic storage account needs to be. Mr. Manning stated the agreement has a limit on it but we have never come close to that number and if we had a cyclic storage account with 25,000 to 30,000 acre-feet that would be fine. Mr. Kinsey stated he would ask Watermaster staff to consider capping the account not much lower than 100,000 acre-feet and several of the committee members agreed. Mr. Manning stated Metropolitan will probably want that cap as well and they may also want some language included on length of time before Watermaster actually purchases water out of it; both of those stipulations are fine with Watermaster.

4. AGWA February 5, 2007

Mr. Manning stated this is notification regarding the upcoming Association of Groundwater Agencies which is holding their annual conference on February 5, 2007 at the Ontario Convention Center and it is an all day event. This conference will be discussing a number of subjects that are relevant to all of your agencies and Mr. Manning encouraged all who could attend should. A copy of the flyer is available on the back table.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

Ms. Hoerning thanked the committee members for the vote of confidence in making her the new 2007 Vice-Chair for the Appropriative Pool.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

January 11, 2007	10:00 a.m.	Annual Appropriative Pool Meeting
January 11, 2007	11:00 a.m.	Annual Non-Agricultural Pool Meeting
January 16, 2007	9:00 a.m.	Annual Agricultural Pool Meeting @ IEUA
January 23, 2007	9:00 a.m.	GRCC Meeting
January 25, 2007	9:00 a.m.	Annual Advisory Committee Meeting
January 25, 2007	11:00 a.m.	Annual Watermaster Board Meeting

The Annual Appropriative and Non-Agricultural Pool Meeting Adjourned at 10:50 a.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Annual Agricultural Pool Meeting –
January 16, 2007



Draft Minutes
CHINO BASIN WATERMASTER
ANNUAL AGRICULTURAL POOL MEETING
January 16, 2007

The Agricultural Pool Meeting was held at the offices of the Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA, on January 16, 2007 at 9:00 a.m.

Agricultural Pool Members Present

Nathan deBoom, 2006 Chair	Dairy
Bob Feenstra, 2007 Chair	Dairy
Gene Koopman	Milk Producers Council
Jeff Pierson	Crops
Glen Durrington	Crops
John Huitsing	Dairy
Pete Hettinga	Dairy
Edward Gonsman	State of California CIM

Watermaster Board Member Present

Sandra Rose	Monte Vista Water District
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Watermaster Staff Present

Kenneth R. Manning	Chief Executive Officer
Gordon Treweek	Project Engineer
Danielle Maurizio	Senior Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Andy Malone	Wildermuth Environmental Inc.

Others Present

Steve Lee	Reid & Hellyer
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Chair deBoom called the meeting to order at 9:12 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. ANNUAL ELECTIONS - ACTION

A. Calendar-Year 2006 Agricultural Pool Members

The Agricultural Pool membership shall consist of not less than ten representatives selected at large by members of the pool. Pool members will be asked to make any necessary changes to the following list in order to establish pool membership and alternates during calendar year 2006:

Current Agricultural Pool Members

Crops: Glen Durrington
Jeff Pierson

Dairy: Robert Feenstra
Gene Koopman
Peter Hettinga
Nathan deBoom
John Huitsing

Current Alternates:

Crops: Dan Hostetler

Dairy: Syp Vander Dussen

State: Pete Hall
Edward Gonsman
Robert Nobles
Nate Mackamul

State: Gary Lord
Peter Von Haam
Aboyomi Sunomi

B. Calendar Year 2007 Agricultural Pool Officers

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

Chair	<u>Robert Feenstra</u>
Vice-Chair	<u>Nathan deBoom</u>
Secretary/Treasurer	<u>Watermaster Chief Executive Officer</u>

Chair deBoom turned the meeting over to the new 2007 Chair, Robert Feenstra, Ag Concepts

Chair Feenstra commented on Mr. deBoom's past five years of being the Agricultural Pool Chairman and thanked him for being such a valuable asset to the Agricultural industry. Chair Feenstra also thanked Mr. deBoom for his past efforts while sitting on the Advisory Committee.

C. Calendar Year 2007 Advisory Committee Members & Officers

The pool members will be asked to determine the ten agricultural representatives to serve on the Advisory Committee and, according to the rotation sequence established among the pools, appoint a representative to serve as Chair of the Advisory Committee during calendar year 2007

Chair	Appropriative Pool	_____
Vice-Chair	Non-Agricultural Pool	_____
2nd Vice-Chair	Agricultural Pool	<u>Robert Feenstra</u>

D. Calendar-Year 2007 Pool Representation on Watermaster Board

The Pool members will be asked to consider selecting two representatives to serve on the Watermaster Board during Calendar-Year 2007 and one or two alternate representatives.

Member: <u>Geoffrey Vanden Heuvel</u>	Alternate: <u>Jeffrey Pierson</u>
Member: <u>Paul Hofer</u>	Alternate: <u>Gene Koopman</u>

II. CONSENT CALENDAR

A. MINUTES

- Minutes of the Agricultural Pool Meeting held December 19, 2006

B. FINANCIAL REPORTS

- Cash Disbursements for the month of December 2006
- Combining Schedule of November 30, 2006
- Treasurer's Report of Financial Affairs for the Period November 1, 2006 through November 30, 2006
- Profit & Loss Budget vs. Actual July 2006 through November 2006

C. CHINO BASIN WATERMASTER INVESTMENT POLICY

Resolution 07-01 - Resolution of the Chino Basin Watermaster, San Bernardino County, California, re-authorizing the Watermaster's Investment Policy

D. LOCAL AGENCY INVESTMENT FUND

Resolution 07-02 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF)

E. NOTICE OF INTENT

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

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

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

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

Counsel Fife stated counsel has been meeting with the other parties involved in the application process to discuss our joint strategies for the hearings. It is the general agreement by all parties who have attended these meetings that we are going to have one hearing on all of the applications. Staff is going up to meet with the State Board staff tomorrow to discuss our application with them. The parties are trying to approach this process cooperatively between all the different agencies; because of the cooperation we are anticipating the process to go smoothly. Counsel has requested from the State Board that they hold a series of pre-hearing workshops before noticing the hearings and have not yet had a response back from the State Board.

2. Regional Salinity Cooperative Agreement

Counsel Fife stated a draft agreement was made available at last month's meeting. Since that meeting, that draft has been completely scrapped and the parties involved in drafting this agreement are starting from scratch again. This has been a long process and with recent events it appears it will continue to be a time-consuming progression.

3. MWD Dry Year Yield (DYY) Agreement

Counsel Fife stated Metropolitan Water District (MWD) is interested in a storage agreement in the Chino Basin as are our other potential partners including San Diego and Castaic. We have heard recently the upper basin states in the Colorado River Basin are also looking around for storage in the lower basin; we have been contacted by a representative of theirs. The MWD DYY agreement was put on the agenda because we have been having a few discussions with MWD and Inland Empire Utilities Agency in anticipation there would be something to report on at the meetings, however, there is not a lot to report on. The Appropriators have been meeting to talk about the storage proposals and when something concrete emerges this committee will be informed.

4. Peace II Process

Counsel Fife stated studies are still being worked on regarding this item. Mr. Scalmanini has indicated he will have his review of the Wildermuth model done in January and ready for counsel and staff review. In addition to Mr. Scalmanini's report, we have had a macro economic review from Dr. Sunding and the next step in that aspect is to have the micro economic analysis done. There was discussion about how Watermaster should approach the micro analysis and the Watermaster Board directed counsel and staff to ask Dr. Sunding what would be involved in this next study and to put together a preliminary cost structure to provide that report. Dr. Sunding has worked up a cost estimate; Counsel Fife handed out the cost estimate. Counsel Fife stated since Dr. Sunding prepared the macro economic review, he has a good idea on a time frame and related costs. Counsel Fife noted Dr. Sunding estimated his costs at \$160,000 dollars to do this study; no motion is being asked for at this time, it is being handed out for review only. A lengthy discussion ensued with regard to the work that will be considered necessary to prepare the next study and the associated costs. Counsel Fife stated this was drafted by Dr. Sunding as an initial pass and not concrete or detailed at this point in time because we needed to get feedback additional prior to work being put into it by Dr. Sunding. If the parties feel Dr. Sunding is the right person for the job, staff can then go back to him and ask him for a more detailed

scope of work. Mr. Manning stated this item will come back through the Watermaster process once discussions have concluded. Mr. Koopman asked that a breakdown of costs be submitted in written form. Counsel Fife stated having that in written form was discussed at the last Watermaster Board meeting last month when Dr. Sunding was present to give his final macro economic report at that meeting and that will be forthcoming.

Chair Feenstra asked the committee members and Watermaster staff to please email or phone him with any pertinent information regarding Peace II since Mr. deBoom has been in the forefront for such a long time and he has to familiarize himself with the process.

B. ENGINEERING UPDATES

1. Rialto Request

Mr. Malone stated the City of Rialto's Wastewater Discharge Permit has come up for renewal. In that process, the Regional Board noted that part of Rialto's planning was to serve recycled water, which would be on property overlying in the Chino Basin. The Regional Board has contacted Inland Empire Utilities Agency (IEUA) and Chino Basin Watermaster (CBWM) staff regarding this issue for comment. From that request for comment, it was determined that in order for the City of Rialto to serve recycled water in the Chino Basin they have to get a letter from both IEUA and CBWM stating that whatever the City of Rialto is doing is consistent with the OBMP. Mr. Manning stated it is staff's recommendation since the City of Rialto has not participated in any of the costs necessary to achieve the Maximum Benefit. There would have to be some sort of negotiations before a letter would be written granting them access including some sort of buy-in comparable with the proportional area that they are talking about; we will not automatically write them an acceptance letter. Mr. Manning stated staff has notified the Regional Board's staff that the Chino Basin Watermaster is not prepared at this time to write a letter because we do not have enough information on their request. A formal request that includes more details is now needed from the City of Rialto in order to proceed with their request.

C. FINANCIAL REPORT

1. Assessment Package Update

Mr. Manning stated Watermaster staff sends out the Water Activity Reports (WAR) and agencies sign off on those reports as being correct and since then there have been more than one agency come back and say they had disagreements with the reports they signed and requested them to be redone. Mr. Manning stated on a go forward basis Watermaster staff would like to make sure the certifications that are made on the WAR's are verified before they are signed and returned to Watermaster to alleviate sending out the Assessment Package at such a late date.

Chair Feenstra inquired about the Agricultural Pool's financial balance and asked that the Chief Financial Officer from Watermaster provide an update at the next meeting.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning discussed the Governors new state report and in that report the Governor discussed infrastructure improvements. Infrastructure improvement costs are tied to a water bond that the Governor is proposing and that appears to be approximately a \$3.9 billion dollar proposal with \$2 billion dollars authorized in revenue bonds. Mr. Manning stated he has not heard what the senate and the house assembly will do with that when they get it. Mr. Manning stated on the federal level there is some discussions going on in Washington right now regarding creating a new tax related mechanism to assist in financing certain kinds of water infrastructure projects including water recycling, desalting, and groundwater remediation. That involves authorization of the tax credit bonds which is similar to what congress did with renewable energy project in 2005; this is not tied to appropriative dollars. This just might finance several of the projects which are being discussed for California and projects here in the Chino Basin. Updates will be given on these and several more changes

in the upcoming months. A lengthy discussion ensued with regard to legislative and water storage issues.

2. Recharge Update

Mr. Manning stated Chino Basin Watermaster basins are right on target with approximately 5,500 acre-feet of monthly recharge. We are expecting at the end of January/beginning of February a shut down on the Rialto line from Metropolitan Water District who will be doing some repairs. The shut down could last as long as four weeks.

3. Cyclic Storage Account

Mr. Manning stated he has asked Inland Empire Utilities Agency to negotiate with Metropolitan Water District for an extension of the existing cyclic storage account. Our existing cyclic storage program runs through the end of this year. The provisions within the cyclic storage call for Watermaster to buy the water out of cyclic storage if we do not have an extension beyond 2007. Our balance in that account presently is zero, however, being aggressive with recharge this year we do not want to give up our imported water. We are putting water into the Dry Year Yield until the cyclic storage account is taken care of with the extension. Mr. Manning stated Metropolitan will probably want to put a cap on the amount of water that go in to the account and they may also want some language included on length of time before Watermaster actually purchases water out of it; both of those stipulations are fine with Watermaster.

4. AGWA February 5, 2007

Mr. Manning stated this is notification regarding the upcoming Association of Groundwater Agencies which is holding their annual conference on February 5, 2007 at the Ontario Convention Center and it is an all day event. This conference will be discussing a number of subjects that are relevant to all of your agencies and Mr. Manning encouraged all who could attend should. A copy of the flyer is available on the back table.

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

January 11, 2007	10:00 a.m.	Annual Appropriative Pool Meeting
January 11, 2007	11:00 a.m.	Annual Non-Agricultural Pool Meeting
January 16, 2007	9:00 a.m.	Annual Agricultural Pool Meeting @ IEUA
January 23, 2007	9:00 a.m.	GRCC Meeting
January 25, 2007	9:00 a.m.	Annual Advisory Committee Meeting
January 25, 2007	11:00 a.m.	Annual Watermaster Board Meeting

Chair Feenstra asked that a confidential session be convened prior to the conclusion of the meeting to review his new position responsibilities with the other Agricultural Pool members at 10:16 a.m.

The Annual Agricultural Pool Meeting Adjourned at 10:36 a.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of January 2007
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2006 through December 31, 2006
3. Treasurer's Report of Financial Affairs for the Period December 1, 2006 through December 31, 2006
4. Profit & Loss Budget vs. Actual July 2006 through December 2006





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: February 8, 2007
February 20, 2007
February 22, 2007

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report – January 2007

SUMMARY

Issue – Record of cash disbursements for the month of January 2007.

Recommendation – Staff recommends the Cash Disbursements for January 2007 be received and filed as presented.

Fiscal Impact – All funds disbursed were included in the FY 2006-07 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 January 2007 were \$515,263.00. The most significant expenditures during the month were Wildermuth Environmental Inc. in the amount of \$212,201.38, Inland Empire Utilities Agency in the amount of \$55,337.71 and Hatch and Parent in the amount of \$34,006.24.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
January 2007

Type	Date	Num	Name	Amount
Jan 07				
Bill Pmt -Check	1/4/2007	11044	MEDIA JIM	-995.00
Bill Pmt -Check	1/4/2007	11045	CITISTREET	-2,821.19
Bill Pmt -Check	1/4/2007	11046	CITISTREET	-2,821.19
Bill Pmt -Check	1/4/2007	11047	PARK PLACE COMPUTER SOLUTIONS, INC.	-4,725.00
Bill Pmt -Check	1/5/2007	11048	ADEX MEDICAL INC	-77.19
Bill Pmt -Check	1/5/2007	11049	AMERICAN GROUND WATER TRUST	-640.00
Bill Pmt -Check	1/5/2007	11050	APPLIED COMPUTER TECHNOLOGIES	-2,163.05
Bill Pmt -Check	1/5/2007	11051	ARROWHEAD MOUNTAIN SPRING WATER	-79.34
Bill Pmt -Check	1/5/2007	11052	BLACK & VEATCH CORPORATION	-2,126.45
Bill Pmt -Check	1/5/2007	11053	DIRECTV	-74.98
Bill Pmt -Check	1/5/2007	11054	ELLISON, SCHNEIDER & HARRIS, LLP	-20,079.45
Bill Pmt -Check	1/5/2007	11055	HSBC BUSINESS SOLUTIONS	-871.35
Bill Pmt -Check	1/5/2007	11056	INLAND COUNTIES INSURANCE SERVICES, INC.	-238.57
Bill Pmt -Check	1/5/2007	11057	OFFICE DEPOT	-1,090.73
Bill Pmt -Check	1/5/2007	11058	PAYCHEX	-182.52
Bill Pmt -Check	1/5/2007	11059	PUMP CHECK	-390.00
Bill Pmt -Check	1/5/2007	11060	REID & HELLYER	-4,001.63
Bill Pmt -Check	1/5/2007	11061	SPRINT	-397.43
Bill Pmt -Check	1/5/2007	11062	STANDARD INSURANCE CO.	-560.58
Bill Pmt -Check	1/5/2007	11063	STATE COMPENSATION INSURANCE FUND	-895.57
Bill Pmt -Check	1/5/2007	11064	UNION 76	-133.13
Bill Pmt -Check	1/5/2007	11065	UNITEK TECHNOLOGY INC.	-878.17
Bill Pmt -Check	1/5/2007	11066	VELASQUEZ JANITORIAL	-1,200.00
Bill Pmt -Check	1/5/2007	11067	VERIZON	-419.32
Bill Pmt -Check	1/5/2007	11068	YUKON DISPOSAL SERVICE	-134.72
Bill Pmt -Check	1/5/2007	11069	INLAND EMPIRE UTILITIES AGENCY	-55,337.71
Bill Pmt -Check	1/5/2007	11070	INLAND EMPIRE UTILITIES AGENCY	-8,308.65
General Journal	1/5/2007	07/01/3	PAYROLL	-7,864.17
General Journal	1/5/2007	07/01/3	PAYROLL	-22,577.62
Bill Pmt -Check	1/11/2007	11071	JUAN POLLO	-147.61
Bill Pmt -Check	1/11/2007	11072	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-10,459.24
Bill Pmt -Check	1/11/2007	11073	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-7,098.63
Bill Pmt -Check	1/11/2007	11074	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-7,098.63
Bill Pmt -Check	1/11/2007	11075	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-7,098.63
General Journal	1/15/2007	07/01/6	PAYROLL	-7,449.39
General Journal	1/15/2007	07/01/6	PAYROLL	-22,597.27
Bill Pmt -Check	1/19/2007	11076	ACWA	-100.00
Bill Pmt -Check	1/19/2007	11077	ANDERSON, JOHN	-125.00
Bill Pmt -Check	1/19/2007	11078	BOWCOCK, ROBERT	-125.00
Bill Pmt -Check	1/19/2007	11079	HAMRICK, PAUL	-125.00
Bill Pmt -Check	1/19/2007	11080	IDEAL GRAPHICS	-537.13
Bill Pmt -Check	1/19/2007	11081	KUHN, BOB	-125.00
Bill Pmt -Check	1/19/2007	11082	MONTE VISTA WATER DIST	-250.00
Bill Pmt -Check	1/19/2007	11083	SOFTCHOICE	-1,054.00
Bill Pmt -Check	1/19/2007	11084	STANTEC CONSULTING, INC.	-859.00
Bill Pmt -Check	1/19/2007	11085	VANDEN HEUVEL, GEOFFREY	-125.00
Bill Pmt -Check	1/19/2007	11086	WILLIS, KENNETH	-125.00
Bill Pmt -Check	1/19/2007	11087	DE BOOM, NATHAN	-750.00
Bill Pmt -Check	1/19/2007	11088	DURRINGTON, GLEN	-375.00
Bill Pmt -Check	1/19/2007	11089	FEENSTRA, BOB	-500.00
Bill Pmt -Check	1/19/2007	11090	Hettinga, Peter	-250.00
Bill Pmt -Check	1/19/2007	11091	HUITSING, JOHN	-375.00
Bill Pmt -Check	1/19/2007	11092	KOOPMAN, GENE	-375.00
Bill Pmt -Check	1/19/2007	11093	PIERSON, JEFFREY	-625.00
Bill Pmt -Check	1/19/2007	11094	PUMP CHECK	-2,551.25
Bill Pmt -Check	1/19/2007	11095	STATE WATER RESOURCES CONTROL BD	-549.70
Bill Pmt -Check	1/19/2007	11096	STATE WATER RESOURCES CONTROL BD	-909.70
Bill Pmt -Check	1/23/2007	11097	BANK OF AMERICA	-3,902.38
Bill Pmt -Check	1/23/2007	11098	ELLISON, SCHNEIDER & HARRIS, LLP	-9,190.00
Bill Pmt -Check	1/23/2007	11099	PITNEY BOWES CREDIT CORPORATION	-468.72
Bill Pmt -Check	1/23/2007	11100	QUILL	-321.08
Bill Pmt -Check	1/23/2007	11101	R&D PEST SERVICES	-85.00
Bill Pmt -Check	1/23/2007	11102	SOFTCHOICE	-29.10
Bill Pmt -Check	1/23/2007	11103	TETRA TECH DIVISION	-2,475.00
Bill Pmt -Check	1/23/2007	11104	THE FURMAN GROUP, INC.	-2,615.00
Bill Pmt -Check	1/23/2007	11105	WHEELER METER MAINTENANCE	-1,650.00
Bill Pmt -Check	1/23/2007	11106	MCI	-907.73
Bill Pmt -Check	1/23/2007	11107	RICOH BUSINESS SYSTEMS-Maintenance	-1,192.79

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
January 2007

Type	Date	Num	Name	Amount
Bill Pmt -Check	1/23/2007	11108	TREWEEK, GORDON	-2,732.78
Bill Pmt -Check	1/23/2007	11109	UNITED PARCEL SERVICE	-424.30
Bill Pmt -Check	1/23/2007	11110	ACWA SERVICES CORPORATION	-221.50
Bill Pmt -Check	1/23/2007	11111	AMERICAN GROUND WATER TRUST	-250.00
Bill Pmt -Check	1/23/2007	11112	CREATIVE BENEFITS, INC.	-1,120.00
Bill Pmt -Check	1/23/2007	11113	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	1/23/2007	11114	HATCH AND PARENT	-34,006.24
Bill Pmt -Check	1/23/2007	11115	PREMIERE GLOBAL SERVICES	-23.74
Bill Pmt -Check	1/23/2007	11116	RICOH BUSINESS SYSTEMS-Lease	-4,480.25
Bill Pmt -Check	1/23/2007	11117	STAULA, MARY L	-136.61
Bill Pmt -Check	1/23/2007	11118	VERIZON WIRELESS	-161.95
Bill Pmt -Check	1/23/2007	11119	A & R TIRE	-1,411.41
Bill Pmt -Check	1/23/2007	11120	BLACK & VEATCH CORPORATION	-5,995.00
Bill Pmt -Check	1/23/2007	11121	CALPERS	-3,058.44
Bill Pmt -Check	1/23/2007	11122	OFFICE DEPOT	-217.48
Bill Pmt -Check	1/23/2007	11123	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	1/23/2007	11124	STANDARD INSURANCE CO.	-560.58
Bill Pmt -Check	1/23/2007	11125	UNITEK TECHNOLOGY INC.	-317.86
Bill Pmt -Check	1/23/2007	11126	WILDERMUTH ENVIRONMENTAL INC	-212,201.38
Bill Pmt -Check	1/30/2007	11127	ARROWHEAD MOUNTAIN SPRING WATER	-13.09
Bill Pmt -Check	1/30/2007	11128	CUCAMONGA VALLEY WATER DISTRICT	-5,340.00
Bill Pmt -Check	1/30/2007	11129	IDEAL GRAPHICS	-17.24
Bill Pmt -Check	1/30/2007	11130	INLAND EMPIRE UTILITIES AGENCY	-60.00
Bill Pmt -Check	1/30/2007	11131	LOWE'S	-235.39
Bill Pmt -Check	1/30/2007	11132	PETTY CASH	-752.85
Bill Pmt -Check	1/30/2007	11133	PUMP CHECK	-2,690.00
Bill Pmt -Check	1/30/2007	11134	PURCHASE POWER	-108.73
Bill Pmt -Check	1/30/2007	11135	SECURITY PRODUCTS, INC.	-106.22
Bill Pmt -Check	1/30/2007	11136	SPRINT	-377.45
Bill Pmt -Check	1/30/2007	11137	STANTEC CONSULTING, INC.	-152.11
Bill Pmt -Check	1/30/2007	11138	VERIZON	-45.39
Bill Pmt -Check	1/30/2007	11139	YUKON DISPOSAL SERVICE	-134.72
				-515,263.00

Jan 07

CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE
 PERIOD JULY 1, 2006 THROUGH DECEMBER 31, 2006

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION AND SPECIAL PROJECTS APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	GROUNDWATER OPERATIONS GROUNDWATER REPLENISHMENT	SB222 FUNDS	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2006-2007
Administrative Revenues										
Administrative Assessments			5,103,741		110,425				5,214,166	\$7,308,205
Interest Revenue			93,599	9,375	3,862			47	106,883	136,500
Mutual Agency Project Revenue		-							-	138,000
Grant Income		-							-	0
Miscellaneous Income									-	0
Total Revenues	-	-	5,197,340	9,375	114,287	-	-	47	5,321,049	7,582,705
Administrative & Project Expenditures										
Watermaster Administration	478,418								478,418	601,598
Watermaster Board-Advisory Committee	24,769								24,769	52,123
Pool Administration			10,588	40,734	3,391				54,713	118,245
Optimum Basin Mgmt Administration		1,000,603							1,000,603	1,855,795
OBMP Project Costs		2,096,943							2,096,943	5,904,269
Education Funds Use								375	375	375
Mutual Agency Project Costs	10,000								10,000	5,000
Total Administrative/OBMP Expenses	513,187	3,097,546	10,588	40,734	3,391	-	-	375	3,665,821	8,537,405
Net Administrative/OBMP Income	(513,187)	(3,097,546)								
Allocate Net Admin Income To Pools	513,187		395,662	107,895	9,630				-	0
Allocate Net OBMP Income To Pools		3,097,546	2,388,177	651,241	58,128				-	0
Agricultural Expense Transfer			794,319	(794,319)					-	0
Total Expenses	3,588,746	5,550	71,150	-	-	375	3,665,821	8,537,405		
Net Administrative Income			1,608,594	3,825	43,137			(328)	1,655,228	(954,700)
Other Income/(Expense)										
Replenishment Water Purchases						369,248			369,248	0
MZ1 Supplemental Water Assessments									-	0
Water Purchases									-	0
MZ1 Imported Water Purchase									-	0
Groundwater Replenishment						(1,535,520)			(1,535,520)	0
Net Other Income						(1,166,272)			(1,166,272)	0
Net Transfers To/(From) Reserves			1,608,594	3,825	43,137	(1,166,272)		(328)	488,956	(954,700)
Working Capital, July 1, 2006			4,439,157	470,561	186,984	1,139,615	158,251	1,942	6,396,510	
Working Capital, End Of Period			6,047,751	474,386	230,121	(26,657)	158,251	1,614	6,885,466	
05/06 Assessable Production			124,315.140	33,899.960	3,025.832				161,240.932	
05/06 Production Percentages			77.099%	21.024%	1.877%				100.000%	

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**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
DECEMBER 1 THROUGH DECEMBER 31, 2006**

DEPOSITORIES:

Cash on Hand - Petty Cash		\$ 500
Bank of America		
Governmental Checking-Demand Deposits	\$ 3,730,748	
Zero Balance Account - Payroll	-	3,730,748
Vineyard Bank CD - Agricultural Pool		429,951
Local Agency Investment Fund - Sacramento		<u>2,073,222</u>
TOTAL CASH IN BANKS AND ON HAND	12/31/2006	\$ 6,234,421
TOTAL CASH IN BANKS AND ON HAND	11/30/2006	2,574,970
PERIOD INCREASE (DECREASE)		<u>\$ 3,659,451</u>

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets: Accounts Receivable		\$ (35,647)
Assessments Receivable		4,205,592
Prepaid Expenses, Deposits & Other Current Assets		(34,082)
(Decrease)/Increase in Liabilities: Accounts Payable		(51,741)
Accrued Payroll, Payroll Taxes & Other Current Liabilities		4,436
Transfer to/(from) Reserves		<u>(429,107)</u>
PERIOD INCREASE (DECREASE)		<u>\$ 3,659,451</u>

SUMMARY OF FINANCIAL TRANSACTIONS:

	Petty Cash	Gov't'l Checking Demand	Zero Balance Account Payroll	Vineyard Bank	Local Agency Investment Funds	Totals
Balances as of 11/30/2006	\$ 500	\$ 72,603	\$ -	\$ 428,645	\$ 2,073,222	\$ 2,574,970
Deposits	-	4,205,688	-	1,306	-	4,206,994
Transfers	-	(59,187)	59,187	-	-	-
Withdrawals/Checks	-	(488,356)	(59,187)	-	-	(547,543)
Balances as of 12/31/2006	\$ 500	\$ 3,730,748	\$ -	\$ 429,951	\$ 2,073,222	\$ 6,234,421
PERIOD INCREASE OR (DECREASE)	\$ -	\$ 3,658,145	\$ -	\$ 1,306	\$ -	\$ 3,659,451

**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
DECEMBER 1 THROUGH DECEMBER 31, 2006**

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
TOTAL INVESTMENT TRANSACTIONS			<u>\$</u>	-			

* The earnings rate for L.A.I.F. is a daily variable rate; 5.11% was the effective yield rate at the Quarter ended December 31, 2006

**INVESTMENT STATUS
December 31, 2006**

<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	\$ 2,073,222			
TOTAL INVESTMENTS	<u>\$ 2,073,222</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
Chief Financial Officer & Assistant General Manager
Chino Basin Watermaster

CHINO BASIN WATERMASTER
Profit & Loss Budget vs. Actual
July through December 2006

	<u>Jul - Dec 06</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	0	138,000	-138,000	0.0%
4100 · Administrative Assessments	5,214,166	0	5,214,166	100.0%
4110 · Admin Asmnts-Approp Pool	0	7,227,619	-7,227,619	0.0%
4120 · Admin Asmnts-Non-Agri Pool	0	80,586	-80,586	0.0%
4700 · Non Operating Revenues	106,813	136,500	-29,687	78.25%
4999 · Uncategorized Income	70	0	70	100.0%
Total Income	<u>5,321,049</u>	<u>7,582,705</u>	<u>-2,261,656</u>	<u>70.17%</u>
Gross Profit	5,321,049	7,582,705	-2,261,656	70.17%
Expense				
6010 · Salary Costs	358,360	447,037	-88,677	80.16%
6020 · Office Building Expense	51,947	102,000	-50,053	50.93%
6030 · Office Supplies & Equip.	20,702	45,000	-24,298	46.0%
6040 · Postage & Printing Costs	47,848	78,500	-30,652	60.95%
6050 · Information Services	68,809	112,500	-43,691	61.16%
6060 · Contract Services	61,989	131,000	-69,011	47.32%
6080 · Insurance	15,108	25,210	-10,102	59.93%
6110 · Dues and Subscriptions	13,420	16,750	-3,330	80.12%
6140 · WM Admin Expenses	2,040	6,500	-4,460	31.39%
6150 · Field Supplies	872	4,000	-3,128	21.81%
6170 · Travel & Transportation	13,477	19,350	-5,873	69.65%
6190 · Conferences & Seminars	19,375	22,500	-3,125	86.11%
6200 · Advisory Comm - WM Board	6,605	15,168	-8,563	43.54%
6300 · Watermaster Board Expenses	18,164	36,955	-18,791	49.15%
8300 · Appr PI-WM & Pool Admin	10,588	15,918	-5,330	66.52%
8400 · Agri Pool-WM & Pool Admin	10,124	18,633	-8,509	54.34%
8467 · Agri-Pool Legal Services	25,059	65,000	-39,941	38.55%
8470 · Ag Meeting Attend -Special	5,550	12,000	-6,450	46.25%
8500 · Non-Ag PI-WM & Pool Admin	3,391	6,694	-3,303	50.66%
6500 · Education Funds Use Expens	375	375	0	100.0%
9500 · Allocated G&A Expenditures	-195,527	-408,749	213,222	47.84%
	<u>558,275</u>	<u>772,341</u>	<u>-214,066</u>	<u>72.28%</u>
6900 · Optimum Basin Mgmt Plan	931,973	1,713,780	-781,807	54.38%
6950 · Mutual Agency Projects	10,000	5,000	5,000	200.0%
9501 · G&A Expenses Allocated-OBMP	68,630	142,015	-73,385	48.33%
	<u>1,010,603</u>	<u>1,860,795</u>	<u>-850,192</u>	<u>54.31%</u>
7101 · Production Monitoring	47,189	61,565	-14,376	76.65%
7102 · In-line Meter Installation	7,775	64,904	-57,129	11.98%
7103 · Grdwtr Quality Monitoring	73,296	149,713	-76,417	48.96%
7104 · Gdwtr Level Monitoring	80,830	191,953	-111,123	42.11%
7105 · Sur Wtr Qual Monitoring	1,678	32,247	-30,569	5.2%
7107 · Ground Level Monitoring	80,413	160,984	-80,571	49.95%
7108 · Hydraulic Control Monitoring	99,364	483,258	-383,894	20.56%
7109 · Recharge & Well Monitoring Prog	22,290	146,350	-124,060	15.23%
7200 · PE2- Comp Recharge Pgm	717,861	1,822,997	-1,105,136	39.38%

CHINO BASIN WATERMASTER
Profit & Loss Budget vs. Actual
July through December 2006

	<u>Jul - Dec 06</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7300 · PE3&5-Water Supply/Desalte	325	4,676	-4,351	6.95%
7400 · PE4- Mgmt Plan	88,029	578,762	-490,733	15.21%
7500 · PE6&7-CoopEfforts/SaltMgmt	131,656	310,507	-178,851	42.4%
7600 · PE8&9-StorageMgmt/Conj Use	10,928	6,698	4,230	163.15%
7690 · Recharge Improvement Debt Pymt	608,415	1,608,000	-999,586	37.84%
7700 · Inactive Well Protection Prgm	0	14,921	-14,921	0.0%
9502 · G&A Expenses Allocated-Projects	126,896	266,734	-139,838	47.57%
	<u>2,096,943</u>	<u>5,904,269</u>	<u>-3,807,326</u>	<u>35.52%</u>
Total Expense	<u>3,665,821</u>	<u>8,537,405</u>	<u>-4,871,584</u>	<u>42.94%</u>
Net Ordinary Income	1,655,228	-954,700	2,609,928	-173.38%
Other Income/Expense				
Other Income				
4210 · Approp Pool-Replenishment	369,248	0	369,248	100.0%
Total Other Income	<u>369,248</u>	<u>0</u>	<u>369,248</u>	<u>100.0%</u>
Other Expense				
5010 · Groundwater Replenishment	1,535,520	0	1,535,520	100.0%
9999 · To/(From) Reserves	488,956	-954,700	1,443,656	-51.22%
Total Other Expense	<u>2,024,476</u>	<u>-954,700</u>	<u>2,979,176</u>	<u>-212.05%</u>
Net Other Income	<u>-1,655,228</u>	<u>954,700</u>	<u>-2,609,928</u>	<u>-173.38%</u>
Net Income				



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

C. WATER TRANSACTION

Consider Approval for Transaction of Notice of Sale or Transfer – Fontana Water Company (“Company”) has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 2,500 acre-feet to satisfy a portion of the Company’s anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007. Date of application: January 22, 2007



NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **January 22, 2007** Date of this notice: **February 2, 2007**

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

- A. Notice of Sale or Transfer –Fontana Water Company (“Company”) has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 2,500 acre-feet to satisfy a portion of the Company’s anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007.

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

Appropriative Pool:	February 8, 2007
Non-Agricultural Pool:	February 8, 2007
Agricultural Pool:	February 20, 2007

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

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

February 2, 2007

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.

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: February 2, 2007

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).

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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: February 2, 2007
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 – Fontana Water Company ("Company") has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 2,500 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007.

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).

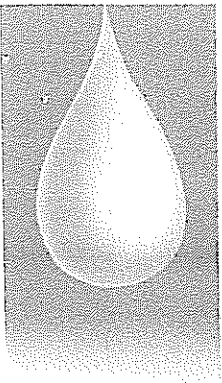
The following application for water transaction is attached with the notice of application.

- Notice of Sale or Transfer – Fontana Water Company ("Company") has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 2,500 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007.

Notice of the water transaction identified above was mailed on February 2, 2007 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.



FONTANA WATER COMPANY

A DIVISION OF SAN GABRIEL VALLEY WATER COMPANY

8440 NUEVO AVENUE • P.O. BOX 987, FONTANA, CALIFORNIA 92334 • (909) 822-2201

JAN 25 2007

January 22, 2007



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

Subject: Purchase of Water in Storage
Chino Basin-Fiscal Year 2006/2007

Dear Mr. Manning:

Please take notice that Fontana Water Company ("Company") has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 2,500 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007.

Enclosed are fully executed Chino Basin Watermaster Forms No. 3 and 4, along with the company's Recapture Plan for consideration by Watermaster. Please agendize this proposed transfer at the earliest possible opportunity.

If you should have any question or require additional information concerning this matter, please call me.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Michael J. McGraw".

Michael J. McGraw
General Manager

MJM:bf
Enclosures

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

TRANSFER FROM LOCAL STORAGE AGREEMENT # _____

Cucamonga Valley Water District
Name of Party

December 20, 2006

Date Requested

Date Approved

10440 Ashford Street
Street Address

2,500 Acre-feet
Amount Requested

Acre-feet
Amount Approved

Rancho Cucamonga CA 91729
City State Zip Code

Telephone: (909) 987-2591

Facsimile: (909) 476-8032

Robert A. DeLoach
Robert A. DeLoach, General Manager
Cucamonga Valley Water District

TRANSFER TO:

Fontana Water Company
Name of Party

Attach Recapture Form 4

8440 Nuevo Avenue
Street Address

Fontana CA 92334
City State Zip Code

Telephone: (909) 822-2201

Facsimile: (909) 823-5046

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?

Recapture by Fontana Water Company accomplished by pumping of 15 wells-static water levels vary from 375' to 684'. Of the wells routinely pumped, nitrate levels vary from a low of 8 mg/l to a high of 33 mg/l.

MATERIAL PHYSICAL INJURY

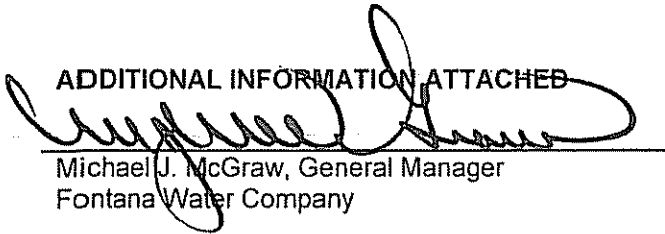
Is the Applicant aware of any Material Physical Injury to a party to the judgment or the Basin that may be caused by the action covered by the application? Yes [] No [X]

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]


Michael J. McGraw, General Manager
Fontana Water Company

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>Fontana Water Company</u>			<u>December 20, 2006</u>	_____
Name of Party			Date Requested	Date Approved
<u>8440 Nuevo Avenue</u>			<u>2,500</u> Acre-feet	_____ Acre-feet
Street Address			Amount Requested	Amount Approved
<u>Fontana</u>	<u>CA</u>	<u>92335</u>	_____	_____
City	State	Zip Code	Projected Rate of Recapture	Projected Duration of Recapture
Telephone: <u>(909) 822-2201</u>			Facsimile: <u>(909) 823-5046</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: Cucamonga Valley 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 Fontana Water Company's Service Area

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?

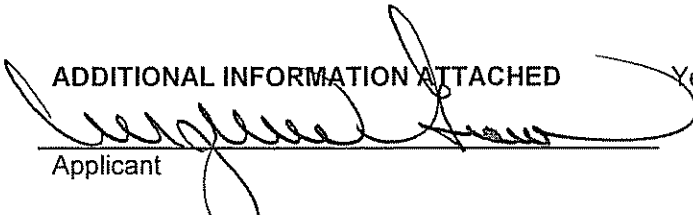
Recapture by Fontana Water Company accomplished by pumping of 15 wells-static water levels vary from 375' to 684'. Of the wells routinely pumped, nitrate levels vary from a low of 8 mg/l to a high of 33 mg/l.

MATERIAL PHYSICAL INJURY

Is the Applicant aware of any 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 [] 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: _____

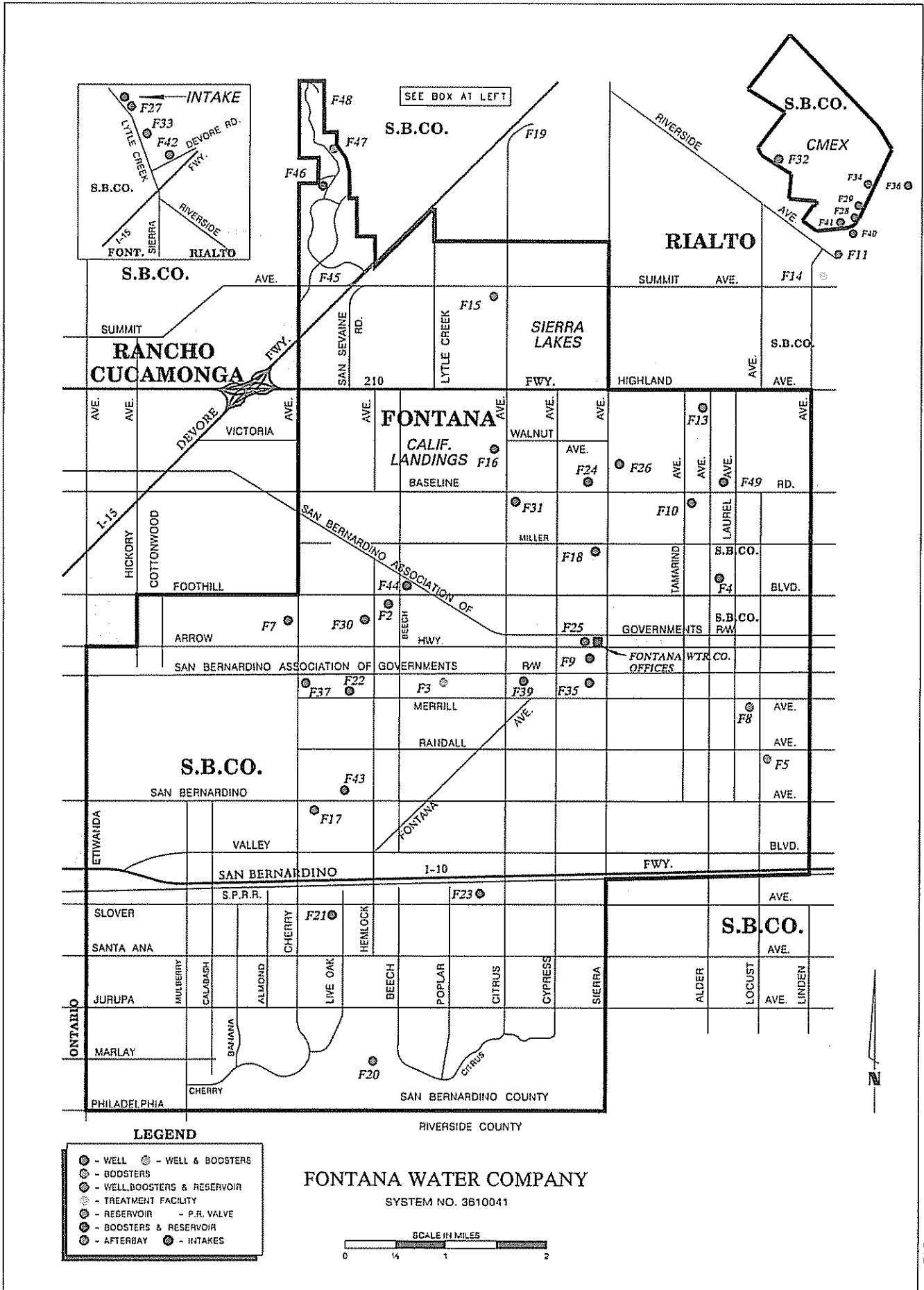
DATE OF BOARD APPROVAL: _____ Agreement # _____

FONTANA WATER COMPANY
Recapture Plan

The subject water is a transfer of stored groundwater from Cucamonga Valley Water District to Fontana Water Company (FWC) of 2,500 acre-feet to satisfy a portion of FWC's replenishment obligation for FY 2006/2007. Recapture of the stored water is accomplished by the production of any or all of the 15 wells owned and operated by FWC within Management Zone 3 of the Chino Groundwater Basin. The approximate daily production capacity of these wells is as follows:

<u>Well</u>	<u>Production</u> <u>Acre-Feet/Day</u>
F23A	- 10.6
F21A	- 5.7
F37A	- 5.7
F7A	- 11.0
F22A	- 8.2
F24A	- 8.4
F26A	- 8.6
F31A	- 7.3
F2A	- 10.6
F30A	- 5.1
F44A	- 11.0
F44B	- 10.6
F44C	- 10.6
F17B	5.7
F17C	7.1
Daily Total	<u>126.2</u>

The attached map shows the location of these wells within FWC's service area. Prior to 1992, water produced from the majority of these wells was pumped within Management Zone 3 by Fontana Union Water Company with safe yield rights in the Chino Groundwater Basin. However, as a result of a bankruptcy settlement agreement dated February 7, 1992 all of Fontana Union's Chino Groundwater Basin water, including overlying (agricultural) pool reallocation, is annually transferred to Cucamonga Valley Water District's storage account. Pursuant to the same 1992 bankruptcy settlement agreement, Fontana Water Company acquired Fontana Union's water production wells and continues to produce water from Management Zone 3, in the same manner and for the same purpose as had been done prior to 1992.





CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

D. INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 2006



CHINO BASIN WATERMASTER
Basic Financial Statements and Supplemental Data
Year ended June 30, 2006

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CHINO BASIN WATERMASTER
Basic Financial Statements and Supplemental Data
Year ended June 30, 2006

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Conrad Government Services Division
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Irvine, California 92612
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949-263-5520 fx
www.mhm-pc.com

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, 2006, as listed in the table of contents. These basic financial statements are the responsibility of the management of Chino Basin Watermaster. Our responsibility is to express an opinion on these basic financial statements based on our audit. The prior year summarized comparative financial information has been derived from the Chino Basin Watermaster's 2005 basic financial statements which were audited by Conrad and Associates, L.L.P., who merged with Mayer Hoffman McCann P.C. as of January 1, 2006, and whose report dated August 19, 2005 expressed an unqualified opinion on the basic financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chino Basin Watermaster as of June 30, 2006, and respective changes in financial position and cash flows of the Chino Basin Watermaster for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

Mayer Hoffman McCann P.C.

Irvine, California
August 10, 2006



CHINO BASIN WATERMASTER

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

BACKGROUND

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

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

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

BASIC FINANCIAL STATEMENTS

To comply with 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 Statement of Cash Flows. The financial statements presented represent the year ended June 30, 2006 and June 30, 2005 for comparative purposes. Also included are various notes providing additional explanation and detail relating to this financial information.

The Statement of Net Assets lists Watermaster's total assets, liabilities, and net assets, or the amount of assets free of debt, as of June 30, 2006. The Statements of Revenues, Expenses and Changes in Net Assets list Watermaster's income for the year and its expenses. Additionally, these statements identify the gain or loss in net assets for the years ending 2006 and 2005. 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 2006 and 2005.

SUMMARY OF FINANCIAL INFORMATION

For the year ended June 30, 2006 and June 30, 2005, Watermaster's Total Net Assets was \$6,402,407 and \$8,843,808 respectively. These balances include funds 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, 2006
(With comparative totals for June 30, 2005)

	<u>2006</u>	<u>2005</u>
Assets		
Current	\$ 8,251,351	\$ 9,770,452
Capital	<u>113,472</u>	<u>79,179</u>
Total Assets	8,364,823	9,849,631
Liabilities		
Current	1,877,816	940,226
Non current	<u>84,600</u>	<u>65,597</u>
Total Liabilities	1,962,416	1,005,823
Net Assets		
Invested in capital assets	113,472	79,179
Unrestricted	<u>6,288,935</u>	<u>8,764,629</u>
Total Net Assets	<u>\$ 6,402,407</u>	<u>\$ 8,843,808</u>

REVIEW OF REVENUES AND EXPENSES

Administrative assessment revenue remained basically unchanged from the previous year. There was a significant decrease in mutual agency project revenues over the prior year attributable to contributions from other agencies relating to cost sharing and financial contributions related to Watermaster's monitoring programs as the 2006 year reflected a reduction in costs incurred versus revenue. Replenishment assessment revenue decreased due to significant decreases in production in excess of rights.

There was a decrease in administrative expenditures, overall operating expenses (excluding replenishment activities) increased over the prior year from \$5,087,880. This increase in expenses relates to budgeted increases in OBMP related expenditures.

Non-operating revenue represented interest income of \$334,287 and \$211,595 for the years ending June 30, 2006 and June 30, 2005. This increase in income relates directly to the substantial increase in the deposits held to purchase replenishment water.

The financial condition of the Watermaster changed as indicated by the change in the Net Assets from the prior year in the amount of \$(2,441,401).

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2006
(With comparative totals for June 30, 2005)

	<u>2006</u>	<u>2005</u>
Operating Revenues		
Administrative assessments (note 1)	\$ 4,895,755	\$ 4,881,245
Mutual agency project revenue	200,138	895,836
Replenishment water	6,548,139	8,097,108
MZ1 supplemental water assessments	0	1,625,000
Miscellaneous revenue	<u>42,500</u>	<u>3,865</u>
Total Operating Revenues	<u>11,686,532</u>	<u>15,503,054</u>
Operating Expenses		
Watermaster administration	594,421	707,233
Depreciation	31,714	27,462
Pool, Advisory and Board administration	211,505	151,477
Optimum Basin Management Plan	4,603,629	4,144,077
Mutual agency project costs	31,928	57,631
Groundwater replenishment	8,989,023	10,125,526
MZ1 imported water	<u>-</u>	<u>149,143</u>
Total Operating Expenses	<u>14,462,220</u>	<u>15,362,549</u>
Income from operations	<u>(2,775,688)</u>	<u>140,505</u>
Non-Operating Revenues		
Interest	<u>334,287</u>	<u>211,595</u>
Total Nonoperating Revenues	<u>334,287</u>	<u>211,595</u>
Change in net assets	(2,441,401)	352,100
Net assets at beginning of year	<u>8,843,808</u>	<u>8,491,708</u>
Total net assets at end of year	<u>\$ 6,402,407</u>	<u>\$ 8,843,808</u>

COMPARISON OF FY 2005-2006 ADMINISTRATION BUDGET TO ACTUAL REVENUES/EXPENSE

The revenue exceeded budget primarily from assessments related to replenishment obligations incurred and because actual cash on hand at the end of the fiscal year which was used to offset assessments, was less than forecasted when the budget was prepared.

Actual operating expenses fell short of the budget while the replenishment water purchases exceeded the budgeted amount. This was due to a reduction in planned expenses related to certain management zones within the Basin.

Administration recorded an increase in change in net assets for the year ending June 30, 2005, compared to a budgeted loss \$1,618,993 million. This planned operating deficit was the result of a budgeted usage of accumulated net assets.

CHINO BASIN WATERMASTER

Statement of Net Assets

June 30, 2006

(with comparative totals for June 30, 2005)

<u>Assets</u>	<u>2006</u>	<u>2005</u>
Current assets:		
Cash and investments (note 2)	\$ 7,137,616	8,795,321
Accounts receivable	1,084,667	941,025
Prepaid expenses	<u>29,068</u>	<u>34,106</u>
Total current assets	<u>8,251,351</u>	<u>9,770,452</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation (note 3)	<u>113,472</u>	<u>79,179</u>
Total noncurrent assets	<u>113,472</u>	<u>79,179</u>
Total assets	<u>8,364,823</u>	<u>9,849,631</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	1,825,162	904,450
Accrued salaries and benefits	<u>52,654</u>	<u>35,776</u>
Total current liabilities	<u>1,877,816</u>	<u>940,226</u>
Noncurrent liabilities:		
Compensated absences (note 4)	<u>84,600</u>	<u>65,597</u>
Total noncurrent liabilities	<u>84,600</u>	<u>65,597</u>
Total liabilities	<u>1,962,416</u>	<u>1,005,823</u>
<u>Net Assets</u>		
Net assets:		
Invested in capital assets	113,472	79,179
Unrestricted	<u>6,288,936</u>	<u>8,764,629</u>
Total net assets	<u>\$ 6,402,408</u>	<u>8,843,808</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, 2006

(with comparative totals for June 30, 2005)

	<u>2006</u>	<u>2005</u>
Operating revenues:		
Administrative assessments (note 1)	\$ 4,895,755	4,881,245
Mutual agency project revenue	200,138	895,836
Replenishment water	6,548,139	8,097,108
Grant revenue	42,500	-
MZ1 supplemental water assessments	-	1,625,000
Miscellaneous revenue	-	<u>3,865</u>
Total operating revenues	<u>11,686,532</u>	<u>15,503,054</u>
Operating expenses:		
Watermaster administration	594,421	707,233
Depreciation	31,713	27,462
Pool, advisory and Board administration	211,505	151,477
Optimum Basin Management Plan	4,603,629	4,144,077
Mutual agency project costs	31,928	57,631
Groundwater replenishment	8,989,023	10,125,526
MZ1 imported water	-	<u>149,143</u>
Total operating expenses	<u>14,462,219</u>	<u>15,362,549</u>
Income (loss) from operations	<u>(2,775,687)</u>	<u>140,505</u>
Nonoperating revenues:		
Interest income	<u>334,287</u>	<u>211,595</u>
Total nonoperating revenues	<u>334,287</u>	<u>211,595</u>
Change in net assets	(2,441,400)	352,100
Net assets at beginning of year	<u>8,843,808</u>	<u>8,491,708</u>
Total net assets at end of year	<u>\$ 6,402,408</u>	<u>8,843,808</u>

See accompanying notes to the basic financial statements.

CHINO BASIN WATERMASTER
Statement of Cash Flows
Year ended June 30, 2006
(with comparative totals for June 30, 2005)

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Cash received from customers	\$ 11,300,252	12,205,233
Cash received from other agencies	242,638	2,524,702
Cash paid to employees for services	(1,002,721)	(884,016)
Cash paid to suppliers of goods and services	<u>(12,466,155)</u>	<u>(14,025,426)</u>
Net cash provided by (used for) operating activities	<u>(1,925,986)</u>	<u>(179,507)</u>
Cash flows from capital financing activities:		
Acquisition of capital assets	<u>(66,006)</u>	<u>-</u>
Net cash provided by (used for) capital financing activities	<u>(66,006)</u>	<u>-</u>
Cash flows from investing activities:		
Interest received	<u>334,287</u>	<u>211,595</u>
Net cash provided by (used for) investing activities	<u>334,287</u>	<u>211,595</u>
Net increase (decrease) in cash	(1,657,705)	32,088
Cash and investments at the beginning of year	<u>8,795,321</u>	<u>8,763,233</u>
Cash and investments at the end of year	<u>\$ 7,137,616</u>	<u>8,795,321</u>
Reconciliation of operating income to net cash used for operating activities:		
Operating income (loss)	\$ (2,775,687)	140,505
Adjustment to reconcile operating income (loss) to net cash used for operating activities:		
Depreciation	31,712	27,462
(Increase) decrease in accounts receivable	(143,642)	(773,120)
(Increase) decrease in prepaid expenses	5,038	1,942
Increase (decrease) in account payable	920,712	377,143
Increase (decrease) in accrued salaries and benefits	16,878	27,655
Increase (decrease) in compensated absences	<u>19,003</u>	<u>18,906</u>
Net cash used for operating activities	<u>\$ (1,925,986)</u>	<u>(179,507)</u>

Noncash investing, capital and financing activities:

There were no noncash investing, capital or financing activities during the fiscal years ended June 30, 2006 and June 30, 2005.

See accompanying notes to the basic financial statements.

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

Year Ended June 30, 2006

(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 2005-06 expenses are based on the 2004-05 production volume.

	<u>2004-05</u>	
	<u>Acre Feet</u>	<u>%</u>
Production Volume:		
Appropriative Pool	127,811	77.655
Agricultural Pool	34,450	20.931
Non-Agricultural Pool	<u>2,327</u>	<u>1.414</u>
Total Production Volume	<u>164,588</u>	<u>100.000</u>

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

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

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

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

Basis of Accounting

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

Cash and Investments

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

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

Cash Equivalents

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

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

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

Capital Assets

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

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

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

Use of Estimates

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

Appropriative Interest Revenue Allocation

On August 30, 1979, the Appropriative Pool unanimously approved assessment procedures whereby any interest earned from the Watermaster assessments paid by Appropriative Pool members would reduce the total current assessment due from those members. Fiscal year 2004-05 interest revenue was allocated to the Appropriative Pool, resulting in a reduction of the 2005-06 assessments. The amount of administrative assessment received for the year ended June 30, 2006 was \$4,895,755.

Prior Year Data

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

CHINO BASIN WATERMASTER
Notes to the Basic Financial Statements
(Continued)

(2) Cash and Investments

Cash and investments as of June 30, 2006 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	<u>\$7,137,616</u>
Total cash and investments	<u>\$7,137,616</u>

Cash and investments as of June 30, 2006 consist of the following:

Cash on hand	\$ 500
Deposits with financial institutions	1,431,133
Investments	<u>5,705,983</u>
Total cash and investments	<u>\$7,137,616</u>

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments

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

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

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

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

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Disclosures Relating to Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Remaining Maturity (in Months)</u>			
	<u>Total Amount</u>	<u>12 Months Or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>
Local Agency Investment Fund	<u>\$5,705,983</u>	<u>5,705,983</u>	<u>-</u>	<u>-</u>
Total	<u>\$5,705,983</u>	<u>5,705,983</u>	<u>-</u>	<u>-</u>

Disclosures Relating to Credit Risk

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

<u>Investment Type</u>	<u>Total Amount</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>		
			<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
Local Agency Investment Fund	<u>\$5,705,983</u>	<u>N/A</u>	<u>-</u>	<u>-</u>	<u>5,705,983</u>
Total	<u>\$5,705,983</u>	<u>N/A</u>	<u>-</u>	<u>-</u>	<u>5,705,983</u>

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Watermaster's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Watermaster deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2006, \$1,231,133 of the Watermaster's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

Investment in State Investment Pool

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

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(3) Capital Assets

Capital asset activity for the year ended June 30, 2006 is as follows:

	<u>Balances at</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances at</u> <u>June 30, 2006</u>
Computer equipment and software	\$49,768	25,476	-	75,244
Office furniture and fixtures	36,371	5,920	-	42,291
Leasehold improvements	23,443	-	-	23,443
Automotive equipment	<u>55,874</u>	<u>34,610</u>	-	<u>90,484</u>
Total costs of depreciable assets	<u>165,456</u>	<u>66,006</u>	-	<u>231,462</u>
Less accumulated depreciation:				
Computer equipment and software	(36,372)	(10,064)	-	(46,436)
Office furniture and fixtures	(11,433)	(6,380)	-	(17,813)
Leasehold improvements	(4,688)	(2,345)	-	(7,033)
Automotive equipment	<u>(33,784)</u>	<u>(12,924)</u>	-	<u>(46,708)</u>
Total accumulated depreciation	<u>(86,277)</u>	<u>(31,713)</u>	-	<u>(117,990)</u>
Net capital assets	<u>\$79,179</u>	<u>34,293</u>	-	<u>113,472</u>

(4) Compensated Absences

Permanent Watermaster employees earn from 10 to 20 vacation days a year, depending upon their length of employment and 12 sick days a year. Employees may carry vacation days forward up to the equivalent number of days earned in the immediately preceding twenty-four (24) month period. There is no maximum accumulation of sick leave; and upon retirement or resignation at age 55 or greater, employees with continuous employment for a minimum of twenty (20) years are compensated for all accumulated sick leave at 50% of their rate of pay at termination. Other employees are paid based upon length of employment and age at time of retirement or resignation. The amount of compensated absences outstanding as of June 30, 2006 was \$84,600.

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(5) Deferred Compensation Plan

The Watermaster has established deferred compensation plans for all employees of Watermaster in accordance with Internal Revenue Code Section 457, whereby employees authorize the Watermaster to defer a portion of their salary to be deposited in individual investment accounts. Participation in the plans is voluntary and may be revoked at any time upon advance written notice. The amount of compensation subject to deferral until retirement, disability, or other termination by a participant may not exceed the maximum legal amounts for deferred compensation plans. Amounts withheld by Watermaster under this plan are deposited regularly with California Public Employees' Retirement System. The Watermaster makes no contribution under the plan. As of June 30, 2006, the deferred compensation plan assets were held in trust accounts for the sole benefit of the employees and their beneficiaries, and accordingly have been excluded from Watermaster's reported assets.

(6) Operating Lease

The Watermaster entered into a new lease for rent of office space on September 1, 2003, expiring August 30, 2013. The amount paid under this lease was \$62,460 for the year ended June 30, 2006. The future minimum lease payments for this lease are as follows:

<u>Year Ending June 30:</u>	<u>Amount</u>
2007	\$ 58,800
2008	58,800
2009	58,800
2010	58,800
2011	58,800
2012	58,800
2013	<u>9,800</u>
Total	<u>\$362,600</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), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

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 11.291% 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, 2005 to June 30, 2006 has been determined by an actuarial valuation of the plan as of June 30, 2003. The contribution rate indicated for the period is 11.291% 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, 2006, this contribution rate would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2005 to June 30, 2006.

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

Valuation Date	June 30, 2003
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	14 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on Age, Service, and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.0% 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>
6/30/01	\$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%
6/30/03	419,723	391,922	27,801	93.4%	476,486	5.8%

* UAAL refers to unfunded actuarial accrued liability.

Information for the June 30, 2005 valuation date was not available for inclusion in the financial statements.

(8) Project Commitments

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

SUPPLEMENTARY INFORMATION

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CHINO BASIN WATERMASTER

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

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

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION AND SPECIAL PROJECTS APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	GROUNDWATER OPERATIONS GROUNDWATER REPLENISHMENT	SB222 FUNDS	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2004-05
Administrative Revenues										
Administrative Assessments			4,829,595		66,160				4,895,755	\$3,984,888
Interest Revenue			307,788	16,958	9,462			79	334,287	78,330
Mutual Agency Project Revenue		200,138							200,138	0
Grant Income		42,500							42,500	0
Miscellaneous Income									-	0
Total Revenues	-	242,638	5,137,383	16,958	75,622	-	-	79	5,472,680	4,063,218
Administrative & Project Expenditures										
Watermaster Administration	572,534								572,534	621,784
Watermaster Board-Advisory Committee	56,707								56,707	37,018
Pool Administration			20,015	130,683	4,100				154,798	91,153
Optimum Basin Mgnt Administration		1,455,200							1,455,200	1,019,183
OBMP Project Costs		3,148,429							3,148,429	3,733,694
Education Funds Use								375	375	375
Mutual Agency Project Costs	31,928								31,928	80,004
Total Administrative/OBMP Expenses	661,169	4,603,629	20,015	130,683	4,100			375	5,419,971	5,583,211
Net Administrative/OBMP Income	(661,169)	(4,360,991)							-	0
Allocate Net Admin Income To Pools	661,169		513,431	138,391	9,347				-	0
Allocate Net OBMP Income To Pools		4,360,991	3,386,526	912,812	61,653				-	0
Agricultural Expense Transfer			1,170,836	(1,170,836)					-	0
Total Expenses			5,090,808	11,050	75,100	-	-	375	5,419,971	5,583,211
Net Administrative Income			46,575	5,908	522			(296)	52,709	(1,519,993)
Other Income/(Expense)										
Replenishment Water Purchases						6,548,139			6,548,139	0
MZ1 Supplemental Water Assessments									-	2,179,500
Water Purchases									-	0
MZ1 Imported Water Purchase									-	(2,278,500)
Groundwater Replenishment						(8,989,023)			(8,989,023)	0
Net Other Income						(2,440,884)			(2,440,884)	(99,000)
Net Transfers To/(From) Reserves			46,575	5,908	522	(2,440,884)		(296)	(2,388,175)	(1,618,993)
Working Capital, July 1, 2005			4,450,869	464,653	187,298	3,580,499	158,251	2,238	8,843,808	
Working Capital, End Of Period			4,497,444	470,561	187,820	1,139,615	158,251	1,942	6,455,633	
04/05 Production			127,810.967	34,450.449	2,326.836				164,588.252	
04/05 Production Percentages			77.655%	20.931%	1.414%				100.000%	

CHINO BASIN WATERMASTER

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

For the Period July 1, 2004 through June 30, 2005

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION AND SPECIAL PROJECTS			GROUNDWATER OPERATIONS		EDUCATION FUNDS	GRAND TOTALS	BUDGET 2004-05
			APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	GROUNDWATER REPLENISHMENT	SB222 FUNDS			
Administrative Revenues										
Administrative Assessments			4,807,004		74,241				4,881,245	53,984,888
Interest Revenue			193,951	11,148	6,453			43	211,595	78,330
Mutual Agency Project Revenue		895,836							895,836	-
Miscellaneous Income	3,865								3,865	-
Total Revenues	3,865	895,836	5,000,955	11,148	80,694	-	-	43	5,992,541	4,063,218
Administrative & Project Expenditures										
Watermaster Administration	734,695								734,695	621,784
Watermaster Board-Advisory Committee	47,159								47,159	37,018
Pool Administration			13,459	87,794	3,065				104,318	91,153
Optimum Basin Mgmt Administration		1,265,673							1,265,673	1,019,183
OBMP Project Costs		2,878,404							2,878,404	3,733,694
Education Funds Use								-	-	375
Mutual Agency Project Costs	57,631								57,631	80,004
Total Administrative/OBMP Expenses	839,485	4,144,077	13,459	87,794	3,065			-	5,087,880	5,583,211
Net Administrative/OBMP Income	(835,620)	(3,248,241)								
Allocate Net Admin Income To Pools	835,620		629,148	193,066	13,406				-	-
Allocate Net OBMP Income To Pools		3,248,241	2,445,639	750,491	52,111				-	-
Agricultural Expense Transfer			1,020,199	(1,020,199)					-	-
Total Expenses			4,108,446	11,152	68,581	-	-	-	5,087,880	5,583,211
Net Administrative Income			892,509	(4)	12,113			43	904,661	(1,519,993)
Other Income/(Expense)										
Replenishment Water Purchases						8,097,108			8,097,108	-
MZI Supplemental Water Assessments						1,625,000			1,625,000	2,179,500
Water Purchases									-	-
MZI Imported Water Purchase									-	(2,278,500)
Groundwater Replenishment						(10,274,669)			(10,274,669)	-
Net Other Income			-	-	-	(552,561)	-	-	(552,561)	(99,000)
Net Transfers To/(From) Reserves			892,509	(4)	12,113	(552,561)	-	43	352,100	(1,618,993)
Working Capital, July 1, 2004			3,560,227	463,055	174,920	4,133,060	158,251	2,195	8,491,708	
Working Capital, End Of Period			4,452,736	463,051	187,033	3,580,499	158,251	2,238	8,843,808	
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%	



CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

A. ASSESSMENT PACKAGE FY 2006-2007





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: February 8, 2007
February 20, 2007
February 22, 2007

TO: Committee Members
Watermaster Board Members

SUBJECT: FY 2006-2007 Assessment Package

SUMMARY

Issue – FY 2006-2007 Assessment Package

Recommendation – Staff recommends approval:

- Of the assessments and adoption of the resolution levying the assessments as presented.
- Of a reduction in the 2006/2007 adopted budget by \$565,000 as referenced in this report.
- To renegotiate the cost sharing agreement with Inland Empire Utilities Agency regarding the DWR grant repayment terms as referenced in this report.

BACKGROUND

The members of the Overlying Non-Agricultural Pool and the Appropriative Pool were sent a copy of their Water Activity Report that summarized their water activity for the previous year – including production, land use conversions, transfers and assignments – and each party was asked to verify the data gathered and summarized by Watermaster. The Water Activity Reports were received and discrepancies in the reports addressed and resolved.

Watermaster held an Assessment Package Workshop on October 30, 2006. The purpose of the workshop was to review the current year cash requirements pursuant to the adopted budget and the resulting impact on assessments. Discussed at the workshop was a breakdown of how assessments are calculated, which include adding administrative and OBMP budgeted costs, a small reserve balance and offsetting that number with cash on hand at the end of the previous fiscal year to determine the "funds required to be assessed". This number is divided by the previous year's production to result in a per acre-foot assessment.

Discussed at the workshop was the fact that Watermaster presents its budget for approval each March/April yet the money to fund the budget is not received until six months into the year, following approval of the assessment package. In past years, this has not been an issue as each year was under-expended according to the adopted

budget. The previous year was under-expended as well, but the amount under-expended was substantially less than in previous years, resulting in less cash on hand to sustain operations during the first few months of the fiscal year. This reduction of cash on hand has necessitated Watermaster to review the amount of operating reserves assessed annually. Previously through the assessment process, Watermaster included a reserve balance of 33% of administrative costs and 15% of OBMP costs to its annual "funds required to be assessed".

If all budgeted funds were expensed, Watermaster would need to consider alternative funding options to sustain operations during the first few months of a new fiscal year. Other options would include shortening the timeframe following the end of the fiscal year and when assessments are invoiced to the parties.

Many variables exist in determining the rate of assessment for a given year, the amount budgeted for costs, the amount of cash on hand and the amount of assessable production. For the 2006/2007 fiscal year, budgeted costs increased approximately \$750,000 for both administrative and OBMP costs, which by itself would necessitate an increase in costs. The cash on hand used to offset the rate decreased substantially. Another factor contributing to an overall increase in rates was the fact that production has declined over the previous fiscal year. These variables combined with staffs recommendation to increase the reserves generated large increases in all assessment categories.

Following discussions at the workshop, some options to mitigate the increases have been considered and are incorporated into the presented assessment package.

- The reserve balances for both Administrative and OBMP expenses are both set at 30%.
- Following a review of the adopted budget, costs for OBMP expenses have been reduced by \$565,000
 - Account 7108, Hydraulic Control Monitoring Program will be reduced by \$215,000. Staff recommends that the drilling, installation, surveying and monitoring of these wells be delayed until FY 2007/2008.
 - Account 7202, Recharge will be reduced by \$350,000. As part of Program Element 2, Watermaster had proposed two optional tasks (i) Develop FORTRAN Program to estimate recharge using SCADA Data and (ii) Estimate recharge and load into DataX. The parties have decided not to implement these two optional tasks at this time. In addition, the engineering tasks relating to the Vulcan Pit have been completed – staff does not anticipate further engineering activity on this task for this fiscal year. Staff further recommends postponing portions of the Recharge Master Plan until FY 2007/2008.
- The terms of the debt repayment by Watermaster to IEUA will be paid at the rate of \$750,000 for three years with the balance owed to IEUA paid in full during the fourth year.

The financial impact of these recommendations result in a per acre-foot administrative assessment of \$6.23 and an OBMP assessment of \$34.49. The amount assessed for debt service will decrease from \$1,608,000 as presented at the workshop to \$1,358,000 which will be invoiced based on each parties share of OSY.



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ASSESSMENT PACKAGE

FY 2006-2007

February 1, 2006

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**CHINO BASIN WATERMASTER
ASSESSMENT CALCULATION
FISCAL YEAR 2006-2007
RESERVES @ 30/30%**

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PRODUCTION BASIS

2004-2005 Production & Exchanges in Acre-Feet
2005-2006 Production & Exchanges in Acre-Feet

ASSESSMENT TOTALS (Acre-Feet)	APPROPRIATIVE POOL		AGRICULTURAL POOL		NON-AGRICULTURAL POOL	
	Amount (Acre-Feet)	Ratios & Rates (\$/Acre-Feet)	Amount (Acre-Feet)	Ratios & Rates (\$/Acre-Feet)	Amount (Acre-Feet)	Ratios & Rates (\$/Acre-Feet)
164,588,252	127,810,967	77.655%	34,450,449	20.931%	2,326,836	1.414%
161,240,932	124,315,140	77.099%	33,899,960	21.024%	3,025,832	1.877%

BUDGET

Administration, Advisory Committee & Watermaster Board (1)
OBMP & Special Projects
Expenses funded by General Admin & OBMP Assessments

	General Administration		General Administration		General Administration	
	OBMP	OBMP	OBMP	OBMP	OBMP	OBMP
Administration, Advisory Committee & Watermaster Board (1)	\$772,341	\$595,467	\$162,380	\$162,380	\$14,494	\$14,494
OBMP & Special Projects	5,592,064		\$4,311,425	\$4,311,425	\$1,175,699	\$1,175,699
Expenses funded by General Admin & OBMP Assessments	6,364,405	595,467	4,311,425	162,380	1,175,699	104,940

TOTAL BUDGET

Contributions from Outside Agencies

CASH DEMAND for FY 2006/2007

TOTAL BUDGET	6,364,405	595,467	4,311,425	162,380	1,175,699	104,940
Contributions from Outside Agencies	(138,001)		(106,397)		(29,014)	(2,590)
CASH DEMAND for FY 2006/2007	6,226,404	595,467	4,205,028	162,380	1,146,685	102,350

OPERATING RESERVE

Administrative 30%
OBMP 30%
Replenishment 0%

Administrative	\$231,702	\$178,640		\$48,714		\$4,348
OBMP	1,677,619		\$1,293,428		\$352,710	\$31,482
Replenishment	0		0		0	0

Less: Funds On Hand Utilized for Assessments (2)

Less: Funds On Hand Utilized for Assessments (2)	(1,571,249)		(1,211,417)		(330,346)	(29,486)
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FUNDS REQUIRED TO BE ASSESSED

FUNDS REQUIRED TO BE ASSESSED	\$6,564,476	\$774,107	\$4,287,039	\$211,094	\$1,169,048	\$18,842
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2006-07 Proposed Assessments

General Administration Assessments
Minimum Assessments

General Administration Assessments	Per Acre-Foot	\$6.23	\$34.49	\$6.23	\$34.49	\$6.23
Minimum Assessments	Per Producer	\$5.00				\$5.00

Prior Year Assessments (For Information Only)

Prior Year Assessments (For Information Only)	Per Acre-Foot	\$5.92	\$22.02	\$5.92	\$22.02	\$5.92
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(1) Total costs are allocated to Pools by actual production percentages. Does not include Recharge Debt Payment or Replenishment water purchases.
(2) Cash on Hand is June 30 fund balances less funds required for carryover replenishment obligations, SB 22 funds, Education funds, & Agricultural Pool Reserves.



Assessment Year 2006-2007 (Production Year 2005-2006)

Pool 3 Water Production Summary

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	Percent of Safe Operating Yield	Assigned Share of Operating Safe Yield	Carryover Beginning Balance	Prior Year Adjustments	2% Carryover Storage Loss	Net Ag Pool Reallocation	Water Transaction Activity	New Yield	Annual Production Right	Actual Fiscal Year Production	Storage and Recovery Program(s)	Total Production and Exchanges	Net Over-Production		Under Production Balances		
													85/15%	100%	Total Under-Produced	Carryover: Next Year Begin Bal	To Excess Carryover Account
Arrowhead Mtn Spring Water Co	0.00%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	259.794	0.000	259.794	0.000	259.794	0.000	0.000	0.000
Chino Hills, City Of	3.85%	2,111.422	1,994.699	0.000	(39.893)	2,086.031	110.500	462.120	6,724.879	458.263	2,380.755	2,839.018	0.000	0.000	3,885.861	2,111.422	1,774.439
Chino, City Of	7.36%	4,033.857	4,033.857	0.000	(80.677)	7,982.063	(5,227.600)	882.839	11,624.339	3,261.913	1,500.000	4,761.913	0.000	0.000	6,862.425	4,033.857	2,828.568
Cucamonga Valley Water District	6.60%	3,619.454	3,619.454	0.000	(72.389)	2,481.622	19,740.104	792.120	30,180.364	14,458.036	0.000	14,458.036	0.000	0.000	15,722.328	3,619.454	12,102.874
Desalter Authority	0.00%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	16,475.802	0.000	16,475.802	0.000	16,475.801	0.000	0.000	0.000
Fontana Union Water Company	11.66%	6,391.736	0.000	0.000	0.000	3,325.728	(11,116.304)	1,398.840	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Fontana Water Company	0.00%	1.000	0.000	0.000	0.000	834.571	9,508.623	0.240	10,344.433	15,137.240	0.000	15,137.240	4,792.806	0.000	0.000	0.000	0.000
Golden State Water Company	0.75%	411.476	411.476	0.000	(8.229)	213.974	0.000	90.000	1,118.697	438.343	0.000	438.343	0.000	0.000	680.354	411.476	268.878
Inland Empire Utilities Agency	0.00%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.675	0.000	0.675	0.675	0.000	0.000	0.000	0.000
Jurupa Community Services District	3.76%	2,061.118	0.000	0.000	0.000	11,941.834	2,000.000	451.080	16,454.032	17,557.881	0.000	17,557.881	1,103.848	0.000	0.000	0.000	0.000
Los Serranos Country Club	0.00%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Marygold Mutual Water Company	1.20%	655.317	655.317	0.000	(13.106)	340.932	0.000	143.400	1,781.860	136.390	0.000	136.390	0.000	0.000	1,645.469	655.317	990.152
Metropolitan Water District	0.00%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.000	0.000	1.000	0.000	1.000	0.000	0.000	0.000
Monte Vista Irrigation Company	1.23%	676.759	232.195	0.000	(4.643)	352.059	(1,050.000)	148.080	354.449	0.000	0.000	0.000	0.000	0.000	354.449	354.449	0.000
Monte Vista Water District	8.80%	4,823.954	0.000	0.000	0.000	2,564.849	6,104.600	1,055.640	14,549.042	8,337.713	8,500.000	16,837.713	2,288.671	0.000	0.000	0.000	0.000
Niagara Water Company	0.00%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	762.584	0.000	762.584	0.000	762.584	0.000	0.000	0.000
Nicholson Trust	0.01%	4.000	4.000	0.000	(0.080)	1.997	(8.623)	0.840	2.134	0.000	0.000	0.000	0.000	0.000	2.134	2.134	0.000
Norco, City Of	0.37%	201.545	201.545	0.000	(4.030)	104.990	0.000	44.160	548.209	0.000	0.000	0.000	0.000	0.000	548.209	201.545	346.664
Ontario, City Of	20.74%	11,373.816	65.706	0.000	(1.314)	7,060.525	16,499.100	2,489.040	37,486.873	28,419.444	1,208.000	29,627.444	0.000	0.000	7,859.429	7,859.429	0.000
Pomona, City Of	20.45%	11,215.852	3,338.032	0.000	(66.760)	5,835.502	(2,500.000)	2,454.480	20,277.106	9,945.481	4,083.800	14,029.281	0.000	0.000	6,247.825	6,247.825	0.000
San Antonio Water Company	2.75%	1,506.888	1,506.888	0.000	(30.137)	784.001	0.000	329.760	4,097.400	1,837.317	0.000	1,837.317	0.000	0.000	2,260.083	1,506.888	753.195
San Bernardino County Shtg Prk	0.00%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	12.640	0.000	12.640	12.640	0.000	0.000	0.000	0.000
Santa Ana River Water Company	2.37%	1,301.374	781.166	0.000	(15.623)	677.014	(2,000.000)	284.760	1,028.691	415.129	0.000	415.129	0.000	0.000	613.562	613.562	0.000
Upland, City Of	5.20%	2,852.401	2,852.401	0.000	(57.048)	1,484.124	14,549.000	624.240	22,305.118	2,201.744	3,001.000	5,202.744	0.000	0.000	17,102.374	2,852.401	14,249.973
West End Consolidated Water Company	1.73%	947.714	947.714	0.000	(18.954)	492.996	0.000	207.360	2,576.830	0.000	0.000	0.000	0.000	0.000	2,576.830	947.714	1,629.116
West Valley Water District	1.18%	644.317	644.317	0.000	(12.886)	335.226	0.000	141.000	1,751.974	0.000	0.000	0.000	0.000	0.000	1,751.974	644.317	1,107.657
	100%	54,834.000	21,288.767	0.000	(425.769)	48,900.039	46,609.400	11,999.999	183,206.430	120,117.387	20,673.555	140,790.942	8,198.640	17,499.179	68,113.306	32,061.790	36,051.516
Less Desalter Production												16,475.802					
Total Assessable Production												124,315.140					
	1A	1B	1C	1D	1E	1F	1G	1H	1I	1J	1K	1L	1M	1N	1O	1P	1Q

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Assessment Year 2006-2007 (Production Year 2005-2006)

Pool 3 Storage Account Transactions

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	Storage and Recovery Program(s)				Excess Carry Over Account (ECO)						Local Supplemental Storage Account					Combined	
	Carryover Beginning Balance	2% Carryover Storage Loss	Storage Exchanges	Ending Balance	Carryover Beginning Balance	2% Carryover Storage Loss	Transfers to / from	From Local Supplemental Storage	From Under Production	Ending Balance	Carryover Beginning Balance	2% Carryover Storage Loss	Transfers to / from	MZI 6,500 Eligible for Storage	Transfer to Excess Carryover	Ending Balance	Combined Storage Account Balance
Arrowhead Mtn Spring Water Co	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Chino Hills, City Of	0.000	0.000	0.000	0.000	784.764	(15.695)	(5,000.000)	2,456.492	1,774.439	0.000	8,395.070	(167.901)	0.000	59.860	(2,456.492)	5,830.537	5,830.537
Chino, City Of	0.000	0.000	0.000	0.000	6,122.281	(122.445)	0.000	0.000	2,828.568	8,828.404	3,583.108	(71.662)	0.000	114.357	0.000	3,625.803	12,454.207
Cucamonga Valley Water District	0.000	0.000	0.000	0.000	5,212.539	(104.250)	(2,500.000)	0.000	12,102.874	14,711.163	13,804.149	(276.082)	0.000	102.606	0.000	13,630.673	28,341.836
Desalter Authority	0.000	0.000	0.000	0.000	12,448.973	(248.979)	(11,579.128)	0.000	0.000	620.866	0.000	0.000	0.000	0.000	0.000	0.000	620.866
Fontana Union Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2,091.803	(41.836)	0.000	181.196	0.000	2,231.164	2,231.164
Fontana Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.031	0.031	0.031
Golden State Water Company	0.000	0.000	0.000	0.000	595.377	(11.907)	0.000	0.000	268.878	852.348	1,784.584	(35.691)	0.000	11.658	0.000	1,760.551	2,612.899
Inland Empire Utilities Agency	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Jurupa Community Services District	0.000	0.000	0.000	0.000	5,847.112	(116.942)	0.000	0.000	0.000	5,730.170	1,163.208	(23.264)	0.000	58.430	0.000	1,198.374	6,928.544
Los Serranos Country Club	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Marygold Mutual Water Company	0.000	0.000	0.000	0.000	2,528.587	(50.571)	0.000	0.000	990.152	3,468.168	2,266.309	(45.326)	0.000	18.575	0.000	2,239.558	5,707.726
Metropolitan Water District	38,754.200	(775.084)	20,673.555	58,652.671	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	58,652.671
Monte Vista Irrigation Company	0.000	0.000	0.000	0.000	220.810	(4.416)	0.000	0.000	0.000	216.394	7,397.170	(147.943)	0.000	19.181	0.000	7,268.408	7,484.802
Monte Vista Water District	0.000	0.000	0.000	0.000	1,300.000	(26.000)	0.000	0.000	0.000	1,274.000	6,689.557	(133.791)	0.000	136.741	0.000	6,692.506	7,966.506
Niagara Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Nicholson Trust	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.623	(0.012)	0.000	0.109	0.000	0.720	0.720
Norco, City Of	0.000	0.000	0.000	0.000	387.752	(7.755)	0.000	0.000	346.664	726.661	113.876	(2.277)	0.000	5.720	0.000	117.319	843.980
Ontario, City Of	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	15,642.390	(312.847)	0.000	322.414	0.000	15,651.957	15,651.957
Pomona, City Of	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	15,168.426	(303.368)	0.000	317.937	0.000	15,182.995	15,182.995
San Antonio Water Company	0.000	0.000	0.000	0.000	11,598.448	(231.968)	(5,000.000)	0.000	753.195	7,119.675	850.358	(17.007)	0.000	42.715	0.000	876.066	7,995.741
San Bernardino County Shtg Prk	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	559.956	(11.199)	0.000	36.886	0.000	585.643	585.643
Upland, City Of	0.000	0.000	0.000	0.000	6,512.994	(130.259)	(16,000.000)	0.000	14,249.973	4,632.708	8,440.091	(168.801)	0.000	80.860	0.000	8,352.150	12,984.858
West End Consolidated Water Company	0.000	0.000	0.000	0.000	18,071.764	(361.435)	(14,425.000)	0.000	1,629.116	4,914.445	534.723	(10.694)	0.000	26.860	0.000	550.889	5,465.334
West Valley Water District	0.000	0.000	0.000	0.000	4,448.975	(88.979)	(2,500.000)	0.000	1,107.657	2,967.653	363.599	(7.271)	0.000	18.264	0.000	374.592	3,342.245
	38,754.200	(775.084)	20,673.555	58,652.671	76,080.376	(1,521.601)	(57,004.128)	2,456.492	36,051.516	56,062.655	88,848.999	(1,776.972)	0.000	1,554.400	(2,456.492)	86,169.935	200,885.261
	2A	2B	2C	2D	2E	2F	2G	2H	2I	2J	2K	2L	2M	2N	2O	2P	2Q



Assessment Year 2006-2007 (Production Year 2005-2006)

Pool 3 Assessment Fee Summary

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	Appropriative Pool			Ag Pool SY Reallocation			Replenishment Assessments			85/15 Water Transaction Activity			ASSESSMENTS DUE				
	AF Production	\$6.23 AF/Admin	\$34.49 AF/OBMP	AF Total Reallocation	\$211,094.00	\$1,169,048.00	\$37.65 AF/15%	\$213.35 AF/85%	\$251.00 AF/100%	15% Producer Credits	15% Pro-rated Debits	Pomona Credit	Previous Year Adj	Total Production Based	MZ1 Supplemental Water	Recharge Debt Payment	Total Due
					\$4.32 AF/Admin	\$23.91 AF/OBMP											
Arrowhead Mtn Spring Water Co	259.794	1,618.52	8,960.30	0.000	0.00	0.00	0.00	0.00	65,208.29	0.00	0.00	0.00	0.00	75,787.11	0.00	0.00	75,787.11
Chino Hills, City Of	2,839.018	17,687.08	97,917.72	2,086.031	9,005.08	49,870.51	8,030.57	0.00	0.00	(160,650.00)	29,027.07	2,567.35	0.00	53,455.37	0.00	52,296.58	105,751.95
Chino, City Of	4,761.913	29,666.72	164,238.38	7,982.063	34,457.35	190,826.34	13,469.75	0.00	0.00	0.00	48,687.40	4,904.69	0.00	486,250.63	0.00	99,908.06	586,158.69
Cucamonga Valley Water District	14,458.036	90,073.56	498,657.66	2,481.622	10,712.78	59,327.86	40,896.63	0.00	0.00	(81,675.00)	147,823.80	4,400.69	0.00	770,217.99	0.00	89,641.58	859,859.57
Fontana Union Water Company	0.000	5.00	0.00	3,325.728	14,356.66	79,507.83	0.00	0.00	0.00	0.00	0.00	7,771.37	0.00	101,640.87	0.00	158,302.06	259,942.93
Fontana Water Company	15,137.240	94,305.00	522,083.39	834.571	3,602.71	19,951.99	42,817.85	1,022,545.16	0.00	(63,281.71)	154,768.21	1.33	0.00	1,796,793.94	0.00	27.16	1,796,821.10
Golden State Water Company	438.343	2,730.87	15,118.43	213.974	923.69	5,115.46	1,239.91	0.00	0.00	0.00	4,481.76	500.00	0.00	30,110.14	0.00	10,185.00	40,295.14
Inland Empire Utilities Agency	0.675	5.00	23.28	0.000	0.00	0.00	1.91	144.01	0.00	0.00	6.90	0.00	0.00	181.10	0.00	0.00	181.10
Jurupa Community Services District	17,557.881	109,385.60	605,571.30	11,941.834	51,551.07	285,492.15	49,664.98	235,505.97	0.00	0.00	179,517.65	2,506.01	0.00	1,519,194.74	0.00	51,047.22	1,570,241.96
Los Serranos Country Club	0.000	5.00	0.00	0.000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.00	0.00	0.00	5.00
Marygold Mutual Water Company	136.390	849.71	4,704.09	340.932	1,471.75	8,150.63	0.00	0.00	0.00	0.00	0.00	796.67	0.00	15,972.85	0.00	16,228.10	32,200.95
Metropolitan Water District	1.000	6.23	34.49	0.000	0.00	0.00	0.00	0.00	251.00	0.00	0.00	0.00	0.00	291.72	0.00	0.00	291.72
Monte Vista Irrigation Company	0.000	5.00	0.00	352.059	1,519.78	8,416.63	0.00	0.00	0.00	(37,485.00)	0.00	822.67	0.00	(26,720.91)	0.00	16,757.72	(9,963.19)
Monte Vista Water District	16,837.713	104,898.95	580,732.73	2,564.849	11,072.06	61,317.56	47,627.89	488,287.96	0.00	0.00	172,154.42	5,864.70	0.00	1,471,956.27	0.00	119,463.26	1,591,419.53
Niagara Water Company	762.584	4,750.90	26,301.52	0.000	0.00	0.00	0.00	0.00	191,408.58	0.00	0.00	0.00	0.00	222,461.00	0.00	0.00	222,461.00
Nicholson Trust	0.000	5.00	0.00	1.997	8.62	47.74	0.00	0.00	0.00	0.00	0.00	4.67	0.00	66.03	0.00	95.06	161.09
Norco, City Of	0.000	5.00	0.00	104.990	453.23	2,509.98	0.00	0.00	0.00	0.00	0.00	245.33	0.00	3,213.54	0.00	4,997.44	8,210.98
Ontario, City Of	29,627.444	184,578.97	1,021,850.53	7,060.525	30,479.21	168,795.22	83,805.47	0.00	0.00	0.00	302,920.91	13,828.07	0.00	1,806,258.38	0.00	281,676.36	2,087,934.74
Pomona, City Of	14,029.281	87,402.42	483,869.90	5,835.502	25,190.97	139,508.72	0.00	0.00	0.00	0.00	0.00	(53,030.93)	0.00	682,941.08	0.00	277,765.32	960,706.40
San Antonio Water Company	1,837.317	11,446.48	63,369.06	784.001	3,384.41	18,743.03	5,197.11	0.00	0.00	(168,750.00)	18,785.34	1,832.01	0.00	(45,992.54)	0.00	37,317.84	(8,674.70)
San Bernardino County Shtg Prk	12.640	78.75	435.97	0.000	0.00	0.00	35.76	2,696.74	0.00	0.00	129.24	0.00	0.00	3,376.46	0.00	0.00	3,376.46
Santa Ana River Water Company	415.129	2,586.25	14,317.78	677.014	2,922.57	16,185.30	1,174.25	0.00	0.00	(69,900.00)	4,244.41	1,582.01	0.00	(26,887.42)	0.00	32,225.34	5,337.92
Upland, City Of	5,202.744	32,413.09	179,442.63	1,484.124	6,406.74	35,480.80	14,716.71	0.00	0.00	(534,000.00)	53,194.59	3,468.02	0.00	(208,877.41)	0.00	70,643.16	(138,234.25)
West End Consolidated Water Company	0.000	5.00	0.00	492.996	2,128.19	11,786.01	0.00	0.00	0.00	0.00	0.00	1,152.01	0.00	15,071.21	0.00	23,466.24	38,537.45
West Valley Water District	0.000	5.00	0.00	335.226	1,447.12	8,014.21	0.00	0.00	0.00	0.00	0.00	783.34	0.00	10,249.67	0.00	15,956.50	26,206.17
	124,315.140	774,519.12	4,287,629.18	48,900.039	211,094.00	1,169,048.00	308,678.80	1,749,179.84	256,867.88	(1,115,741.71)	1,115,741.71	0.00	0.00	8,757,016.81	0.00	1,358,000.00	10,115,016.81
	3A	3B	3C	3D	3E	3F	3G	3H	3I	3J	3K	3L	3M	3N	3O	3P	3Q



Assessment Year 2006-2007 (Production Year 2005-2006)

Watermaster Replenishment Calculation

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Cost of Replenishment Water per acre foot:			Company	AF Production and Exchanges	85/15 Producers	Fee Assessment
MWD Replenishment Rate		\$238.00	Arrowhead Mtn Spring Water	259.79		-
Projected Spreading - IEUA Surcharge		\$9.00	Chino Hills, City Of	2,839.02	2,839.02	\$8,030.57
Projected Spreading - OCWD Connection Fee		\$2.00	Chino, City Of	4,761.91	4,761.91	\$13,469.75
Projected Spreading - Watermaster Maintenance		\$2.00	Cucamonga Valley Water Dist	14,458.04	14,458.04	\$40,896.63
Total Replenishment Cost per acre foot		\$251.00	Desalter Authority	16,475.80		-
			Fontana Union Water Compa	0.00	0.00	\$0.00
			Fontana Water Company	15,137.24	15,137.24	\$42,817.85
			Golden State Water Company	438.34	438.34	\$1,239.91
			Inland Empire Utilities Agency	0.68	0.68	\$1.91
			Jurupa Community Services D	17,557.88	17,557.88	\$49,664.98
			Los Serranos Country Club	0.00	0.00	\$0.00
			Marygold Mutual Water Comp	136.39		-
			Metropolitan Water District	1.00		-
			Monte Vista Irrigation Compan	0.00	0.00	\$0.00
			Monte Vista Water District	16,837.71	16,837.71	\$47,627.89
			Niagara Water Company	762.58		-
			Nicholson Trust	0.00	0.00	\$0.00
			Norco, City Of	0.00	0.00	\$0.00
			Ontario, City Of	29,627.44	29,627.44	\$83,805.47
			Pomona, City Of	14,029.28		-
			San Antonio Water Company	1,837.32	1,837.32	\$5,197.11
			San Bernardino County Shtg	12.64	12.64	\$35.76
			Santa Ana River Water Comp	415.13	415.13	\$1,174.25
			Upland, City Of	5,202.74	5,202.74	\$14,716.71
			West End Consolidated Water	0.00	0.00	\$0.00
			West Valley Water District	0.00	0.00	\$0.00
				140,790.94	109,126.09	** \$308,678.80

Replenishment Obligation:	AF	@ \$251.00
Appropriative - 100	1,023.38	\$256,867.88
Appropriative - 15/85	8,198.64	\$2,057,858.64
Non-Agricultural - 100	27.92	\$7,008.42
	9,249.94	\$2,321,734.94

** Fee assessment total is 15% of Appropriate 15/85 replenishment obligation



Assessment Year 2006-2007 (Production Year 2005-2006)
Pool 3 Water Transactions

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Water Transactions

	Assigned Rights	General Transfer	Transfer from ECO Account	Recharged Recycled Water	Total Water Transactions
Arrowhead Mtn Spring Water Co	0.000	0.000	0.000	0.000	0.000
Chino Hills, City Of	0.000	(5,000.000)	5,000.000	110.500	110.500
Chino, City Of	0.000	(5,350.000)	0.000	122.400	(5,227.600)
Cucamonga Valley Water District	11,116.304	5,850.000	2,500.000	273.800	19,740.104
Desalter Authority	0.000	0.000	0.000	0.000	0.000
Fontana Union Water Company	(11,116.304)	0.000	0.000	0.000	(11,116.304)
Fontana Water Company	0.000	9,508.623	0.000	0.000	9,508.623
Golden State Water Company	0.000	0.000	0.000	0.000	0.000
Inland Empire Utilities Agency	0.000	0.000	0.000	0.000	0.000
Jurupa Community Services District	0.000	2,000.000	0.000	0.000	2,000.000
Los Serranos Country Club	0.000	0.000	0.000	0.000	0.000
Marygold Mutual Water Company	0.000	0.000	0.000	0.000	0.000
Metropolitan Water District	0.000	0.000	0.000	0.000	0.000
Monte Vista Irrigation Company	0.000	(1,050.000)	0.000	0.000	(1,050.000)
Monte Vista Water District	0.000	6,050.000	0.000	54.600	6,104.600
Niagara Water Company	0.000	0.000	0.000	0.000	0.000
Nicholson Trust	0.000	(8.623)	0.000	0.000	(8.623)
Norco, City Of	0.000	0.000	0.000	0.000	0.000
Ontario, City Of	0.000	16,000.000	0.000	499.100	16,499.100
Pomona, City Of	0.000	(2,500.000)	0.000	0.000	(2,500.000)
San Antonio Water Company	0.000	(5,000.000)	5,000.000	0.000	0.000
San Bernardino County Shtg Prk	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	0.000	(2,000.000)	0.000	0.000	(2,000.000)
Upland, City Of	0.000	(1,575.000)	16,000.000	124.000	14,549.000
West End Consolidated Water Company	0.000	(14,425.000)	14,425.000	0.000	0.000
West Valley Water District	0.000	(2,500.000)	2,500.000	0.000	0.000
	0.000	0.000	45,425.000	1,184.400	46,609.400

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Chino Basin Watermaster Assessment Breakdown 2006-2007 Water Transactions

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Assessment Year 2006-2007 (Production Year 2005-2006)

To:	From:	Date of Submittal	Quantity	\$ / Acre Feet	Total \$	85%	15%	WM Pays
Cucamonga Valley Water District	Chino, City Of	5/10/2006	5,350.000	220.00	1,177,000.00	0.00	0.00	
	Pomona, City Of	5/30/2006	2,500.000	226.90	567,250.00	0.00	0.00	
	West Valley Water District	1/10/2006	500.000	210.00	105,000.00	0.00	0.00	
Fontana Water Company	Cucamonga Valley Water District	5/11/2006	2,500.000	217.80	544,500.00	462,825.00	81,675.00	Cucamonga Valley Water District
	Nicholson Trust	4/14/2006	8.623	217.80	1,878.09	1,596.38	281.71	Fontana Water Company
	San Antonio Water Company	6/26/2006	5,000.000	225.00	1,125,000.00	956,250.00	168,750.00	San Antonio Water Company
	West Valley Water District	4/7/2006	2,000.000	210.00	420,000.00	357,000.00	63,000.00	Fontana Water Company
Jurupa Community Services District	Santa Ana River Water Company	6/30/2006	2,000.000	233.00	466,000.00	396,100.00	69,900.00	Santa Ana River Water Company
Monte Vista Water District	Chino Hills, City Of	10/18/2005	5,000.000	214.20	1,071,000.00	910,350.00	160,650.00	Chino Hills, City Of
	Monte Vista Irrigation Company	7/20/2005	1,050.000	238.00	249,900.00	212,415.00	37,485.00	Monte Vista Irrigation Company
Ontario, City Of	Upland, City Of	8/1/2005	16,000.000	222.50	3,560,000.00	3,026,000.00	534,000.00	Upland, City Of
Pomona, City Of	Upland, City Of	10/5/2005	0.000	0.00	0.00	0.00	0.00	<i>This transaction was approved for 1,000 AF, but never occurred.</i>
Upland, City Of	West End Consolidated Water Company	8/1/2005	14,425.000	49.00	706,825.00	0.00	0.00	<i>The 85/15 Rule does not apply because the water was immediately re-sold.</i>
			56,333.623		\$9,994,353.09	\$6,322,536.38	\$1,115,741.71	

Total Credits \$1,115,741.71



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Assessment Year 2006-2007 (Production Year 2005-2006)

Pool 3 Agricultural Pool Reallocation Summary

	Assigned Share of Operating Safe Yield (AF)	Reallocation of Agricultural Pool Safe Yield				Net Ag Pool Reallocation
		32,800 AF Early Transfer	Land Use Conversions	Potential for Reallocation (AF)	Difference: Potential vs. Net	
Arrowhead Mtn Spring Water Co	0.000	0.000	0.000	0.000	0.000	0.000
Chino Hills, City Of	2,111.422	1,263.128	987.346	2,250.473	(164.442)	2,086.031
Chino, City Of	4,033.857	2,413.096	5,883.120	8,296.216	(314.153)	7,982.063
Cucamonga Valley Water District	3,619.454	2,165.128	598.364	2,763.492	(281.870)	2,481.622
Desalter Authority	0.000	0.000	0.000	0.000	0.000	0.000
Fontana Union Water Company	6,391.736	3,823.496	0.000	3,823.496	(497.768)	3,325.728
Fontana Water Company	1.000	0.656	834.000	834.656	(0.085)	834.571
Golden State Water Company	411.476	246.000	0.000	246.000	(32.026)	213.974
Inland Empire Utilities Agency	0.000	0.000	0.000	0.000	0.000	0.000
Jurupa Community Services District	2,061.118	1,232.952	10,869.396	12,102.348	(160.514)	11,941.834
Los Serranos Country Club	0.000	0.000	0.000	0.000	0.000	0.000
Marygold Mutual Water Company	655.317	391.960	0.000	391.960	(51.028)	340.932
Metropolitan Water District	0.000	0.000	0.000	0.000	0.000	0.000
Monte Vista Irrigation Company	676.759	404.752	0.000	404.752	(52.693)	352.059
Monte Vista Water District	4,823.954	2,885.416	55.075	2,940.491	(375.642)	2,564.849
Niagara Water Company	0.000	0.000	0.000	0.000	0.000	0.000
Nicholson Trust	4.000	2.296	0.000	2.296	(0.299)	1.997
Norco, City Of	201.545	120.704	0.000	120.704	(15.714)	104.990
Ontario, City Of	11,373.816	6,803.376	1,142.857	7,946.233	(885.708)	7,060.525
Pomona, City Of	11,215.852	6,708.912	0.000	6,708.912	(873.410)	5,835.502
San Antonio Water Company	1,506.888	901.344	0.000	901.344	(117.343)	784.001
San Bernardino County Shtg Prk	0.000	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	1,301.374	778.344	0.000	778.344	(101.330)	677.014
Upland, City Of	2,852.401	1,706.256	0.000	1,706.256	(222.132)	1,484.124
West End Consolidated Water Company	947.714	566.784	0.000	566.784	(73.788)	492.996
West Valley Water District	644.317	385.400	0.000	385.400	(50.174)	335.226
	54,834.000	32,800.000	20,370.158	53,170.157	(4,270.118)	48,900.039

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Chino Basin Watermaster Assessment Breakdown 2006-2007 Land Use Conversion Summary

DRAFT

Assessment Year 2006-2007 (Production Year 2005-2006)

AGRICULTURAL POOL SUMMARY IN ACRE FEET

Agricultural Pool Safe Yield	82,800.00
Agricultural Total Pool Production	(33,899.96)
Early Transfer	(32,800.00)
Total Land Use Conversions	(20,370.16)
Under(Over) Production:	(4,270.12)

	Prior Converted	Acres Converted @ 1.3 af/ac		Total Prior to Peace Agrmt Converted AF	Acres Converted @ 2.0 af/ac		Total Land Use Conversations Acre-Feet
		Acres	Acre Feet		Acres	Acre Feet	
Chino Hills, City Of	0.000	670.266	871.346	871.346	58.000	116.000	987.346
Chino, City Of	196.235	1,454.750	1,891.175	2,087.410	1,897.855	3,795.710	5,883.120
Cucamonga Valley Water Distric	0.000	460.280	598.364	598.364	0.000	0.000	598.364
Fontana Water Company	0.000	0.000	0.000	0.000	417.000	834.000	834.000
Jurupa Community Services Dist	0.000	2,756.920	3,583.996	3,583.996	3,642.700	7,285.400	10,869.396
Monte Vista Water District	0.000	28.150	36.595	36.595	9.240	18.480	55.075
Ontario, City Of	209.400	527.044	685.157	894.557	124.150	248.300	1,142.857
	405.635	5,897.410	7,666.600	8,072.200	6,148.945	12,297.890	20,370.158



Assessment Year 2006-2007 (Production Year 2005-2006)

Pool 2 Water Production Summary

DRAFT

	Carryover Beginning Balance	Prior Year Adjustments	2% Carryover Storage Loss	Assigned Share of Operating Safe Yield (AF)	Water Transaction Activity	Annual Production Right	Actual Fiscal Year Production	Net Over Production	Under Production Balances		
									Total Under-Produced	Carryover: Next Year Begin Bal	To Local Storage Account
Ameron Inc	97.858	0.000	(1.957)	97.858	0.000	193.759	0.000	0.000	193.759	97.858	95.901
Angelica Textile Service	0.000	0.000	0.000	18.789	0.000	18.789	27.759	8.970	0.000	0.000	0.000
California Speedway	1,000.000	0.000	(20.000)	1,000.000	0.000	1,980.000	506.377	0.000	1,473.622	1,000.000	473.622
California Steel Industries Inc	1,300.000	0.000	(26.000)	1,300.000	0.000	2,574.000	595.700	0.000	1,978.300	1,300.000	678.300
CCG Ontario, Llc	630.274	0.000	(12.605)	630.274	0.000	1,247.943	0.000	0.000	1,247.943	630.274	617.669
General Electric Company	0.000	0.000	0.000	0.000	0.000	0.000	17.090	17.089	0.000	0.000	0.000
Praxair Inc	427.446	0.000	(8.548)	427.446	0.000	846.344	146.431	0.000	699.913	427.446	272.467
Reliant Energy Etiwanda	954.540	0.000	(19.090)	954.540	0.000	1,889.990	769.096	0.000	1,120.893	954.540	166.353
San Bernardino Cty (Chino Airport)	133.870	0.000	(2.677)	133.870	0.000	265.063	65.073	0.000	199.989	133.870	66.119
Southern California Edison Company	27.959	0.000	(0.559)	27.959	0.000	55.359	0.000	0.000	55.359	27.959	27.400
Space Center Mira Loma Inc.	0.000	0.000	0.000	104.121	91.512	195.632	197.495	1.863	0.000	0.000	0.000
Sunkist Growers Inc	1,873.402	0.000	(37.468)	1,873.402	0.000	3,709.336	435.929	0.000	3,273.406	1,873.402	1,400.004
Swan Lake Mobile Home Park	464.240	0.000	(9.284)	464.240	0.000	919.196	260.762	0.000	658.433	464.240	194.193
Vulcan Materials Company	317.844	0.000	(6.356)	317.844	0.000	629.332	4.119	0.000	625.213	317.844	307.369
West Venture Development	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	7,227.434	0.000	(144.544)	7,350.343	91.512	14,524.743	3,025.832	27.922	11,526.830	7,227.433	4,299.397



Assessment Year 2006-2007 (Production Year 2005-2006)

Pool 2 Water / Storage Account Transactions

DRAFT

	Local Storage Account			
	Carryover Beginning Balance	2% Carryover Storage Loss	Transfers to / from Annual	Ending Balance
Ameron Inc	1,853.853	(37.077)	95.901	1,912.677
Angelica Textile Service	0.000	0.000	0.000	0.000
California Speedway	715.389	(14.307)	473.622	1,174.704
California Steel Industries Inc	2,600.000	(52.000)	678.300	3,226.300
CCG Ontario, Llc	8,223.414	(164.468)	617.669	8,676.615
General Electric Company	0.000	0.000	0.000	0.000
Kaiser Ventures Inc	0.000	0.000	0.000	0.000
Loving Savior Of The Hills	0.000	0.000	0.000	0.000
Praxair Inc	4,114.936	(82.298)	272.467	4,305.105
Reliant Energy Etiwanda	5,954.138	(119.082)	166.353	6,001.409
San Bernardino Cty (Chino Airport)	124.132	(2.482)	66.119	187.769
Southern California Edison Company	167.754	(3.355)	27.400	191.799
Space Center Mira Loma Inc.	93.379	(1.867)	(91.512)	0.000
Sunkist Growers Inc	11,362.358	(227.247)	1,400.004	12,535.115
Swan Lake Mobile Home Park	2,172.520	(43.450)	194.193	2,323.263
Vulcan Materials Company	8,506.323	(170.126)	307.369	8,643.566
West Venture Development	0.000	0.000	0.000	0.000
	45,888.196	(917.759)	4,207.885	49,178.322



Assessment Year 2006-2007 (Production Year 2005-2006)

Pool 2 Assessment Fee Summary

DRAFT

	Non-Agricultural Pool			Replenishment Assessments		Previous Year Adj	Total Assessments Due
	AF Production	\$6.23 Per AF Admin	\$34.49 Per AF OBMP	AF Exceeding Safe Yield	\$251.00 Per AF		
Ameron Inc	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Angelica Textile Service	27.759	172.94	957.42	8.970	2,251.47	0.00	3,381.83
California Speedway	506.377	3,154.73	17,464.95	0.000	0.00	0.00	20,619.68
California Steel Industries Inc	595.700	3,711.21	20,545.69	0.000	0.00	0.00	24,256.90
CCG Ontario, Llc	0.000	0.00	0.00	0.000	0.00	0.00	0.00
General Electric Company	17.090	106.47	589.43	17.089	4,289.59	0.00	4,985.49
Kaiser Ventures Inc	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Loving Savior Of The Hills	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Praxair Inc	146.431	912.27	5,050.41	0.000	0.00	0.00	5,962.67
Reliant Energy Etiwanda	769.096	4,791.47	26,526.13	0.000	0.00	0.00	31,317.60
San Bernardino Cty (Chino Airport)	65.073	405.41	2,244.38	0.000	0.00	0.00	2,649.79
Southern California Edison Company	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Space Center Mira Loma Inc.	197.495	1,230.40	6,811.62	1.863	467.36	0.00	8,509.38
Sunkist Growers Inc	435.929	2,715.84	15,035.19	0.000	0.00	0.00	17,751.03
Swan Lake Mobile Home Park	260.762	1,624.55	8,993.69	0.000	0.00	0.00	10,618.24
Vulcan Materials Company	4.119	25.66	142.05	0.000	0.00	0.00	167.71
West Venture Development	0.000	0.00	0.00	0.000	0.00	0.00	0.00
	3,025.832	18,850.93	104,360.95	27.922	7,008.42	0.00	130,220.31



CHINO BASIN WATERMASTER

IV. INFORMATION

1. Newspaper Articles



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City Council candidates debate high water rates

By Jason Newell, Staff Writer
Inland Valley Daily Bulletin

Article Launched:01/20/2007 12:00:00 AM PST

CLAREMONT - High water rates and a planned sports park drew the election-season spotlight on Thursday night, as seven City Council candidates clashed publicly for the first time.

Appearing at an Active Claremont-sponsored forum, the hopefuls weighed in on the possibility of taking over the water company and how best to deal with a shortage of youth sports fields, among other issues.

Linda Elderkin, Michael John Keenan, Michael Maglio, Jackie McHenry, Opanyi Nasiali, Sam Pedroza and Peter Yao are in the hunt for three open seats.

Voters will decide March 6.

Water rates, a perennial Claremont election issue, surfaced early on, as candidates were asked about a proposal to seize water rights and equipment through eminent domain.

Such a move - fueled by city leaders' repeated complaints that Southern California Water Co. is overcharging Claremont residents - would require the city to pay the water company anywhere from \$40 million to \$120 million.

McHenry, a one-term incumbent, said Thursday the city would have to pass along the cost of the purchase in whatever new water rates it would set - meaning any would-be savings wouldn't be seen for decades, at the earliest.

"There are going to be higher water rates for maybe 30 or 40 years, because that's how long it's going to take to pay off those bonds," she said.

She favors putting the idea of putting the issue to the public for an advisory vote, she said.

Keenan, a professional window cleaner, said he favored "home rule of Claremont's resources." Like McHenry, he would support an advisory vote on eminent domain, he said.

Yao, the mayor and an advocate of the eminent domain route, said the move would benefit generations to come, even if there would be little difference in the immediate future.

"My gut feel is that we'll break even," he said. "In other words, your water bill is not likely to see any increase based on what we think the water company will increase."

Pedroza, who finished third in 2005's race for two seats, said the city needs local control one way or another - suggesting one alternative to taking over the water company might be to partner with La Verne, which has its own water company.

"It just blows me away that we're paying what we're paying for our water, having so much of our own local water," he said.

Maglio, supervisor of a paper distribution center, said the city "should quickly move to try and purchase the water company."

"Either way, your rates and my rates are going to rise incrementally with whatever changes need to be done with that water company," he said. "It might as well be under our control, our management."

Elderkin, a former planning commissioner, said she favors gaining as much local control as possible in the long term. But with several other expensive needs - including a new park and police station - the city first needs to realistically identify how it will fund everything, she said.

Nasiali, a former urban planner and past council candidate, echoed the sentiment, said the council needs to examine its many needs and how to pay for them, "so that we are not doing them piecemeal."

"By doing them piecemeal, we do not have the full picture of the costs we are going to incur," he said.

Candidates also split on the future of Padua Avenue Park, which would provide lighted sports fields in the northeastern portion of the city. Nearby residents have opposed the project over concerns about the lighting and increased traffic.

Citing the neighbors' opposition, Nasiali said the city needs to "change direction" on the park. He said a mining pit north of the city yard might be better suited for more sports fields.

Elderkin, past president of Claremont Little League, lamented that nothing has been done to ease the demand for sports practice fields in the past decade.

"I've seen absolutely no progress in this city in getting more sports fields, lighted or otherwise, for our sports community," she said.

She said Padua Park has already gone through an extensive approval process and should move forward.

Yao, a supporter of the park, said the city is investing \$900,000 to start grading the site this spring.

"The purpose for grading it is to show the state that we're serious about the park" so that it will be more likely to provide grant money, Yao said.

Keenan said he supports youth sports opportunities, but questioned the location.

"I don't like to see lights all up there," he said. "I think that we need that ... space as a buffer to the wilderness."

McHenry said she wants all new development to be compatible with surrounding neighborhoods.

"This park does not have the buy-in of the neighbors," she said. "There's another way to do it than to have lights at Padua Park."

Like Nasiali, she suggested lighted sports fields might work better in the mining pit.

Pedroza, chairman of the city's Youth Sports Facility Committee, said the city will have an estimated 6,000 youth sports participants by 2010.

"Padua Park alone isn't going to address that," he said. "We need to look at Padua Park and perhaps other fields."

Maglio, who said he supports more lighted facilities, said many residents believe the lights will help to deter criminals rather than attract them, as some have suggested.

"I think it's going to be a project of the City Council to make sure that we are compatible with the neighborhoods and to make sure that the lights are not so very intrusive on people," he said.

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Colonies settlement scrutinized

Taxpayers' group says county should've sought public input

By Jeff Horwitz and Selicia Kennedy-Ross, Staff Writers
Inland Valley Daily Bulletin

Article Launched:01/21/2007 12:00:00 AM PST

A group critical of the county's \$102 million settlement with the Colonies Partners LP has accused the county's Board of Supervisors of illegally acting in secret when in November it settled the developer's flood-control suit.

In a letter delivered to county attorneys on Friday, the attorney for San Bernardino County Taxpayers for a Fair Resolution indicated the Board of Supervisors violated the Ralph M. Brown Act by not offering the public an opportunity to comment on the settlement before it was approved.

Consequently, the letter demands, county supervisors must admit they erred and rescind the agreement.

"The public had no chance to comment on the issue," said the attorney, C. Robert Ferguson. "None. Nada."

He would not comment on whether his client intends to make a legal challenge to the settlement because of the alleged public-meeting violations or on other grounds.

County Counsel Ruth Stringer and county spokesman David Wert both said the complaint was unwarranted.

Though "(we) don't put a big sign that says public comment on each item on the agenda," Stringer said, the public can and has commented before the board's closed session meetings in years past.

"The overall Colonies issue had been before the public for quite some time," Wert said. "It's hard to say that anyone following that issue didn't know what's at stake."

The dispute began in 2002, when the Colonies sued the county over flood-control rights on its Upland land, part of which has been used to build a housing development and shopping center. The developer claimed the county violated its rights by building a massive outlet for floodwaters on its property - but not the 67-acre retention basin needed to contain a deluge.

Three trial courts weighed in on the case before it was settled in late November for \$102 million dollars, \$22 million in an immediate electronic transfer and another \$80 million to be paid in either installments or through a bond.

In the most recent ruling on the case, county Superior Court Judge Christopher J. Warner found that the county had acted in bad faith and thus forfeited its rights to the Colonies property.

Ferguson's letter was received only days before the board is slated to take steps toward a bond that would provide \$80 million to pay off the remaining debt to the Colonies and another \$22 million to replenish the flood-control agency's emergency reserves. The bond comes before the board at its meeting Tuesday.

Especially disappointing, Ferguson said, is that the board didn't announce the terms of its settlement with the Colonies before approving it.

At its Nov. 28 meeting, the board was slated to consider a settlement that would have given the Colonies surplus county land. Instead, it announced that it had approved the cash deal over the objections of supervisors Josie Gonzales and Dennis Hansberger.

"What the county did in terms of misleading the public, I believe that to be terribly egregious," Ferguson said.

Attorneys for Californians Aware, an open-government advocacy group, said state law requires supervisors to give members of the public a chance to comment on agenda items before they take action.

But while the public's right to speak should have been explicitly noted on the front on the board's Nov. 28 agenda, said the group's attorneys, a lot depends on whether the board adhered to its usual routine.

Getting a court to force the county to rescind the settlement based on an open-meeting violation would be an uphill battle, said Terry Francke, Californians Aware's general counsel. A clause in the Brown Act states that, even if a violation of the law took place, a court cannot rescind a legislative body's actions if it would hurt a third party such as the Colonies.

"You have a company that relied on (the board's) word and it would be unfair to the company to go back on a deal like this," Francke said.

The way the settlement was handled is not uncommon for governing boards, Francke said.

"Generally, if the legislative body and the attorney advising it reach a point in litigation where a settlement looks appealing, then they definitely don't want the public to be aware of and commenting on the litigation," he said. "They want it to be a done deal by the time the public finds out."

Exotic mussels found at water plant

By TIM REITERMAN
Times Staff Writer

A destructive mussel found earlier this month in Lake Mead now has been discovered at intakes for the aqueduct system that carries water from the Colorado River to Southern California, raising fears that the invasive species could inflict costly damage to pipelines, aquatic life and waterways in California.

Officials said Friday that bivalve mollusks collected by Metropolitan Water District divers Wednesday were determined to be quagga mussels, which are native to Eastern Europe and have spread across the United States along with their troublesome relative, the zebra mussel.

The infestation discovered Jan. 6 in Lake Mead near Las Vegas was the first in the West. The mussels found last week at an MWD plant at Lake Havasu and a pumping station two miles to the west were the first confirmed in California. A single quagga mussel was found Friday by California Department of Fish and Game divers about 14 miles away on the Colorado River.

"We do not feel there is any

danger or impact to the safety of drinking water supplies," MWD Chief Operating Officer Debra Man told a teleconference. "It is something we . . . want to ensure does not spread."

For years, wildlife and water officials in the West have been concerned about the possible arrival of the quagga mussel, which was discovered in the Great Lakes about 20 years ago and later spread to the Mississippi River.

The prolific quagga mussels cluster by the millions and feed voraciously on phytoplankton, creating organic waste products that eat up oxygen and release toxic byproducts. Colonies of the mussels clog water intakes and outfall pipes and leave fewer nutrients to support the food chain of fish.

The mussels can spread by attaching themselves to boats or floating objects, or their larvae can drift downstream. Officials say there is no known way to eradicate the mussels, so they can only try to contain them to prevent costly problems or an unpleasant odor and taste in water supplies.

Ric De Leon, MWD's microbiology manager, said that chlori-

nation can kill the larvae and that copper sulfate can be applied to adults. But he said that the mussels also can be killed by drying them out — and that a three-week scheduled maintenance shutdown in March will provide that opportunity.

De Leon said most parts of the 242-mile aqueduct can either be drained or treated with chemicals.

MWD officials were encouraged that adult mussels apparently had not reached one of their facilities about 10 miles from Lake Havasu. But a multi-agency task force is continuing to investigate to determine the extent of the infestation through inspections, diving and testing.

MWD spokesman Bob Muir said the agency plans to increase boat inspections at its recreational reservoirs, including Diamond Valley Lake in Riverside County.

"This is not the first time we have dealt with a nuisance species on the Colorado River," he said. "We have controlled Asiatic clams . . . by chlorinating the aqueduct system, so we're used to taking aggressive action."

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Jurupa district again breaks rules on water testing

By Sahra Susman, Staff Writer
Inland Valley Daily Bulletin

Article Launched:01/11/2007 12:00:00 AM PST

The Jurupa Community Services District has once again violated the state Department of Health Services testing requirements for water quality.

The district has not been fined.

However, unlike last April, the violation is not excess nitrate levels. Rather, the district failed to complete a second test within 24 hours of a laboratory test result that exceeded the state's nitrate level goal of 35 milligrams per liter.

On Dec. 5, water samples taken from the 980 zone were analyzed twice for nitrate levels and were found to contain levels of 41.8 mg/L and 39 mg/L, according to a letter dated Dec. 26 from the Department of Health Services to the district.

"It (the district) is in violation for not conducting a secondary test within 24 hours of a test that showed nitrate levels of 39 mg/L," said Andrea De Leon, public affairs and government relations spokeswoman for the district.

De Leon said a second test should have been taken the next day and was not. When district officials realized six days later that the second samples had not been taken, they conducted another test Dec. 12. This time, the nitrate levels read 34 mg/L, below the state goal.

Nitrates have been linked to health problems including complications in newborn babies and those with compromised immune systems.

"If (the lack of a second test) was an honest mistake, that's fine," said district board member R.M. "Cook" Barela. "But we just got fined for something similar to this a few months ago, so it's unacceptable for this to happen again."

The district was fined by the state in April 2006 for failing to collect both daily and weekly laboratory samples and for the failure to collect field samples when introducing a high nitrate source or adjusting flow that would do the same.

JCSD was required to provide notification of the violations to the public.

"I'm looking to him (General Manager Eldon Horst) to put into place some kind of checkpoints to prevent this from ever happening again," Barela said.

Horst said the most recent violation was the result of a management issue.

"This is an issue as to why certain steps (were not taken) - that would result in the sample, but didn't result in any diminishment of water quality," he said.

State officials agreed the delay in testing did not endanger the public.

"The drinking water meets all drinking water standards and is safe for consumption," said state Department of Health Services spokeswoman Patti Roberts.

"This violation was more of a procedural violation and not considered a threat to public health," she said. "The purpose of this notice was to warn JCSD that similar occurrences in the future will result in a citation, possibly with a fine and public notification."

De Leon said the state's limit for nitrates is 45 mg/L and that the district was "well under the contamination level."

She added the district notified the state of their violation before they would otherwise have reported their testing results.

"It was JCSD that contacted the state to notice them that they were in violation," De Leon said.

The Department of Health Service's office requires results from the current month's testing to be submitted by the 10th of the following month.

Barela also said he was concerned the district board was not made aware of the violation immediately, instead they were notified on Jan. 4.

The letter, which was received by the district on Jan. 3, was not announced at the Jan. 8 district board meeting, Barela said.

Horst said he didn't think a public announcement was necessary.

"I notified my board," Horst said. "From a management perspective, I thought that they should be aware. There is (was) no reason to issue a public notification regarding this notice."

Barela, who is on the district's water committee, said he wants the committee to consider a change of policy in the notification of violation process so that board directors are immediately notified.

Staff writer Sahra Susman can be reached by e-mail at sahra.susman@dailybulletin.com, or by phone at (909) 483-9356.

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Eunice Ulloa hopes to keep Chino a nice place to live

Article Launched:01/11/2007 11:00:00 PM PST

Eunice Ulloa has lived in the city of Chino for more than 27 years. She has long loved the area and has spent much of her time working to make it a better place.

Ulloa is a member of the City Council and has been since 1984. In that time she has also been mayor and was, for a short time, off of council when she ran for county supervisor. She lost that race to Gary Ovitt and subsequently ran for council again and was re-elected 2006.

Ulloa has been married for 32 years to her husband Bob. The couple lives on what she calls a small farm in the city of Chino.

"We have a goat, turkeys, geese, ducks, chickens, dogs, cats, tortoises, a bunch of fish, a bunny and four horses," said Ulloa who added that she loves living in a farm setting smack dab in the middle of the city.

Over the years, Ulloa has enjoyed working with residents to make the city a better place.

"This is a wonderful city and community," said Ulloa, adding that after 22 years of service she still has new ideas and concepts to share with residents.

"The city of Chino is growing and it's a place I like living and one that I also enjoy serving," she added.

For many years, Ulloa has been an avid supporter of the Chino Mounted Posse, an all-volunteer group that acts as ambassadors for the city of Chino Police Department.

Capt. Stuart Jones, a 21-year police department veteran who has worked with Ulloa over the years, said that her dedication and devotion to service is key to helping it keep that old town charm.

"She was key in helping to bring back the Mounted Posse to our department," said Jones. "The posse has been active now more than 20 years and it has been a very good, positive thing for our department."

The mounted posse actually was not new to the city, Jones said, as it began back in the late 1940s but it fell to the wayside.

"Eunice, along with Jim Anthony who was the chief of Police at the time, worked to get it started up again and it's been going strong now for over 20 years and has more than 32 members who also volunteer their time and animals to participate in the program," said Jones. "The posse is a help and support to our department. They are also truly remarkable ambassadors for us out there in the community which has not only embraced but also views them in an extremely positive light."

But Ulloa is more than just a city council person working on issues that matter to those she serves. She is also the general manager of the Chino Basin Water Conservation District, which is located in the city of Montclair. The Chino Basin Water Conservation District serves the cities of Montclair, Chino, part of Chino Hills, as well as the cities of Rancho Cucamonga, Ontario and Upland.

"The goal of this agency is to capture storm water runoff as well as accept imported and recycled water into percolation basins which allows water to go directly back into the ground water basin," said Ulloa.

Besides having a conservation garden on site, which sees more than 6,000 visitors each year, the Chino Basin Water Conservation District offers many public education programs to schools in the area, said Ulloa.

"Through natural processes the water is filtered and is then pumped out by cities and water agencies and served to residents and businesses," said Ulloa.

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Authority is questioned on perchlorate penalties

Jason Pesick, Staff Writer
San Bernardino County Sun

Article Launched: 01/28/2007 12:00:00 AM PST

RIALTO - It has been 10 years since the chemical perchlorate was first detected in the city's drinking water.

So far, multiple lawsuits and a state agency have failed to solve the problem.

"You have a very chaotic and undisciplined process out there," said Michael Whitehead, president of the San Gabriel Valley Water Co., which owns the Fontana Water Co.

The issue is now before the Santa Ana Regional Water Quality Control Board, which as a division of the State Water Resources Control Board may be able to clean up the mess.

But the process the board has had to follow has generated questions about whether the body is up to the task and what the proper role of the U.S. Environmental Protection Agency is in the issue.

Perchlorate, which can harm humans by interfering with the thyroid gland, is a chemical used in the production of rocket fuels and explosives. It was first detected in the Rialto-Colton Basin in 1997. Traveling south from Rialto's north end, it has now made its way into neighboring Colton.

The regional board first became involved in the basin in 2002, when the state lowered its recommended maximum perchlorate level from 18 parts per billion to 4 and a number of drinking water wells were shut down.

Earlier this year, as the board was considering whether to issue an order to require alleged polluters Black & Decker, Goodrich and PyroSpectacular to clean up the perchlorate, Emhart Industries Inc., a division of Black & Decker, said the board was biased and should not decide the outcome.

To overcome that challenge, the board appointed former state water board director Walt Pettit in October to hear the case and issue final cleanup orders. The following month, Goodrich filed a complaint with the state board, calling the appointment "unlawful," "inappropriate" and "improper." More recently, Goodrich and Black & Decker asked Pettit to halt the hearing, threatening to challenge his validity in court.

The challenges are all evidence that the EPA, which has been successful in getting polluters to clean up perchlorate contamination in Baldwin Park, should handle the issue as a Superfund site, Whitehead said.

"This is bigger than what they can handle," Whitehead said of the regional board.

He said the EPA brings more resources and authority to a problem.

Kurt Berchtold, the regional board's assistant executive officer, said he's not surprised by the suspected polluters' challenges of the process.

"It appears to us that the parties don't want to have a hearing on this matter," he said.

A hearing is tentatively scheduled to take place March 30.

"We remain confident that the procedure that the regional board established is appropriate," said.

He also said the board's proposed order is more aggressive than what the EPA would have proposed. He said EPA officials have told him they would not require the polluters to provide cities and water companies with replacement water or reimbursement of previous costs spent cleaning up the contamination, as the regional board's proposed order does.

EPA officials said they haven't ruled out the idea of taking the lead on the project. The federal agency would declare the area a

Superfund site if the regional board is unable to clean up the contamination, said Kevin Mayer, the EPA's regional perchlorate coordinator.

Mayer said the EPA is currently working with the regional board.

Mayer also said if the EPA had taken the lead, the process might be moving along just as slowly, in part because it would take the agency a year just to name the area a Superfund site.

"I wish we were a silver bullet," he said.

Wayne Praskins, a Superfund project manager, said the EPA decided to assist the regional board but not to take over the project.

"I think we haven't done it because we felt the board is doing a good job," he said.

Rialto's city attorney, Bob Owen, who has led an effort to sue 42 suspected polluters, said the city did not want to go the Superfund route because it would take too long.

Owen also said he fears a Superfund site could create a negative stigma for the city that would hamper new development and be subject to less local control than the regional board process.

"When a community is less than thrilled about EPA getting involved, we have to think about that," Mayer said.

Owen said he thinks the board is doing as much as it can to pin down elusive parties. He also said he expects suspected polluters to file suit challenging the board's decision to delegate its authority to Pettit.

Sujatha Jahagirdar, a clean-water advocate with the environmental group Environment California, said she is pleased with the regional board's proposed cleanup, which to her is a clear sign of progress.

"Obviously, the cleanup in Rialto has dragged on way too long," she said.

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Board seeks bond to repay developer

Article Launched:01/24/2007 01:00:00 AM PST

SAN BERNARDINO - By unanimous vote Tuesday, the San Bernardino County Board of Supervisors approved laying the groundwork for a \$102-million, 30-year bond to pay off the county's debt to developer Colonies Partners LP.

The board approved the settlement by a bare majority in November, after four years of litigation over flood-control rights on the Colonies' Upland property. Supervisors Dennis Hansberger and Josie Gonzales opposed the deal, but said Tuesday there was no point in protesting authorization needed to issue the bonds, an intermediary step in the process.

According to Norm Kanold, the assistant county administrator, the bond would be repaid over 30 years at a rate of interest between 4.5 percent and 5.5 percent. The interest would cost the county an additional \$110 million.

At the meeting, an attorney for a group opposed to the settlement urged the board to reconsider the deal.

"The agreement was settled outside of the advice of counsel," said C. Robert Ferguson, who represents San Bernardino County Taxpayers for a Fair Resolution. "All the quotes I've heard from members of this body suggest you didn't have the necessary information."

- Jeff Horwitz, (909) 486-3856

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