

CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Thursday, July 12, 2007

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

AT THE CHINO BASIN WATERMASTER OFFICES

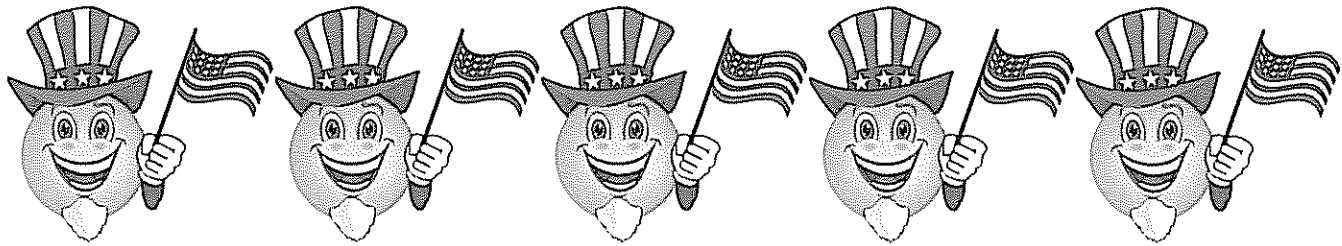
9641 San Bernardino Road
Rancho Cucamonga, CA 91730
(909) 484-3888

Tuesday, July 17, 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, July 12, 2007

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

Tuesday, July 17, 2007

9:00 a.m. – Agricultural Pool Meeting

AGENDA PACKAGE



CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING

10:00 a.m. – July 12, 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 Joint Appropriative and Non-Agricultural Pool Meeting held June 14, 2007
(Page 1)

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of June 2007 (Page 11)
2. Watermaster Visa Check Detail (Page 15)
3. Combining Schedule for the Period July 1, 2006 through May 31, 2007 (Page 17)
4. Treasurer's Report of Financial Affairs for the Period April 1, 2007 through May 31, 2007
(Page 19)
5. Profit & Loss Budget vs. Actual July 2006 through May 2007 (Page 21)

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – The lease of 3,500 acre-feet, to be taken first from the fiscal year 2006/2007 allocation from the City of Pomona's net underproduction, if any, with any remainder from Pomona's local storage account in the Chino Basin, to be transferred to the Cucamonga Valley Water District storage account. Date of Application: June 7, 2007 (Page 23)
2. **Consider Approval for Notice of Sale or Transfer** – The City of Pomona has agreed to purchase from the City of Upland a portion of Upland's water in storage in the amount of 893 acre-feet for fiscal year 2006/2007. Date of Application: June 7, 2007 (Page 39)
3. **Consider Approval for Notice of Sale or Transfer** – The Santa Ana River Water Company lease and assigned Jurupa Community Services District the quantity of 2,000 acre-feet of corresponding annual production right fiscal year 2006/2007. Date of Application: June 28, 2007 (Page 49)

D. INTERVENTION

Intervention into Chino Basin Watermaster as an Agricultural Pool Party (Page 61)

II. BUSINESS ITEMS

A. Volume Vote – Non-Agricultural Pool Only

Consider Recommendation for the Volume Vote (*Page 65*)

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Micro-Economic Analysis Update
2. MZ1 Court Submittal Update

B. ENGINEERING REPORT

1. Water Quality/Plume Updates

C. CEO/STAFF REPORT

1. Legislative Update
2. Recharge Update
3. Desalter Expansion Update

IV. INFORMATION

1. Newspaper Articles (*Page 69*)

V. POOL MEMBER COMMENTS

VI. OTHER BUSINESS

VII. FUTURE MEETINGS

July 12, 2007	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
July 17, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
July 24, 2007	9:00 a.m.	GRCC Meeting
July 26, 2007	9:00 a.m.	Advisory Committee Meeting
July 26, 2007	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn

**CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING**

9:00 a.m. – June 17, 2007

At The Offices Of

Inland Empire Utilities Agency

6075 Kimball Ave., Bldg. A, Board Room

Chino, CA 91710

AGENDA

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Intervention into Chino Basin Watermaster as an Agricultural Pool Party *(Page*

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2. MZ1 Court Submittal Update

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1. Water Quality/Plume Updates

C. CEO/STAFF REPORT

1. Legislative Update
2. Recharge Update
3. Desalter Expansion Update

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1. Newspaper Articles (*Page 69*)

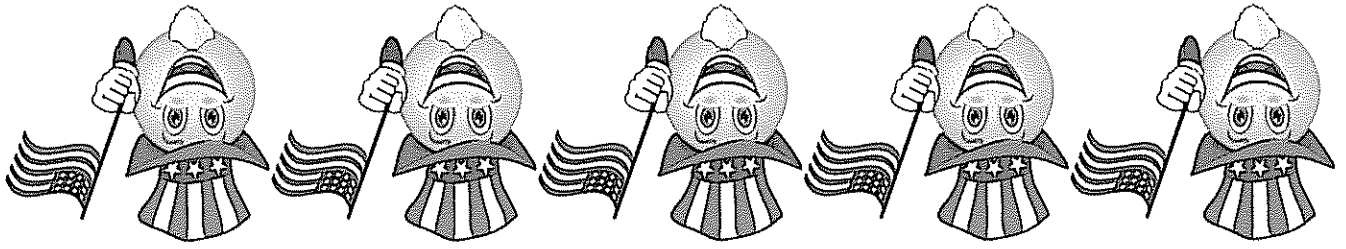
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VI. OTHER BUSINESS

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July 26, 2007	9:00 a.m.	Advisory Committee Meeting
July 26, 2007	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn

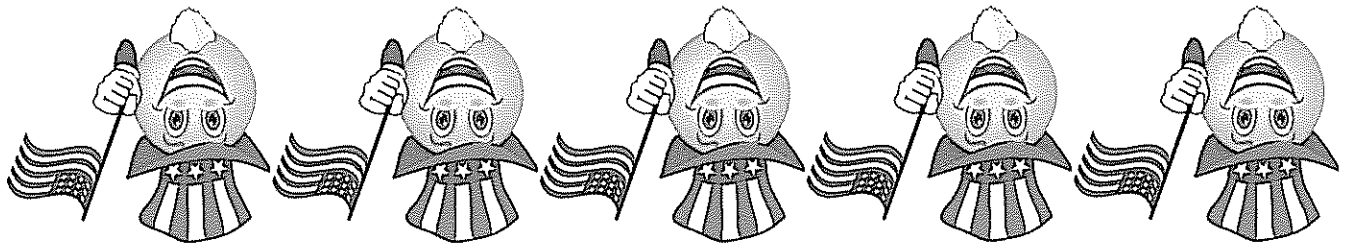


1. Joint Appropriative & Non-Agricultural
Pool Meeting – June 14, 2007

A. MINUTES

I. CONSENT CALENDAR

CHINO BASIN WATERMASTER



Draft Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
June 14, 2007

The Joint Appropriative and Non-Agricultural Pool Meeting were held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on June 14, 2007 at 10:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Raul Garibay, Chair	City of Pomona
Rosemary Hoerning	City of Upland
Robert DeLoach	Cucamonga Valley Water District
Mark Kinsey	Monte Vista Water District
Charles Moorrees	San Antonio Water Company
Mike McGraw	Fontana Water Company
Ken Jeske	City of Ontario
J. Arnold Rodriguez	Santa Ana River Water Company
Robert Young	Fontana Union Water Company

NON-AGRICULTURAL POOL MEMBERS PRESENT

Kevin Sage	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
Gordon Treweek	Project Engineer
Danielle Maurizio	Senior Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

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

Others Present

Andy Campbell	Inland Empire Utilities Agency
Marty Zvirbulis	Cucamonga Valley Water District
Andrew Lazenby	Black & Veatch
Paul Deutsch	GE/Geomatrix

Chair Garibay called the joint Appropriative and Non-Agricultural Pool meeting to order at 10:00 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Joint Appropriative and Non-Agricultural Pool Meeting held May 17, 2007

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of May 2007
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2006 through April 30, 2007
4. Treasurer's Report of Financial Affairs for the Period April 1, 2007 through April 30, 2007
5. Profit & Loss Budget vs. Actual July 2006 through April 2007

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from the City of Upland water in storage in the amount of 10,000 acre-feet to satisfy a portion of the company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007
2. **Consider Approval for Notice of Sale or Transfer** – Cucamonga Valley Water District has agreed to purchase 500 acre-feet of West Valley Water District's stored Chino Basin groundwater. Date of application: May 24, 2007

*Motion by DeLoach, second by McGraw, and by unanimous vote – Non-Ag concurred
Moved to approve Consent Calendar Item A and C, as presented*

II. BUSINESS ITEMS**A. MZ1 LONG TERM PLAN**

Mr. Manning stated this item was presented last month as an information only item while making all parties aware this item will be brought forward this month for action. Mr. Manning stated this plan is adaptable and is a voluntary plan. The Alternative Water Plan is not part of this plan being submitted. Staff is in the process of developing an Alternative Water Plan although it is not a part of the Long Term Plan. The plan being presented today is the same plan that was brought to this committee last month; the staff report is long and extensive in an effort to ensure that this matter is understandable. Mr. Manning stated staff is recommending approval.

Mr. Crosley stated the City of Chino had put together some written comments subsequent to the series of monthly meetings from the pools and a copy of that letter is on the back table.

Mr. Crosley stated the ideas that are expressed in the letter were verbally expressed at the meetings of the technical group and there were no objections at those meetings on a technical basis to any of the comments. Mr. Crosley stated the comments address staff should move slowly and cautiously and check ourselves as we move along and as time progresses, relax the rigor in self checking if things are progressing well. Mr. Crosley noted he would like to see the Technical Committee have an opportunity to look at the document that would be going to the court before it is presented to the court. Mr. Crosley stated he believes the comments submitted by the City of Chino do not change the concept of the Long Term Plan and the plan could be revised in a non-substantive way and will still allow the plan to move forward to the court.

Mr. Crosley asked that a meeting of the Technical Committee be convened before the document goes to court for a final check in and give further consideration to revisions to the plan to incorporate comments. Mr. Kinsey commented on the MZ1 goal which Mr. Kinsey read verbatim from the MZ1 Long Term Plan in the meeting packet on page 62. Mr. Kinsey expressed concern over the plan on how recharge is being utilized as a tool to manage subsidence in the MZ1 area. The plan does make a recommendation regarding an injection feasibility study. Mr. Manning stated in terms of the goal of this plan, one has to not only look at the Long Term Plan but also previous actions of Watermaster in that Watermaster has made MZ1 one of its highest priority for recharge in connection with the MZ1 Long Term Plan.

Mr. Manning stated in terms of the injection there is no doubt that at some point in time we will want to pursue that but that is not a part of this plan. Mr. Wildermuth stated the technical work which was discussed at the Technical Committee meeting and presentations made before this Pool suggests that wet water recharge in basins has no value to the problems in Chino Hills. During the course of the technical investigations staff budgeted recharge feasibility work; the City of Chino Hills initially indicated they were interested in conducting those recharge tests but that was never followed through by them. As a recharge tool, injection may

be valuable in that area but the City of Chino Hills has not shown any interest in pursuing it. Mr. Wildermuth stated our technical conclusions as to how to manage the MZ1 area are extremely defensible. A lengthy discussion ensued with regard to this issue. Chair Garibay asked for clarification as to what staff is asking from the Committee Members as far as an approval at this time.

Mr. Manning stated staff is asking for approval on the actual MZ1 Long Term Plan. The Water Supply Plan which has been discussed is actually still in its evolutionary stages. Mr. Kinsey stated he would like to see the plan move forward but would like to see provisions which state that Watermaster would develop a potential pilot injection program including a definition of what it would look like, define what infrastructure would be involved in creating it, and provide funding to at least identify what that would conceptually look like. Mr. Kinsey stated maybe Watermaster could possibly put that on the table and if agencies that need to participate don't embrace it, then it simply goes away. Mr. Manning noted section 3 of the plan talks about reconvening the Technical Committee in April of each year to review all available data collected and review the analysis performed over the course of the prior year and then formally recommend provisions or additions to the MZ1 Long Term Plan through the Watermaster process. Mr. Manning stated the provision Mr. Kinsey is asking for could be included.

Mr. Manning stated we currently do not have money in the budget to allow the study at this point in time for injection within MZ1; however if in April the Technical Committee would make that recommendation and it was to be adopted in May of this next year staff could certainly build that number into the budget for the following year. Mr. Manning stated what we are doing today would not move us from eventually moving in that direction based upon the current language in the plan being submitted today. A discussion ensued with regard to making an injection program study part of the recommendation.

Motion by Crosley, second by DeLoach, and by unanimous vote – Non-Ag concurred

Moved to approve the plan which is intended to be adaptive and flexible to accommodate new information developed by the scientists and new opportunities as they come along, it is recommended that the plan be approved subject to non-substantive revisions including consideration of the City of Chino comments by the Technical Committee prior to submittal to the court, as presented

B. 2007/2008 BUDGET

Ms. Rojo stated there was a Budget Workshop held and a detailed presentation given at the Advisory Committee and Watermaster Board meetings last month. Ms. Rojo stated some comments were received regarding the presentation given last month and those changes were incorporated. Ms. Rojo stated that today she will highlight the 2007/2008 Watermaster Budget. Administrative costs include COLA at 4%, OBMP expenses include costs for the micro-economic study, Implementation Projects include increases in Ground Level Monitoring, HCMP and Storage Programs and decreases in Recharge O&M and MZ1 subsidence issues, Debt services remain neutral, and Assessments will remain neutral depending on production. Mr. Jeske inquired how the budget is implemented when we make our reports to the court does the court actually adopt our budget? Mr. Manning stated the court is not involved in the Watermaster budget. Counsel Fife agreed with Mr. Manning's statement; however, the court has all the authority to review any action of Watermaster. Counsel Fife stated the Watermaster Annual Report does contain some level of budget information which the court, does receive and file. Ms. Rojo noted the Annual Report includes both budget and assessment information. A discussion ensued with regard to the courts responsibilities regarding the Watermaster budget. Mr. Kinsey inquired into some of the MZ1 activities with regard to expenditures for the extensometers. Mr. Malone stated that was it was for an additional piezometer in the central MZ1 area for water level monitoring. Ms. Rojo stated that was a budgeted item. Ms. Hoerning inquired about the three year budget. Mr. Manning stated the three year budget is currently being worked on and staff is anticipating having that ready for presentation at the Advisory Committee and Watermaster Board meetings.

Motion by DeLoach, second by Jeske, and by unanimous vote – Non-Ag concurred

Moved to approve the Chino Basin Watermaster 2007/2008 Budget, as presented

C. MICRO-ECONOMIC ANALYSIS STUDY

Mr. Manning stated the Micro-Economic Analysis Workshop was held last week with Dr. David Sunding. Mr. Manning stated the non-binding Term Sheet notes that the micro-economic study is a pre-requisite for the binding agreement and that it also required that we hold a workshop which was completed on June 7, 2007. The prior macro economic study looked at the basin as if it were run by one owner, the micro study looks at it agency by agency. The proposal that is before this committee today is a not to exceed proposal with Dr. Sunding for \$172,600. The scope of work is fully inclusive of all the information that was discussed at the scoping meetings. A communication was received yesterday from the two economists, Dr. Mann and Dr. Hatchet, where they have made some comments on the scope of study; those comments are on the back table. Dr. Mann and Dr. Hatchet have been hired by: Monte Vista Water District, the City of Chino Hills, Three Valleys Municipal Water District, the City of Pomona, and the City of Upland to review and interpret the work of Dr. Sunding. Staff is recommending approval of the proposed scope of work for the micro-economic analysis proposal. Mr. Kinsey commented on the collaborative efforts of the economists. Mr. Kinsey asked for some clarification on portions of the scope of work and how it is consistent with the non-binding Term Sheet. Mr. Manning stated Dr. Sunding is using the Term Sheet as a baseline for a starting point. A discussion regarding Mr. Kinsey's comments ensued. Chair Garibay inquired into the original cost estimate from Dr. Sunding. Mr. Manning stated he believed it was in the \$160,000 range which also included the scoping process which he has already done. Chair Garibay inquired into the term export in the presented proposal. Mr. Manning stated that item was placed on the list at the scoping meeting. Mr. DeLoach stated it was his understanding according to the Peace Agreement there was value added for Watermaster to have the ability to export water out of the basin. A discussion ensued with regard to this matter. Mr. Kinsey stated the financial work is a discretionary item of the Watermaster Board and it seems to be consistent with Anne Schneider's 1998 analysis of responsibilities when the new board was appointed. Ms. Hoerning inquired if Dr. Sunding is going to prepare a technical memorandum regarding all the items his study will include. Mr. Manning stated that process has not yet been discussed, although staff is anticipating giving periodical updates as to Dr. Sunding's progress. Mr. Manning noted if necessary we will schedule a meeting to have Dr. Sunding come in and provide an update. Mr. Kinsey inquired into the contract with Dr. Sunding through Hatch & Parent which raises the question of full openness and accessibility to information and noted it would be better for him to contract through Watermaster directly. Mr. Manning stated staff is going to be working openly and cooperatively with the economists and the parties but if the intent is to put this contract with Watermaster that can be made part of the motion.

Motion by Kinsey, second by DeLoach, and by unanimous vote – Non-Ag concurred

Moved to approve the micro-economic analysis study not to exceed \$172,600 with the contract being held with Chino Basin Watermaster and not through Hatch & Parent, as presented

D. VOLUME VOTE

Mr. Manning stated this item was presented at the April meeting through the Watermaster process. At that April meeting, the Appropriative Pool committee members approved the presented Volume Vote formula. Following that meeting there was some feedback made regarding the formula which was used in the process. Mr. Manning stated at the May meeting, staff asked that this item be referred to the Budget Advisory Committee for their review and recommendation that could be brought back to this pool for consideration. Mr. Manning stated the reason this is so important from staff's perspective is that we are in the process of building a database for the assessment package. We are essentially finished with that project except for this portion which calculates the volume vote as part of the assessment package. Staff has no position as to which formula is chosen by the parties only that one is consistently chosen and applied. The recommendation from the Budget Advisory Committee is what is presented in the meeting packet today; to adopt a formula that is slightly different from the one presented in April and staff is now asking for approval. Mr. Kinsey inquired into the proposal to utilize production

as a surrogate for assessments paid which works as long as only production that has paid assessments get a vote. Mr. Kinsey stated Monte Vista Water District agrees with the change as long as it is clear that prior year's production includes only assessable production.

Motion by Jeske, second by DeLoach, and by unanimous vote – Non-Ag concurred

Moved to approve the adoption of the revised volume vote to include half of the vote based on operating safe yield and half of the vote based on the prior years assessable production. Each volume vote will be valid until a subsequent volume vote is adopted, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River Hearing Closing Brief

Counsel Fife stated in the meeting packet there is a copy of Watermaster's closing brief in the Santa Ana process along with the stipulations that all the parties entered into concerning the 1969 Agreement.

B. ENGINEERING REPORT

1. Model Update

Mr. McCarthy gave a report on the Progress on Watermaster's Groundwater Model. Evapotranspiration Estimation (ET) was discussed in detail. Mr. McCarthy discussed the area of Prado, Orange County Water District's interest in protecting vegetation and endangered species present within Prado, and understanding the relationship between riparian resources in the Prado Basin, and desalter pumping/re-operation. Efforts to improve the original ET were reviewed. Several detailed maps were looked at and discussed and the preliminary results were reviewed. Mr. McCarthy stated the impact of the new quarterly data will help with calibration, have a more accurate water balance, and will better quantify needs of various communities and cross-check their demands with management planning scenarios. A discussion ensued with regard to the model update given.

C. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated there are a lot of bills moving through the committee right now and going back and forth between the two houses. The one bill that is noteworthy is SB59 which was essentially the governor's proposal for the water bond that was going to go on the next ballot. That bill was killed in committee and appeared to have no life. The concepts that were contained within SB59 have some legs though and the leadership senate was meeting in a private session last week to see how they could bring life back into the concept of SB59. It appears they are trying to develop an alternative to what was contained in SB59. Mr. Manning stated he is encouraging them to have more emphasis on groundwater within that bill.

2. Recharge Update

Mr. Manning stated the recharge handout is available on the back table for review. We did have a little over 200 acre-feet recharged by way of urban run-off this past month and we did have one minor storm and we were able to capture some water. Metropolitan Water District still has no replenishment water available to purchase at this time.

3. Dry Year Yield Report

Mr. Manning stated the Metropolitan Water District's Board took action on Tuesday to adopt the Dry Year Yield Program, which is to authorize the General Manger to execute the agreement with the Chino II Desalter for \$250 rebate. 9,600 acre-feet was covered under the first LRP program proposal. When Desalter II was developed, there was no LRP program available at that point in time. This agreement also authorizes a \$1.5 million dollar study for the expansion of the Dry Year Yield Program within the basin from 100,000 to

150,000 acre-feet and Mr. Atwater would very much like to hold a workshop to start talking about the scope of that study. Inland Empire Utilities Agency and Chino Basin Watermaster will be looking at holding the workshops starting in July, possibly prior to the Appropriative Pool meeting. A discussion ensued with regard to this matter and what will be discussed at the workshop.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

Mr. Kinsey stated Monte Vista Water District has initiated groundwater injection operations at their Well #30 last week. Any person or parties wanting to see this operation is more than welcome to come and take a tour.

VI. OTHER BUSINESS

No comment was made regarding this item.

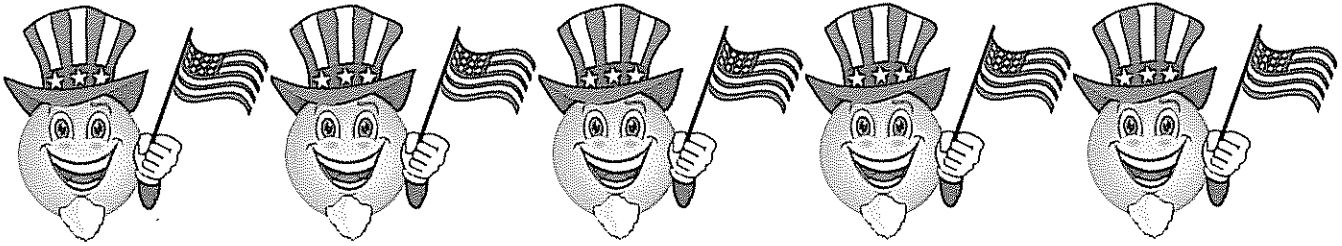
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June 28, 2007	9:00 a.m.	Advisory Committee Meeting
June 28, 2007	11:00 a.m.	Watermaster Board Meeting

The Appropriative and Non-Agricultural Pool committee meeting was dismissed at 11:07 a.m.

Secretary: _____

Minutes Approved: _____

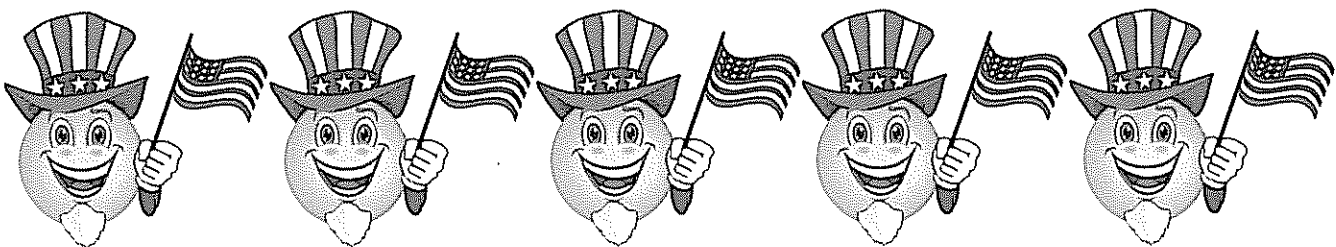


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Agricultural Pool Meeting – June 19, 2007



Draft Minutes
CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING
June 19, 2007

The Agricultural Pool Meeting was held at the offices of the Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA, on June 19, 2007 at 9:00 a.m.

Agricultural Pool Members Present

Nathan deBoom, Chair	Dairy
Jeff Pierson	Crops
Glen Durrington	Crops
John Huitsing	Dairy
Pete Hettinga	Dairy
Rob Vanden Heuvel	Milk Producers Council
Jennifer Novak	State of California

Watermaster Board Members Present

Sandra Rose	Monte Vista Water District
Paul Hofer	Crops

Watermaster Staff Present

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

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Andy Malone	Wildermuth Environmental Inc.

Others Present

Steve Lee	Reid & Hellyer
Jason Weiner	State of California

Chair deBoom called the Agricultural Pool meeting to order at 9:14 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Agricultural Pool Meeting held May 15, 2007

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of May 2007
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2006 through April 30, 2007
4. Treasurer's Report of Financial Affairs for the Period April 1, 2007 through April 30, 2007
5. Profit & Loss Budget vs. Actual July 2006 through April 2007

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from the City of Upland water in storage in the amount of 10,000 acre-feet to satisfy a portion of the company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007
2. **Consider Approval for Notice of Sale or Transfer** – Cucamonga Valley Water District has agreed to purchase 500 acre-feet of West Valley Water District's stored Chino Basin groundwater. Date of application: May 24, 2007

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

Moved to approve Consent Calendar Item A and C, as presented

II. BUSINESS ITEMS**A. MZ1 LONG TERM PLAN**

Mr. Manning stated this item was presented last month as an information only item while making all parties aware this item will be brought forward this month for action. Mr. Manning stated this plan is adaptable and is a voluntary plan. Mr. Manning stated Counsel Fife and he had a meeting recently with the City of Chino Hills and their staff expressed they were not happy with the program as presented and they are looking for a different outcome all together. Mr. Manning stated it appears all other parties except the City of Chino Hills is on board with this Long Term Plan. It was noted the Alternative Water Plan is not part of this plan being submitted. Staff is in the process of developing an Alternative Water Plan although it is not a part of the Long Term Plan. The plan being presented today is the same plan that was brought to this committee last month; the staff report is long and extensive in an effort to ensure this matter is understandable. Mr. Manning stated staff is recommending approval. Mr. Manning noted the Appropriative and Non-Agricultural Pool did approve this item on the condition that the MZ1 Technical Committee would be convened and review the document prior to it going to the court. That meeting has been scheduled for Thursday, June 28, 2007 starting at 8:00 a.m. Chair deBoom inquired if the prison has any comments on the submitted plan. Ms. Novak stated she thinks the State is comfortable with the structure of the MZ1 Long Term Plan. Ms. Novak noted they only have one well that will be affected and the plan is something their staff can work with. Mr. Manning stated he has received comments from the City of Chino and from the State and those comments were taken into consideration in the preparation of the program. Mr. Manning noted the State's comments were directed more towards the Alternative Water Supply Plan rather than the MZ1 Long Term Plan.

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

Moved to approve the MZ1 Long Term Plan with the review of the Technical Committee prior to the document going to the court, as presented

B. 2007/2008 BUDGET

Ms. Rojo stated there was a Budget Workshop and a detailed presentation given at the Advisory Committee and Watermaster Board meeting last month. Ms. Rojo stated some comments were received regarding the presentation given last month and those changes were incorporated into the budget. Ms. Rojo stated that today she will highlight the 2007/2008 Watermaster Budget. Administrative costs include COLA at 4%, OBMP costs now include costs for the micro-economic study, Implementation projects include increases in Ground Level Monitoring, HCMP and Storage Programs and decreases in Recharge O&M and MZ1 subsidence issues, Debt services remain neutral, and it appears Assessments will remain neutral, depending on production.

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

Moved to approve the Chino Basin Watermaster 2007/2008 Budget, as presented

C. MICRO-ECONOMIC ANALYSIS STUDY

Mr. Manning stated the Micro-Economic Analysis Workshop was held last week with Dr. David Sunding. Mr. Manning stated the non-binding Term Sheet notes that the micro-economic study is a pre-requisite for the binding agreement and that it also required that we hold a workshop with was completed on June 7, 2007. The prior macro economic study looked at the basin as if it were run by one owner, the micro study looks at it by agency by agency. The proposal that is before this committee today is a not to exceed proposal with Dr. Sunding for \$172,600. The scope of work is fully inclusive of all the information that was discussed at the scoping meetings. A communication was received yesterday from the two economists, Dr. Mann and Dr. Hatchet, where they have made some comments on the scope of study; those comments are on the back table. Dr. Mann and Dr. Hatchet have been hired by Monte Vista Water District, the City of Chino Hills, Three valleys Municipal Water District, the City of Pomona, and the City of Upland to review and interpret the work of Dr. Sunding. Staff is recommending approval of the proposed scope of work for the micro-economic analysis.

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

Moved to approve the micro-economic analysis study with the contract contact being held through Chino Basin Watermaster and not Hatch & Parent, as presented

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

Counsel Fife stated in the meeting packet there is a copy of Watermaster's closing brief in the Santa Ana process along with the stipulation that all the parties entered into concerning the 1969 Agreement.

B. ENGINEERING REPORT1. Model Update

Mr. Malone gave a report on the Progress on Watermaster's Groundwater Model. Evapotranspiration Estimation (ET) was discussed in detail. Mr. Malone discussed the area of Prado and Orange County Water District's interest in protecting vegetation and endangered species present within Prado, and understanding the relationship between riparian resources in the Prado Basin, and desalter pumping/re-operation. Efforts to improve the original ET were reviewed. Several detailed maps were looked at and discussed and the preliminary results were reviewed. Mr. Malone stated the impact of the new quarterly data will help with calibration, have a more accurate water balance, and will better quantify needs of various communities and cross-check their demands with management planning scenarios. A discussion ensued with regard to the model update given and possibly receiving power point presentations prior to the meetings.

C. CEO/STAFF REPORT1. Legislative Update

Mr. Manning stated there are a lot of bills moving through the committee right now and going back and forth between the two houses. The one bill that is noteworthy is SB59 which was essentially the governor's proposal for the water bond that was going to go on the next ballot. That bill was killed in committee and appeared to have no life. The concepts that were contained within SB59 have some legs though and the leadership senate was meeting in a private session last week to see how they could bring life back into the concept of SB59. It appears they are trying to develop an alternative to what was contained in SB59. Mr. Manning stated he is encouraging them to have more emphasis on groundwater within that bill.

2. Recharge Update

Mr. Manning stated the recharge handout is available on the back table for review. We did have a little over 200 acre-feet recharged by way of urban run-off this past month and we did have one minor storm and we were able to capture some water. Metropolitan Water District still has no replenishment water available to purchase at this time.

3. Dry Year Yield Report

Mr. Manning stated the Metropolitan Water District's Board took action on Tuesday to adopt the Dry Year Yield Program, which is to authorize the General Manger to execute the agreement with the Chino II Desalter for \$250 rebate. 9,600 acre-feet was covered under the first LRP program proposal. When Desalter II was developed, there was no LRP program available at that point in time. This agreement also authorizes a \$1.5 million dollar study for the expansion of the Dry Year Yield Program within the basin from 100,000 to 150,000 acre-feet and Mr. Atwater would very much like to hold a workshop to start talking about the scope of that study. Inland Empire Utilities Agency and Chino Basin Watermaster will be looking at holding the workshops starting in July, possibly prior to the Appropriative Pool meeting. A discussion ensued with regard to this matter and what will be discussed at the workshop.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

It was noted this committee would like to see an update next month on the plumes.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

June 14, 2007	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
June 19, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
June 28, 2007	9:00 a.m.	Advisory Committee Meeting
June 28, 2007	11:00 a.m.	Watermaster Board Meeting

The Agricultural Pool committee meeting was dismissed at 9:55 a.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of June 2007
2. Watermaster Visa Check Detail
3. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2006 through May 31, 2007
4. Treasurer's Report of Financial Affairs for the Period May 1, 2007 through May 31, 2007
5. Profit & Loss Budget vs. Actual July 2006 through May 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: July 12, 2007
July 17, 2007
July 26, 2007

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report – June 2007

SUMMARY

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

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

Fiscal Impact – 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 June 2007 were \$957,959.48. The most significant expenditures during the month were Wildermuth Environmental Inc. in the amount of \$334,078.89, Inland Empire Utilities Agency in the amount of \$306,245.13, and Hatch and Parent in the amount of \$98,754.46.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
June 2007

Type	Date	Num	Name	Amount
Jun 07				
General Journal	6/2/2007	70603	PAYROLL	-6,573.12
General Journal	6/2/2007	70603	PAYROLL	-22,429.82
Bill Pmt -Check	6/5/2007	11428	APPLIED COMPUTER TECHNOLOGIES	-2,436.10
Bill Pmt -Check	6/5/2007	11429	ARROWHEAD MOUNTAIN SPRING WATER	-25.85
Bill Pmt -Check	6/5/2007	11430	BERKELEY ECONOMIC CONSULTING, INC.	-8,001.21
Bill Pmt -Check	6/5/2007	11431	BOWCOCK, ROBERT	-125.00
Bill Pmt -Check	6/5/2007	11432	BOWMAN, JIM	-125.00
Bill Pmt -Check	6/5/2007	11433	COMPUTER NETWORK	-85.00
Bill Pmt -Check	6/5/2007	11434	DIRECTV	-74.98
Bill Pmt -Check	6/5/2007	11435	HSBC BUSINESS SOLUTIONS	-303.20
Bill Pmt -Check	6/5/2007	11436	IDEAL GRAPHICS	-158.39
Bill Pmt -Check	6/5/2007	11437	LOS ANGELES TIMES	-42.40
Bill Pmt -Check	6/5/2007	11438	MONTE VISTA WATER DIST	-375.00
Bill Pmt -Check	6/5/2007	11439	OFFICE DEPOT	-297.07
Bill Pmt -Check	6/5/2007	11440	PARK PLACE COMPUTER SOLUTIONS, INC.	-3,825.00
Bill Pmt -Check	6/5/2007	11441	PAYCHEX	-191.02
Bill Pmt -Check	6/5/2007	11442	PIERSON, JEFFREY	-125.00
Bill Pmt -Check	6/5/2007	11443	PURCHASE POWER	-2,018.99
Bill Pmt -Check	6/5/2007	11444	RAUCH COMMUNICATION CONSULTANTS, LLC	-3,551.78
Bill Pmt -Check	6/5/2007	11445	REID & HELLYER	-4,940.25
Bill Pmt -Check	6/5/2007	11446	RICOH BUSINESS SYSTEMS-Maintenance	-2,002.00
Bill Pmt -Check	6/5/2007	11447	SPRINT	-298.04
Bill Pmt -Check	6/5/2007	11448	STATE COMPENSATION INSURANCE FUND	-602.67
Bill Pmt -Check	6/5/2007	11449	THE FURMAN GROUP, INC.	-2,545.00
Bill Pmt -Check	6/5/2007	11450	THE STANDARD INSURANCE COMPANY	-156.56
Bill Pmt -Check	6/5/2007	11451	UNITEK TECHNOLOGY INC.	-1,633.76
Bill Pmt -Check	6/5/2007	11452	VANDEN HEUVEL, GEOFFREY	-125.00
Bill Pmt -Check	6/5/2007	11453	VELASQUEZ JANITORIAL	-1,200.00
Bill Pmt -Check	6/5/2007	11454	VERIZON	-395.82
Bill Pmt -Check	6/5/2007	11455	VIP AUTO DETAILING	-809.60
Bill Pmt -Check	6/5/2007	11456	VISION SERVICE PLAN	-36.11
Bill Pmt -Check	6/5/2007	11457	WILLIS, KENNETH	-125.00
Bill Pmt -Check	6/5/2007	11458	YUKON DISPOSAL SERVICE	-134.72
Bill Pmt -Check	6/5/2007	11459	JAMES JOHNSTON	-900.00
Bill Pmt -Check	6/14/2007	11460	ACWA SERVICES CORPORATION	-237.56
Bill Pmt -Check	6/14/2007	11461	BANK OF AMERICA	-2,307.60
Bill Pmt -Check	6/14/2007	11462	BERKELEY ECONOMIC CONSULTING, INC.	-8,395.81
Bill Pmt -Check	6/14/2007	11463	CITISTREET	-3,652.94
Bill Pmt -Check	6/14/2007	11464	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	6/14/2007	11465	GLENN LUKOS ASSOCIATES	-8,075.03
Bill Pmt -Check	6/14/2007	11466	HATCH AND PARENT	-98,754.46
Bill Pmt -Check	6/14/2007	11467	HOME DEPOT	-203.65
Bill Pmt -Check	6/14/2007	11468	INLAND EMPIRE UTILITIES AGENCY	-306,245.13
Bill Pmt -Check	6/14/2007	11469	MATHIS & ASSOCIATES	-1,070.00
Bill Pmt -Check	6/14/2007	11470	MCI	-2,643.71
Bill Pmt -Check	6/14/2007	11471	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-7,202.97
Bill Pmt -Check	6/14/2007	11472	RAYMOND BASIN MANAGEMENT BOARD	-5,000.00
Bill Pmt -Check	6/14/2007	11473	SAFEGUARD DENTAL & VISION	-13.32
Bill Pmt -Check	6/14/2007	11474	TOM DODSON & ASSOCIATES	-162.00
Bill Pmt -Check	6/14/2007	11475	UNION 76	-197.23
Bill Pmt -Check	6/14/2007	11476	UNITED PARCEL SERVICE	-703.80
Bill Pmt -Check	6/14/2007	11477	VERIZON WIRELESS	-1,015.76
Bill Pmt -Check	6/14/2007	11478	CITISTREET	-3,652.94
Bill Pmt -Check	6/14/2007	11480	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-7,202.97
Bill Pmt -Check	6/14/2007	11481	CITISTREET	-3,652.94
Bill Pmt -Check	6/14/2007	11483	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-7,202.97
General Journal	6/16/2007	07/06/5	PAYROLL	-6,857.86
General Journal	6/16/2007	07/06/5	PAYROLL	-22,145.08
Bill Pmt -Check	6/22/2007	11484	CALPERS	-3,058.44
Bill Pmt -Check	6/22/2007	11485	ELLISON, SCHNEIDER & HARRIS, LLP	-14,951.02
Bill Pmt -Check	6/22/2007	11486	MATHIS & ASSOCIATES	-2,745.00
Bill Pmt -Check	6/22/2007	11487	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	6/22/2007	11488	RICOH BUSINESS SYSTEMS-Lease	-4,480.25
Bill Pmt -Check	6/22/2007	11489	STANDARD INSURANCE CO.	-565.63
Bill Pmt -Check	6/22/2007	11490	STATE COMPENSATION INSURANCE FUND	-718.88
Bill Pmt -Check	6/22/2007	11491	STAULA, MARY L	-136.61
Bill Pmt -Check	6/22/2007	11492	WESTERN DENTAL SERVICES, INC.	-23.25
Bill Pmt -Check	6/22/2007	11493	WHEELER METER MAINTENANCE	-600.00

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
June 2007

<u>Type</u>	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
Bill Pmt -Check	6/22/2007	11494	WILDERMUTH ENVIRONMENTAL INC	-334,078.89
Bill Pmt -Check	6/22/2007	11495	RICOH BUSINESS SYSTEMS-Maintenance	-1,191.47
Bill Pmt -Check	6/27/2007	11496	ARROWHEAD MOUNTAIN SPRING WATER	-66.58
Bill Pmt -Check	6/27/2007	11497	BLACK & VEATCH CORPORATION	-2,317.50
Bill Pmt -Check	6/27/2007	11498	CREATIVE BENEFITS, INC.	-125.49
Bill Pmt -Check	6/27/2007	11499	CUCAMONGA VALLEY WATER DISTRICT	-5,340.00
Bill Pmt -Check	6/27/2007	11500	DIRECTV	-74.98
Bill Pmt -Check	6/27/2007	11501	OFFICE DEPOT	-556.27
Bill Pmt -Check	6/27/2007	11502	PETTY CASH	-712.31
Bill Pmt -Check	6/27/2007	11503	SPRINT	-421.54
Bill Pmt -Check	6/27/2007	11504	THE STANDARD INSURANCE COMPANY	-156.56
Bill Pmt -Check	6/27/2007	11505	VISION SERVICE PLAN	-36.11
Bill Pmt -Check	6/27/2007	11506	LIATTI & ASSOCIATES	-11,254.00
Bill Pmt -Check	6/29/2007	11507	CITISTREET	-3,652.94
Bill Pmt -Check	6/29/2007	11508	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-7,202.97
				-957,959.48

Jun 07

4:28 PM
06/29/07

CHINO BASIN WATERMASTER
Check Detail
June 2007

Type	Num	Date	Name	Account	Paid Amount
Bill P...	11461	6/14/2007	BANK OF AMERICA	1012 · Bank of America Gen'l Ckg	
Bill	4024420...	5/31/2007		6141.3 · Admin Meetings	-56.93
				6191 · Conferences	-2,197.29
				6055 · Computer Hardware	-5.00
				6909.1 · OBMP Meetings	-48.38
TOTAL					-2,307.60

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CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE
 PERIOD JULY 1, 2006 THROUGH MAY 31, 2007

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION AND SPECIAL PROJECTS APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	GROUNDWATER OPERATIONS GROUNDWATER REPLENISHMENT	SB222 FUNDS	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2006-2007
Administrative Revenues										
Administrative Assessments			7,800,290		123,212				7,923,502	\$7,308,205
Interest Revenue			158,855	12,629	5,938			67	177,489	136,500
Mutual Agency Project Revenue		-							-	138,000
Grant Income		-							-	0
Miscellaneous Income									-	0
Total Revenues	-	-	7,959,145	12,629	129,150	-	-	67	8,100,991	7,582,705
Administrative & Project Expenditures										
Watermaster Administration	663,282								663,282	601,598
Watermaster Board-Advisory Committee	46,814								46,814	52,123
Pool Administration			20,136	79,121	5,631				104,888	118,245
Optimum Basin Mgmt Administration		2,117,810							2,117,810	1,855,795
OBMP Project Costs		4,767,788							4,767,788	5,089,269
Education Funds Use								375	375	375
Mutual Agency Project Costs	10,000								10,000	5,000
Total Administrative/OBMP Expenses	720,096	6,885,598	20,136	79,121	5,631			375	7,710,957	7,722,405
Net Administrative/OBMP Income	(720,096)	(6,885,598)								
Allocate Net Admin Income To Pools	720,096		555,187	151,396	13,513				-	0
Allocate Net OBMP Income To Pools		6,885,598	5,308,727	1,447,657	129,214				-	0
Agricultural Expense Transfer			1,670,024	(1,670,024)					-	0
Total Expenses			7,554,073	8,150	148,359	-	-	375	7,710,957	7,722,405
Net Administrative Income			405,072	4,479	(19,209)			(308)	390,034	(139,700)
Other Income/(Expense)										
Replenishment Water Purchases						2,690,983			2,690,983	0
MZ1 Supplemental Water Assessments									-	0
Water Purchases									-	0
MZ1 Imported Water Purchase									-	0
Groundwater Replenishment						(4,002,449)			(4,002,449)	0
Net Other Income			-	-	-	(1,311,466)	-	-	(1,311,466)	0
Net Transfers To/(From) Reserves			405,072	4,479	(19,209)	(1,311,466)	-	(308)	(921,432)	(139,700)
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			4,844,229	475,040	167,775	(171,851)	158,251	1,634	5,475,078	
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
MAY 1 THROUGH MAY 31, 2007**

DEPOSITORIES:

Cash on Hand - Petty Cash		\$	500
Bank of America			
Governmental Checking-Demand Deposits	\$	252,892	
Zero Balance Account - Payroll		-	252,892
Local Agency Investment Fund - Sacramento			5,125,449
TOTAL CASH IN BANKS AND ON HAND	5/31/2007		\$ 5,378,841
TOTAL CASH IN BANKS AND ON HAND	4/30/2007		7,649,277
PERIOD INCREASE (DECREASE)			\$ (2,270,436)

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets: Accounts Receivable		\$	519
Assessments Receivable			2,936
Prepaid Expenses, Deposits & Other Current Assets			(86,546)
(Decrease)/Increase in Liabilities: Accounts Payable			(740,238)
Accrued Payroll, Payroll Taxes & Other Current Liabilities			16,802
Transfer to/(from) Reserves			(1,463,909)
PERIOD INCREASE (DECREASE)			\$ (2,270,436)

SUMMARY OF FINANCIAL TRANSACTIONS:

	Petty Cash	Govt'l Checking Demand	Zero Balance Account Payroll	Local Agency Investment Funds	Totals
Balances as of 4/30/2007	\$ 500	\$ 623,328	\$ -	\$ 7,025,449	\$ 7,649,277
Deposits	-	3,217		-	3,217
Transfers	-	1,841,714	58,286	(1,900,000)	-
Withdrawals/Checks	-	(2,215,367)	(58,286)	-	(2,273,653)
Balances as of 5/31/2007	\$ 500	\$ 252,892	\$ -	\$ 5,125,449	\$ 5,378,841
PERIOD INCREASE OR (DECREASE)	\$ -	\$ (370,436)	\$ -	\$ (1,900,000)	\$ (2,270,436)

**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
MAY 1 THROUGH MAY 31, 2007**

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
5/17/2007	Withdrawal	L.A.I.F.	\$ (1,400,000)				
5/24/2007	Withdrawal	L.A.I.F.	\$ (500,000)				
TOTAL INVESTMENT TRANSACTIONS			\$ (1,900,000)	-			

* The earnings rate for L.A.I.F. is a daily variable rate; 5.17% was the effective yield rate at the Quarter ended March 31, 2007


**INVESTMENT STATUS
May 31, 2007**

<u>Financial Institution</u>	<u>Principal Amount</u>	<u>Number of Days</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Local Agency Investment Fund	\$ 5,125,449			
TOTAL INVESTMENTS	\$ 5,125,449			

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 2006 through May 2007

	<u>Jul '06 - May 07</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%
4110 · Admin Asmnts-Approp Pool	7,800,290	7,227,619	572,671	107.92%
4120 · Admin Asmnts-Non-Agri Pool	123,212	80,586	42,626	152.9%
4700 · Non Operating Revenues	177,489	136,500	40,989	130.03%
Total Income	<u>8,100,991</u>	<u>7,582,705</u>	<u>518,286</u>	<u>106.84%</u>
Gross Profit	8,100,991	7,582,705	518,286	106.84%
Expense				
6010 · Salary Costs	508,992	447,037	61,955	113.86%
6020 · Office Building Expense	98,876	102,000	-3,124	96.94%
6030 · Office Supplies & Equip.	30,478	45,000	-14,522	67.73%
6040 · Postage & Printing Costs	84,869	78,500	6,369	108.11%
6050 · Information Services	121,939	112,500	9,439	108.39%
6060 · Contract Services	120,261	131,000	-10,739	91.8%
6080 · Insurance	15,108	25,210	-10,102	59.93%
6110 · Dues and Subscriptions	16,750	16,750	0	100.0%
6140 · WM Admin Expenses	2,935	6,500	-3,565	45.15%
6150 · Field Supplies	872	4,000	-3,128	21.81%
6170 · Travel & Transportation	22,987	19,350	3,637	118.8%
6190 · Conferences & Seminars	25,074	22,500	2,574	111.44%
6200 · Advisory Comm - WM Board	14,015	15,168	-1,153	92.4%
6300 · Watermaster Board Expenses	32,799	36,955	-4,156	88.75%
8300 · Appr PI-WM & Pool Admin	20,136	15,918	4,218	126.5%
8400 · Agri Pool-WM & Pool Admin	18,559	18,633	-74	99.6%
8467 · Ag Legal & Technical Services	52,412	65,000	-12,588	80.63%
8470 · Ag Meeting Attend -Special	8,150	12,000	-3,850	67.92%
8500 · Non-Ag PI-WM & Pool Admin	5,632	6,694	-1,062	84.13%
6500 · Education Funds Use Expens	375	375	0	100.0%
9500 · Allocated G&A Expenditures	-385,859	-408,749	22,890	94.4%
Subtotal G&A Expenditures	<u>815,360</u>	<u>772,341</u>	<u>43,019</u>	<u>105.57%</u>
6900 · Optimum Basin Mgmt Plan	1,972,145	1,713,780	258,365	115.08%
6950 · Mutual Agency Projects	10,000	5,000	5,000	200.0%
9501 · G&A Expenses Allocated-OBMP	145,665	142,015	3,650	102.57%
Subtotal OBMP Expenditures	<u>2,127,810</u>	<u>1,860,795</u>	<u>267,015</u>	<u>114.35%</u>
7101 · Production Monitoring	84,536	61,565	22,971	137.31%
7102 · In-line Meter Installation	26,682	64,904	-38,222	41.11%
7103 · Grdwtr Quality Monitoring	131,724	149,713	-17,989	87.99%
7104 · Gdwtr Level Monitoring	209,822	191,953	17,869	109.31%
7105 · Sur Wtr Qual Monitoring	4,515	32,247	-27,732	14.0%
7107 · Ground Level Monitoring	132,481	160,984	-28,503	82.3%
7108 · Hydraulic Control Monitoring	364,196	268,258	95,938	135.76%
7109 · Recharge & Well Monitoring Prog	59,313	146,350	-87,037	40.53%
7200 · PE2- Comp Recharge Pgm	1,400,883	1,472,997	-72,114	95.1%
7300 · PE3&5-Water Supply/Desalte	9,179	4,676	4,503	196.31%

CHINO BASIN WATERMASTER
Profit & Loss Budget vs. Actual
July 2006 through May 2007

	<u>Jul '06 - May 07</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7400 · PE4- Mgmt Plan	521,318	578,762	-57,444	90.08%
7500 · PE6&7-CoopEfforts/SaltMgmt	210,852	310,507	-99,655	67.91%
7600 · PE8&9-StorageMgmt/Conj Use	13,677	6,698	6,979	204.19%
7690 · Recharge Improvement Debt Pymt	1,358,415	1,358,000	415	100.03%
7700 · Inactive Well Protection Prgm	0	14,921	-14,921	0.0%
9502 · G&A Expenses Allocated-Projects	240,194	266,734	-26,540	90.05%
Subtotal Project Expenditures	4,767,788	5,089,269	-321,481	93.68%
Total Expense	7,710,957	7,722,405	-11,448	99.85%
Net Ordinary Income	390,033	-139,700	529,733	-279.19%
Other Income/Expense				
Other Income				
4210 · Approp Pool-Replenishment	2,683,974	0	2,683,974	100.0%
4220 · Non-Ag Pool-Replenishment	7,009	0	7,009	100.0%
Total Other Income	2,690,983	0	2,690,983	100.0%
Other Expense				
5010 · Groundwater Replenishment	4,002,449			
9999 · To/(From) Reserves	-921,432	-139,700	-781,732	659.58%
Total Other Expense	3,081,017	-139,700	3,220,717	-2,205.45%
Net Other Income	-390,034	139,700	-529,734	-279.19%
Net Income				



CHINO BASIN WATERMASTER

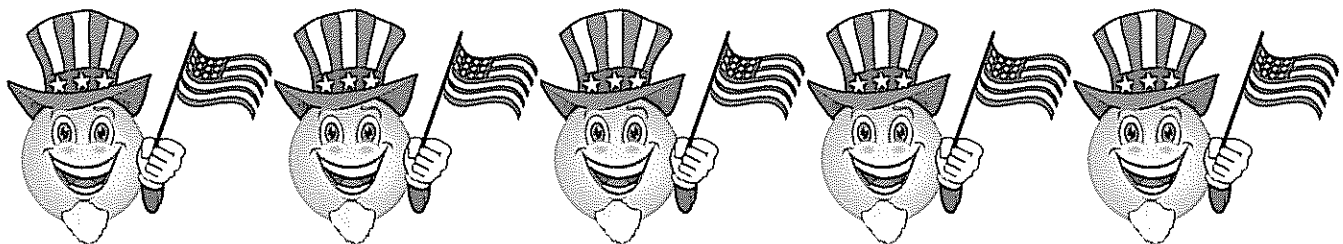
I. CONSENT CALENDAR

C. WATER TRANSACTION

1. Consider Approval for Notice of Sale or Transfer –
The lease of 3,500 acre feet, to be taken first from the FY 2006/2007 allocation from the City of Pomona's net underproduction, if any, with any remainder from Pomona's local storage account in the Chino Basin, to be transferred to the Cucamonga Valley Water District storage account.

2. Consider Approval for Notice of Sale or Transfer –
The City of Pomona has agreed to purchase from the City of Upland a portion of Upland's water in storage in the amount of 893 acre feet for fiscal year 2006/2007.

3. Consider Approval for Notice of Sale or Transfer –
The Santa Ana River Water Company leased and assigned Jurupa Community Services District the quantity of 2,000 acre-feet of corresponding annual production right for fiscal year 2006/2007



CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

June 20, 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.

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **June 7, 2007**

Date of this notice: **June 20, 2007**

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

- A. Notice of Sale or Transfer – The lease of 3,500 acre feet, to be taken first from the FY 2006/2007 allocation from the City of Pomona’s net underproduction, if any, with any remainder from Pomona’s local storage account in the Chino Basin, to be transferred to the Cucamonga Valley Water District storage account.

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

Appropriative Pool:	July 12, 2007
Non-Agricultural Pool:	July 12 2007
Agricultural Pool:	July 17, 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 TRANSFER OF WATER

Notification Dated: June 20, 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: June 20, 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 – The lease of 3,500 acre feet, to be taken first from the FY 2006/2007 allocation from the City of Pomona's net underproduction, if any, with any remainder from Pomona's local storage account in the Chino Basin, to be transferred to the Cucamonga Valley Water District storage account.

Recommendation –

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

Fiscal Impact –

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

Background

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

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

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

- Notice of Sale or Transfer – The lease of 3,500 acre feet, to be taken first from the FY 2006/2007 allocation from the City of Pomona's net underproduction, if any, with any remainder from Pomona's local storage account in the Chino Basin, to be transferred to the Cucamonga Valley Water District storage account.

Notice of the water transaction identified above was mailed on June 20, 2007 along with the materials submitted by the requestors.

DISCUSSION

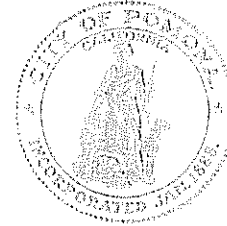
Water transactions occur each year and are included as production by the respective entity (if produced) in any relevant analyses conducted by Wildermuth Environmental pursuant to the Peace Agreement and the Rules & Regulations. There is no indication additional analysis regarding this transaction is 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.

THE CITY OF
POMONA

Utility Services Department

HENRY PEPPER
Utility Services Director

VIA TELEFAX (909) 484-3890 AND US MAIL



June 7, 2007

Mr. Kenneth Manning
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

RE: Lease of Water in the Chino Basin, FY 2006/2007

Dear Mr. Manning:

This letter is to notify Watermaster of the lease of 3,500 acre feet, to be taken first from the FY 2006/2007 allocation from the City's net underproduction, if any, with any remainder from Pomona's local storage account in the Chino Basin, to be transferred to the Cucamonga Valley Water District storage account. Since the appropriate forms have been delivered to your office, please agendize the proposed purchase at the earliest possible opportunity.

If you have any questions or require additional information concerning this matter, please contact me at (909) 620-2283. Thank you.

Sincerely,

Henry Pepper
Utility Services Director

HP:gc

cc: Robert DeLoach, General Manager, Cucamonga Valley Water District
Meg McWade, Utility Business Services Manager
Jim Taylor, Water/Wastewater Operations Manager

I:\usadmin\Henry\KM Lease of Water in CB FY 06-07

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

TRANSFER FROM LOCAL STORAGE AGREEMENT # _____

City of Pomona

May 14, 2007

Date Requested

_____ Date Approved

505 S. Garvey Avenue

3500 Acre-feet

Amount Requested

_____ Acre-feet

Amount Approved

Pomona

CA

91766

City

State

Zip Code

Telephone: (909) 620-2283

Facsimile: (909) 620-2030

Henry Pepper, Utility Services Director
Applicant

TRANSFER TO:

Cucamonga Valley Water District

Attach Recapture Form 4

Name of Party

10440 Ashford Street

Street Address

Rancho Cucamonga

CA*

91730

City

State

Zip Code

Telephone: (909) 987-2591

Facsimile: (909) 476-8032

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

Yes []

No [X]

WATER QUALITY AND WATER LEVELS

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

Static water levels vary from 432' to 569'. Of the wells routinely pumped, nitrate levels vary from a low of 3.8 ppm to a high of 29 ppm.

MATERIAL PHYSICAL INJURY

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

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

N/A

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]

Henry Pepper, Utility Services Director
Applicant City of Pomona

6/7/07

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

Cucamonga Valley Water District
Name of Party

May 14, 2007
Date Requested

Date Approved

10440 Ashford Street
Street Address

3500 Acre-feet
Amount Requested

Acre-feet
Amount Approved

Rancho Cucamonga CA 91730
City State Zip Code

Varies
Projected Rate of
Recapture

July 1, 2006 – June 30, 2007
Projected Duration of
Recapture

Telephone: (909) 987-2591

Facsimile: (909) 476-8032

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: City of Pomona

PURPOSE OF RECAPTURE

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

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

N/A

PLACE OF USE OF WATER TO BE RECAPTURED

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

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

N/A

WATER QUALITY AND WATER LEVELS

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

Static water levels vary from 432' to 569'. Of the wells routinely pumped, nitrate levels vary from a
Low of 3.8 ppm to a high of 26 ppm.

MATERIAL PHYSICAL INJURY

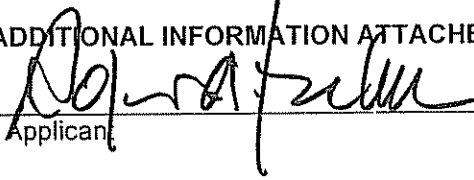
Is the Applicant aware of any potential Material Physical Injury to a party to the Judgment or the Basin that may be caused by the action covered by the application? Yes [] No [X]

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

N/A

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]


Applicant

TO BE COMPLETED BY WATERMASTER

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

APPLICATION
TO
TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

Fiscal Year 2006 - 2007

Commencing on July 1, 2006 and terminating on June 30, 2007, City of Pomona ("Transferor") hereby transfers to Cucamonga Valley Water District ("Transferee") the quantity of 3500 acre-feet of corresponding Annual Production Right (Appropriative Pool) or Safe Yield (Non-Agricultural Pool) adjudicated to Transferor or its predecessor in interest in the Judgment rendered in the Case of "CHINO BASIN MUNICIPAL WATER DISTRICT vs. CITY OF CHINO, et al.," RCV 51010 (formerly Case No. SCV 164327).

Said Transfer shall be conditioned upon:

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

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

WATER QUALITY AND WATER LEVELS

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

Static water levels vary from 432' to 569'. Of the wells routinely pumped, nitrate levels vary from a low of 3.8 ppm to a high of 29 ppm.

MATERIAL PHYSICAL INJURY

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

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

N/A

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]

[Signature] 6/7/07
Transferor

[Signature]
Transferee

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

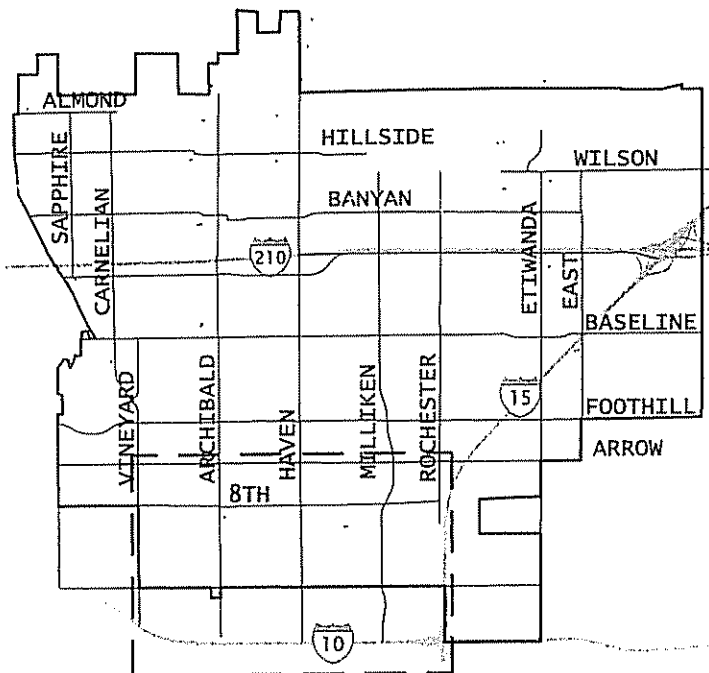
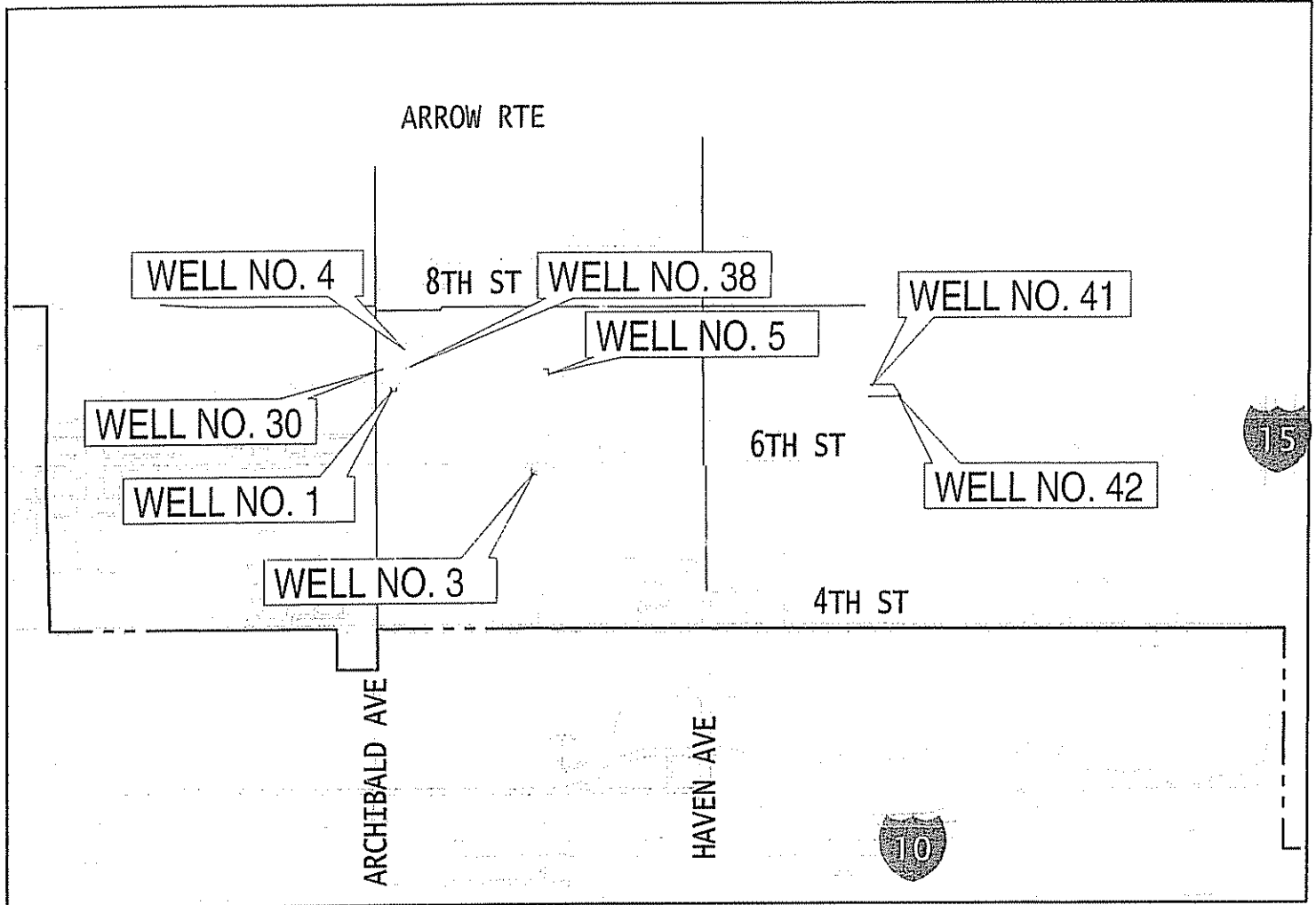
DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____



Cucamonga Valley
Water District

CHINO BASIN WELLS

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CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

June 20, 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.

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **June 7, 2007**

Date of this notice: **June 20, 2007**

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

- A. Notice of Sale or Transfer – The City of Pomona (Pomona) has agreed to purchase from the City of Upland (Upland) a portion of Upland's water in storage in the amount of 893 acre-feet for fiscal year 2006/2007.

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

Appropriative Pool: July 12, 2007

Non-Agricultural Pool: July 12, 2007

Agricultural Pool: July 17, 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 TRANSFER OF WATER

Notification Dated: June 20, 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: June 20, 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 –The City of Pomona (Pomona) has agreed to purchase from the City of Upland (Upland) a portion of Upland's water in storage in the amount of 893 acre feet 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 – The City of Pomona (Pomona) has agreed to purchase from the City of Upland (Upland) a portion of Upland's water in storage in the amount of 893 acre feet for Fiscal Year 2006/2007.

Notice of the water transaction identified above was mailed on June 20, 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.

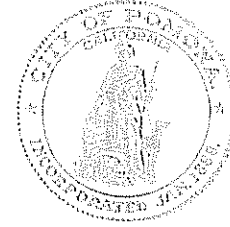
JUN 06 2007

THE CITY OF POMONA

Utility Services Department

HENRY PEPPER
Utility Services Director

Via Fax 909-484-3890 and US Mail



June 7, 2007

Mr. Kenneth Manning
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

Subject: Purchase of Water from Upland's Storage: Fiscal Year 2006/2007

Dear Mr. Manning:

The City of Pomona (Pomona) has agreed to purchase from the City of Upland (Upland) a portion of Upland's water in storage in the amount of 893 acre-feet for fiscal year 2006/2007. Water acquired through this transaction is to be placed in Pomona's Local Storage account with the Chino Basin Watermaster (Watermaster). This water is to be held in storage by Pomona for possible production, participation in a storage and recovery program, or for potential resale/exchange with other Basin producers. A Form 4 Recapture Plan will be submitted to the Watermaster if Pomona decides to produce this water from the Basin.

Enclosed is the executed Form 3 application for the sale or transfer of right to produce water from storage for consideration by the Watermaster. Please schedule the proposed purchase on the June 14, 2007 Joint Appropriative and Non-Agricultural Pool meeting agenda and the subsequent meetings thereafter.

Please feel free to contact either Jim Taylor, Water/Wastewater Operations Manager, at (909) 620-2251, or Raul Garibay, Supervising Utility Engineer, at (909) 620-2239, if you should require additional information regarding this issue.

Sincerely,

Henry Pepper
Utility Services Director

Enclosure

cc: Anthony La, City of Upland

I:\usadmin\Henry\KM Purchase water from Upland storage

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

TRANSFER FROM LOCAL STORAGE AGREEMENT # _____

City of Upland
Name of Party

3/22/2007 _____
Date Requested Date Approved

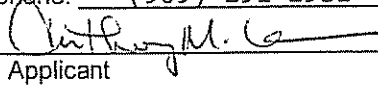
P.O. Box 460
Street Address

893 Acre-feet _____ Acre-feet
Amount Requested Amount Approved

Upland _____ CA _____ 91785 _____
City State Zip Code

Telephone: (909) 291-2931

Facsimile: (909) 931-4274


Applicant

Anthony La, Public Works Director

TRANSFER TO:

City of Pomona
Name of Party
505 South Garey Avenue
Street Address

Attach Recapture Form 4

Pomona _____ CA _____ 91768 _____
City State Zip Code

Telephone: (909) 620-2283

Facsimile: (909) 620-2030

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

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?

N/A


MATERIAL PHYSICAL INJURY

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

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 [XX]



Applicant

Henry Pepper, Utility Services Director

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

Received for

WATER TRANSACTIONS – ACTIVITIES

DATE OF NOTICE:

July 6, 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.

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **June 28, 2007**

Date of this notice: **July 6, 2007**

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

- A. Notice of Sale or Transfer – Santa Ana River Water Company lease and assigned Jurupa Community Services District the quantity of 2,000 acre-feet of corresponding annual production right 2006-2007.

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

Appropriative Pool: July 12, 2007

Non-Agricultural Pool: July 12, 2007

Agricultural Pool: July 17, 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 TRANSFER OF WATER

Notification Dated: July 06, 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: July 06, 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 – Santa Ana River Water Company lease and assigned Jurupa Community Services District the quantity of 2,000 acre-feet of corresponding annual production right 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 – Santa Ana River Water Company lease and assigned Jurupa Community Services District the quantity of 2,000 acre-feet of corresponding annual production right 2006-2007.

Notice of the water transaction identified above was mailed on July 06, 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.

Kenneth J. McLaughlin, President
R.M. "Cook" Barela, Vice-President
Paul E. Hamrick, Director
James C. Huber, Director
Jack E. Smith, Director



June 28, 2007

Ms. Sherrie Rojo
Chino Basin Water Master
9461 San Bernardino Rd.
Rancho Cucamonga, CA 91730

RE: LEASE PURCHASE OF WATER RIGHTS BETWEEN JURUPA CSD AND
SANTA ANA RIVER WATER COMPANY FOR FISCAL 2006-2007

Dear Ms. Rojo:

Attached please find the application for transfer of the annual production rights (safe yield) between JCSD and Santa Ana River Water Company in the amount of 2,000 acre feet for the fiscal year 2006-2007 for approval by Watermaster.

If you have any question please contact me at the number below.

Sincerely,

A handwritten signature in cursive script that reads "Kenneth Waring". The signature is written in black ink and is positioned above the printed name and title.

Kenneth Waring
Finance Manager

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Form 3

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

TRANSFER FROM LOCAL STORAGE AGREEMENT # _____

06/12/2007

Santa Ana River Water Company
Name of Party

Date Requested

Date Approved

10530 54th Street
Street Address

2000 Acre-feet
Amount Requested

_____ Acre-feet
Amount Approved

Mira Loma Ca 91752
City State Zip Code

Telephone: 951-685-6503

Facsimile: (951)685-1978 _____


Applicant

J Arnold Rodriguez General Manager

TRANSFER TO:
Jurupa Community Services District

Recapture Plan on file

Name of Party
11201 Harrel Street
Street Address

Mira Loma CA 91752
City State Zip Code

Telephone: 951-685-7434

Facsimile: 951-685-1153

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?

These wells do not exceed the MCL for nitrates and are used to blend with other wells within the Districts service area that do exceed the MCL for nitrates. All wells are perforated to a depth of between 300 - 400 feet

MATERIAL PHYSICAL INJURY

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

Form 3 (cont.)

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] On file


Applicant

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

**APPLICATION
TO
TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD**

Fiscal Year 2006 - 2007

Commencing on July 1, 2006 and terminating on June 30, 2007, Santa Ana River Water Company ("Transferor") hereby transfers to Jurupa Community Services District ("Transferee") the quantity of 2,000 acre-feet of corresponding Annual Production Right (Appropriative Pool) or Safe Yield (Non-Agricultural Pool) adjudicated to Transferor or its predecessor in interest in the Judgment rendered in the Case of "CHINO BASIN MUNICIPAL WATER DISTRICT vs. CITY OF CHINO, et al.," RCV 51010 (formerly Case No. SCV 164327).

Said Transfer shall be conditioned upon:

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

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

WATER QUALITY AND WATER LEVELS

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

These wells do not exceed the MCL for nitrates and are used to blend with other wells within the Districts service area that do exceed the MCL for nitrates . All wells are perforated to a depth of between 300 – 400 feet

MATERIAL PHYSICAL INJURY

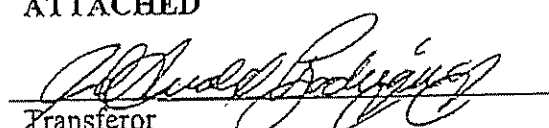
Is the Applicant aware of any potential Material Physical Injury to a party to the Judgment or the Basin that may be caused by the action covered by the application?

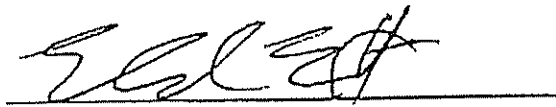
Yes [] No [X]

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

ADDITIONAL INFORMATION
ATTACHED

Yes [x] No []


Transferor


Transferee

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

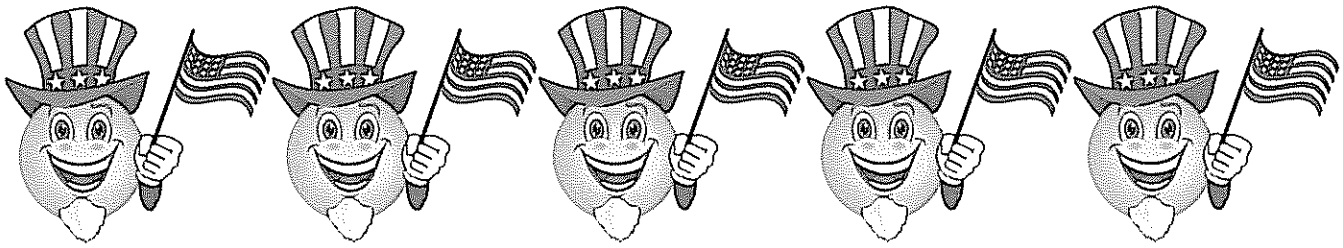
DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

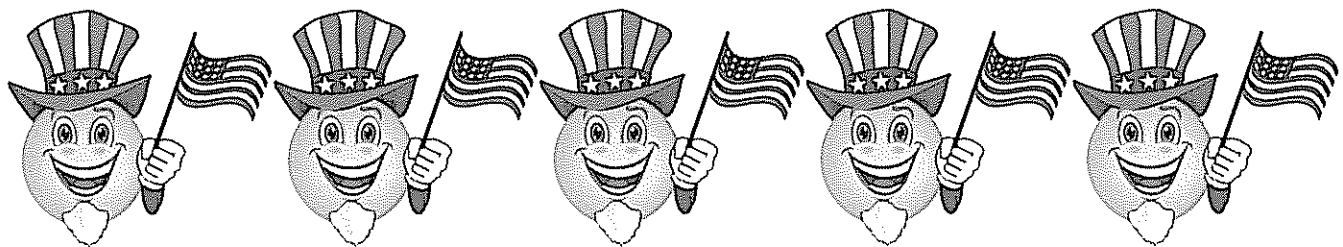
DATE OF BOARD APPROVAL: _____ Agreement # _____



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

D. INTERVENTION INTO CHINO BASIN WATERMASTER AS AN AGRICULTURAL POOL PARTY





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: July 12, 2007
July 17, 2007
July 26, 2007

TO: Committee Members
Watermaster Board Members

SUBJECT: Intervention into Agricultural Pool

SUMMARY

Recommendation – Staff recommends approval of the intervention of the Riboli Family/San Antonio Winery into the Agricultural Pool.

BACKGROUND

According to Paragraph 60 of the Judgment:

"[Any] person newly proposing to produce water from the Chino Basin may become a party to this Judgment upon filing a petition in intervention. Said intervention must be confirmed by order of this Court. Such intervener shall thereafter be a party bound by this judgment and entitled to the rights and privileges accorded under the Physical Solution herein, through the pool to which the Court shall assign such intervener."

According to Watermaster's Rules and Regulations section 2.27:

"Watermaster will receive and make recommendations regarding petitions for intervention and accumulate them for filing with the Court from time to time (Judgment paragraph. 60 and Order re Intervention Procedures, July 14, 1978.)"

Watermaster has received a petition in intervention from the Riboli Family, owners of the San Antonio Winery. The San Antonio Winery produces water from one well within the City of Ontario. It is staffs' understanding that this production has been ongoing, but its existence has only recently come to Watermaster's attention.

Staff recommends approval of the intervention.

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Date: June 15, 2007

Chino Basin Watermaster
9641 San Bernardino Rd.
Rancho Cucamonga, CA 91730
Attn: Kenneth R. Manning, CEO

Subject: Intervention into Chino Basin Watermaster as an Agricultural Pool Party

Dear Mr. Manning:

I, or the company I represent (see below), request intervention into the Chino Basin Watermaster Judgment as a member of the Agricultural Pool. I/we request that the Watermaster attorneys process the Intervention paperwork through the Court.

Number of wells: 1

Location(s) of wells (including addresses, parcel numbers, and landmarks): _____

At 2802 South Milliken Ave, Ontario
APN 0218091160000
SAN Antonio Winery

Property Owner (Well Owner) Information:

Name: The Risoli Family / SAN Antonio Winery

Address: 737 Lamar Street, Los Angeles, CA 90031

Phone: 323-223-1401 x24 Email: Steve.Risoli@SanAntonioWinery.com

Property Occupant (Well User) Information (if different from Owner):

Name: _____

Address: _____

Phone: _____ Email: _____

Representative Handling Intervention:

Name: Steve Risoli Title: owner

Address: _____

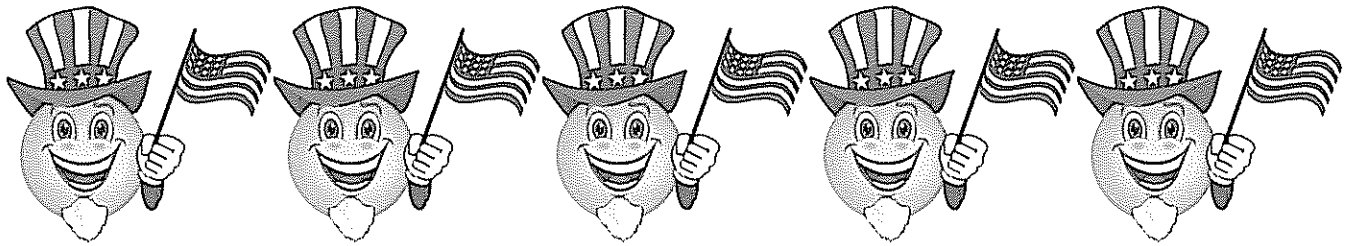
Phone: _____ Email: _____

Sincerely,

Signed: [Signature]

Printed: Steve Risoli

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CHINO BASIN WATERMASTER

II. BUSINESS ITEMS – NON-AG POOL ONLY

A. Volume Vote





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: July 12, 2007

TO: Non-Agricultural Pool Members

SUBJECT: Volume Vote

SUMMARY

Issue – Consider revising method of calculating volume vote

Recommendation – It is recommended that the Non-Agricultural Pool Members take action to adopt a revised volume vote.

Fiscal Impact – None.

BACKGROUND

Following the approval of each Assessment Package, volume vote calculations are performed and agencies are allocated a voting percentage. The Non-Agricultural Pool Committee adopted their Volume Vote which was prepared according to their respective rules. On June 14, 2007, the Appropriative Pool took action to modify their method of calculating the Appropriative Pool Volume Vote. The current method of calculating the Non-Agricultural Pool Volume Vote utilizes 50% of the each appropriators previous years assessable production and 50% of each appropriators Operation Safe Yield.

During the formation of the assessment package database, it became apparent that the Volume Vote calculation should be a part of that database.

DISCUSSION

It was understood that the intention of the use of "assessments paid to Watermaster" for calculating the Volume Vote was an attempt to equitably offer a vote to those who may be producers in the basin and paying the related assessments but not receiving a vote on the same pro-rata amount as their Operating Safe Yield (OSY). After discussing the matter and considering the different categories of assessments, the Appropriative Pool took action to use 50% OSY and 50% of the prior year's production, which would capture the essence of the intent of the judgment while removing the variables related to the different types of assessments that should be included and/or excluded from the calculation. In the formation of the Volume Vote database which is a part of the assessment package database, the process would be simplified and more consistent if the Non-Agricultural Pool would consider adopting the same methodology in calculating their volume vote.

A consistent method for calculating future Volume Votes would be based on 50% OSY and 50% of the prior year's production. The Volume Vote would be generated following the adoption of each Assessment Package and it would remain in force until superseded by a subsequently adopted Volume Vote.

If there are any questions regarding the calculations, please contact Sheri Rojo at 909-484-3888 or by email at srojo@cbwm.org.

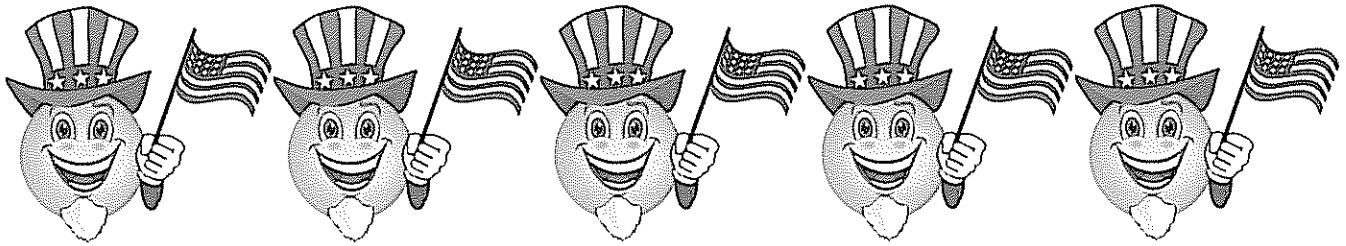


Chino Basin Watermaster 2006-2007 Non-Ag Pool Volume Vote

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

	Assessable Production			Share of Operating Yield		TOTAL VOLUME VOTE
	Acre Ft	Percentage	Votes	Percentage	Votes	
Ameron Inc	0.000	0.00%	0.00	1.33%	9.87	9.87
Angelica Textile Service	27.759	0.92%	6.81	0.26%	1.93	8.74
California Speedway	506.377	16.74%	124.17	13.60%	100.91	225.09
California Steel Industries Inc	595.700	19.69%	146.08	17.69%	131.26	277.34
Ccg Ontario, Llc	0.000	0.00%	0.00	8.57%	63.59	63.59
General Electric Company	17.090	0.56%	4.19	0.00%	0.00	4.19
Kaiser Ventures Inc	0.000	0.00%	0.00	0.00%	0.00	0.00
Praxair Inc	146.431	4.84%	35.91	5.82%	43.18	79.09
Reliant Energy Etiwanda	769.096	25.42%	188.60	12.99%	96.39	284.98
San Bernardino Cty (Chino Airport)	65.073	2.15%	15.96	1.82%	13.50	29.46
Southern California Edison Company	0.000	0.00%	0.00	0.38%	2.82	2.82
Space Center Mira Loma Inc.	197.495	6.53%	48.43	1.42%	10.54	58.97
Sunkist Growers Inc	435.929	14.41%	106.90	25.49%	189.14	296.04
Swan Lake Mobile Home Park	260.762	8.62%	63.94	6.32%	46.89	110.84
Vulcan Materials Company	4.119	0.14%	1.01	4.32%	32.05	33.06
West Venture Development	0.000	0.00%	0.00	0.00%	0.00	0.00
TOTAL	3,025.832	100.00%	742.00	100.01%	742.07	1,484.07

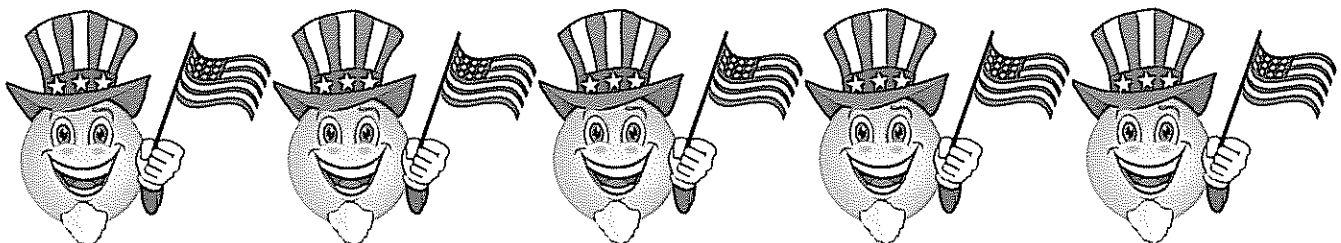
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CHINO BASIN WATERMASTER

IV. INFORMATION

1. Newspaper Articles



Los Angeles Times
latimes.com

Have a good laugh.

http://www.latimes.com/news/local/los_angeles_metro/la-me-dwp13jun13.1.2890804.story?track=rss
 From the Los Angeles Times

DWP ordered to pay \$224 million

Judge finds agency overcharged other civic entities. Ruling has dire implications for city budget, which relies on transferred funds.
 By Henry Weinstein
 Times Staff Writer

June 13, 2007

The city of Los Angeles' already shaky budget outlook took a potentially ominous turn Tuesday after a judge ruled that the Department of Water and Power intentionally overcharged other government agencies for electricity for nearly two decades, and owes them more than \$200 million.

In a decision issued late Monday after a six-week trial, San Bernardino County Superior Court Judge John P. Wade held that the massive city utility must pay nearly \$224 million in damages for its illegal conduct.

"The court finds that the DWP and the city have, for many years, since at least 1988, intentionally ignored the plain language" of the California Government Code and failed to determine how much it should legally charge, Wade wrote in his ruling.

The judge also criticized "the lack of a sense of responsibility to good government exhibited" by the city and the DWP.

Ron Deaton, the DWP's general manager, said all the plaintiffs "have benefited from electricity rates that are far below those charged to other government entities by investor-owned utilities across the state. We believe these extremely favorable rates were fair and appropriate and in full compliance with the law."

City officials immediately said they would appeal.

The Los Angeles Unified School District would be the largest beneficiary of the ruling if it stands — garnering \$94.7 million. But the decision potentially has serious implications for the city of Los Angeles, which for years has counted on revenues from its municipal utility to help balance its more than \$6-billion annual budget.

The city, by law, must balance its budget each year — even though its expenses currently outpace revenues. One way of doing that over the years has been to take revenues collected by the DWP and transfer them to the city's general fund.

About \$175 million was transferred in the current fiscal year between water and power revenues, and the city expected to transfer \$184.6 million in the budget adopted for the coming year.

But city revenues are also threatened on another front. The city is facing a lawsuit over its right to collect up to \$270 million in cellphone taxes each year. A state appeals court ruled against the city in May.

The news could be bad for Mayor Antonio Villaraigosa as a sapped budget could harm his ability to accomplish goals — such as greatly expanding the Police Department — as he prepares for a 2009 reelection campaign and potential gubernatorial bid in 2010.

Villaraigosa could also find himself in an uncomfortable position with the new majority on the school board, which he helped elect. A successful appeal could save the city from a devastating financial blow, but would deny L.A. Unified a huge influx of cash. Since taking office, Villaraigosa has made reforming the district a cornerstone of his administration.

The prospect of extending the court fight drew the ire of veteran school board member David Tokofsky. "I hope City Hall will not send us into two to three years of appeals but instead will look at a child- and city-centered settlement immediately," Tokofsky said.

In addition to the \$94.7 million earmarked for L.A. Unified, Los Angeles County would receive \$45.2 million under Wade's decision; the Los Angeles County Metropolitan Transportation Authority, \$39.4 million; the Los Angeles Community College District, \$7.8 million; UCLA, \$5.3 million; and several state agencies, \$31.3 million.

"DWP boosted its revenues at the expense of schools and county taxpayers for years," said Eric R. Havian, a San Francisco lawyer with the firm of Phillips & Cohen who was the lead attorney for the plaintiffs. "It's unfortunate that the county, the school district and others had to sue the DWP to get the money they are owed."

The lawsuit asserted that the DWP was charging the plaintiffs up to 60% more than their legitimate share of capital costs. Havian said that evidence presented at the trial showed the DWP was aware it was acting unlawfully from studies it conducted. However, he said the school district and other government agencies did not know that they were being overcharged until a whistle-blower came forward in 2000.

Originally, the case was filed under seal. After an investigation, several governmental entities joined the lawsuit, and it was unsealed but drew little attention because the case was conducted in San Bernardino County. State law provides that when there is litigation between government agencies from the same municipality the case must be heard in another county.

Wade concluded that the plaintiffs were entitled to compensation because the DWP violated California statutes and the DWP had unjustly enriched itself.

But DWP spokesman Joe Ramallo said the state statute at issue in the case had been modified last year. That change in the law appears to give the agency greater flexibility, but there has been no definitive court interpretation of what the change means, legal experts said.

For now, Ramallo said, "we can continue to charge in the manner we have been.... In the intermediate term, this decision does not have any impact on the transfer of funds from the DWP to the city budget."

Wade denied the DWP's attempt to have the case thrown out in April, rejecting the agency's assertion that the plaintiffs could not prove that it was knowingly overcharging. The judge said there was ample evidence to conclude that the city had violated the law.

Both sides said settlement negotiations were held during the last year, but they would not provide details.

"It was insane for the DWP not to settle" after the judge rejected the agency's summary judgment motion, said former Los Angeles City Atty. Ira Reiner, who worked with the plaintiffs. After that ruling, it was only a question of how big the damages would be and the judge who would make that decision was the same person who already said he had found ample evidence to rule against the DWP, Reiner said.

The two sides presented competing experts on the damages issue and Wade concluded that the plaintiffs' expert was more reliable. He said the defense expert had improperly "included the annual transfer of revenues to the city as a cost to the DWP."

The ruling was hailed by state Atty. Gen. Jerry Brown, whose office represented 11 state agencies, including the California Department of Corrections and Rehabilitation, the California Department of Transportation and the California Department of Parks and Recreation.

"It is a little shocking that the city would try to fund its programs on the backs of other taxpayers who are equally hard-pressed," Brown said.

DWP board President H. David Nahai, who was appointed by Villaraigosa, said he was troubled by what he considered sweeping conclusions in the judge's six-page ruling without a detailed analysis.

But San Francisco attorney Wayne Lamprey, co-counsel for the plaintiffs, said that Wade's decision was in line with rulings by other courts in the state who had interpreted the section of the state government code that was at issue in this case.

henry.weinstein@latimes.com

--

Times staff writers Steve Hymon and Joel Rubin contributed to this report.

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(INFOBOX BELOW)

Funding sources

A court ruling may jeopardize the Los Angeles Department of Water and Power's contribution to the city's budget.

Estimated receipts for 2007-08 budget, top 6 sources (in millions)

	Amount	Percent of budget
Property tax	\$1,397	20.6%
Utility users tax	627	9.2
Fees and fines	615	9.1
Business tax	478	7.0
Sales tax	349	5.1
DWP transfer	185	2.7

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Source: City of Los Angeles 2007-08 proposed budget

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