



CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Thursday, September 11, 2008

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, September 16, 2008

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, September 11, 2008

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

Tuesday, September 16, 2008

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AGENDA PACKAGE



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

10:00 a.m. – September 11, 2008

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 & Non-Agricultural Pool Meeting held July 10, 2008
(Page 1)

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of July 2008 (Page 9)
2. Watermaster Visa Check Detail (Page 13)
3. Combining Schedule for the Period July 1, 2007 through June 30, 2008 (Page 15)
4. Treasurer's Report of Financial Affairs for the Period June 1, 2008 through June 30, 2008
(Page 17)
5. Budget vs. Actual July 2007 through June 2008 (Page 19)
6. Cash Disbursements for the month of August 2008 (Page 21)
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9. Treasurer's Report of Financial Affairs for the Period July 1, 2008 through July 31, 2008
(Page 29)
10. Budget vs. Actual July 2007 through July 2008 (Page 31)

C. INTERVENTION

1. Consider Approval for Intervention into the Overlying (Non-Agricultural Pool) – City of Ontario (as an Overlying Non-Agricultural Party) (Page 33)

D. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company ("Company") has agreed to purchase from The Nicholson Trust annual production right in the amount of 8.185 acre-feet. Date of Application: May 16, 2008 (Page 37)
2. **Consider Approval for Notice of Sale or Transfer** – Cucamonga Valley Water District is purchasing 2,500 acre-feet of water from Marygold Mutual Water Company. Date of Application: September 4, 2008 (Page 49)
3. **Consider Approval for Notice of Sale or Transfer** – The City of Ontario (as an Overlying Non-Agricultural Party) is purchasing from Sunkist Growers, Inc. all of the amount of Sunkist's water in storage as of June 30, 2008. In addition, Sunkist's annual safe yield production rights in the amount of 1,851.402 acre-feet will be permanently transferred to the City of Ontario (as an Overlying Non-Agricultural Party).
Date of Application: August 19, 2008 (Page 61)

II. BUSINESS ITEMS

A. SEMI-ANNUAL STATUS REPORT

Consider Approval for the Semi-Annual Status Report *(Page 83)*

B. BUDGET AMENDMENT

Consider Approval for the Proposed Budget Amendment Request for \$151,594.00 *(Page 93)*

C. INLAND EMPIRE UTILITIES AGENCY DRY YEAR YIELD REPORT BY IEUA STAFF

Discussion and Possible Action *(Page 97)*

D. SALE OF OVERLYING NON-AGRICULTURAL POOL STORED WATER

Discussion and Possible Action (documents to be sent out under separate cover)

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

- 1. Santa Ana River Water Right Final Decision
- 2. LRP Funding Agreement *(Page 103)*
- 3. Report on the Issue of Governance
- 4. Status of Judge Selection
- 5. MOU of Water Accounting Procedures in Chino Basin *(Page 131)*

B. ENGINEERING REPORT

- 1. Oral Progress Report on Engineering Activities, July – August 2008

C. CEO/STAFF REPORT

- 1. Legislative Update
- 2. Recharge Update
- 3. MWD Groundwater Conjunctive Use Study
- 4. Report on Anticipated Board Closed Session Items
- 5. Strategic Planning Conference Update

IV. INFORMATION

- 1. Chino Basin Recycled Water Groundwater Recharge Program Quarterly Monitoring Report for April Through June 2008 *(Page 141)*
- 2. Newspaper Articles *(Page 173)*

V. POOL MEMBER COMMENTS

VI. OTHER BUSINESS

VII. FUTURE MEETINGS

September 11, 2008	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
September 16, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
September 25, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
September 25, 2008	9:00 a.m.	Advisory Committee Meeting
September 25, 2008	11:00 a.m.	Watermaster Board Meeting
September 28-30, 2008		Strategic Planning Conference, Lake Arrowhead Resort

Meeting Adjourn

**CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING
9:00 a.m. – September 16, 2008
At The Offices Of
Inland Empire Utilities Agency
6075 Kimball Ave., Bldg. A, Board Room
Chino, CA 91710**

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CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Joint Appropriative and Non-Agricultural Pool Meeting – July 10, 2008



Draft Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
July 10, 2008

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 July 10, 2008 at 10:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Robert DeLoach, Chair	Cucamonga Valley Water District
Robert Tock, Vice-Chair	Jurupa Community Services District
Mohamad El-Amamy	City of Ontario
Raul Garibay	City of Pomona
Anthony La	City of Upland
Mark Kinsey	Monte Vista Water District
Mike McGraw	Fontana Water Company
Dave Crosley	City of Chino
J. Arnold Rodriguez	Santa Ana River Water Company

NON-AGRICULTURAL POOL MEMBERS PRESENT

Kevin Sage	Vulcan Materials Company (Calmat Division)
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Watermaster Staff Present

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

Watermaster Consultants Present

Michael Fife	Brownstein, Hyatt, Farber & Schreck
Tom McCarthy	Wildermuth Environmental Inc.

Others Present

Eunice Ulloa	Chino Basin Water Conservation District
Sandra Rose	Monte Vista Water District
David DeJesus	Three Valleys Municipal Water District

Vice-Chair Tock 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 & Non-Agricultural Pool Meeting held June 12, 2008

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of June 2008
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2007 through May 31, 2008

4. Treasurer's Report of Financial Affairs for the Period May 1, 2008 through May 31, 2008
5. Budget vs. Actual July 2007 through May 2008

C. INTERVENTION

1. Consider Approval for Intervention into the Agricultural Pool – Michael Y. Park

*Motion by El Amamy, second by La, and by unanimous vote – Non-Ag concurred
Moved to approve Consent Calendar Items A through C, as presented*

II. BUSINESS ITEMS

A. O&M AGREEMENT

Mr. Manning stated this O&M Agreement Amendment item was on the agenda last month, however, was pulled by the request of the Chino Basin Water Conservation District in order to give them more time to review the documents. The provisions in this amendment are related to Watermaster and Inland Empire Utilities Agency. Section 8.1(a) of the Peace II Agreement modified the terms to allow for Watermaster to be reimbursed for costs by IEUA for costs related to recycled water on a pro rata basis. Watermaster staff has reviewed the amended agreement and are recommending adoption. IEUA and the Conservation District have also reviewed the amendment and they are in agreement with it. A discussion regarding costs ensued.

*Motion by El Amamy, second by Kinsey, and by unanimous vote – Non-Ag concurred
Moved to approve the adoption of the first amendment to Attachment 2 to the agreement for operation and maintenance of facilities to implement the Chino Basin Recharge Master Plan to conform with the agreement to the Peace II agreement section 8.1(a), as presented*

B. APPROPRIATIVE POOL COMMITTEE FORMATION

Mr. Manning stated at the Advisory Committee and Watermaster Board meetings in June there was a discussion on the Residual Agricultural Pumping Analysis that was done by both the Watermaster staff and Wildermuth Environmental Inc. At the Advisory Committee, the members suggested the formation of a sub-committee made up of Appropriators to do some analysis and possibly come back with a potential action and the Watermaster Board agreed. Mr. Manning stated the decision of who makes up the sub-committee is up to this committee. A discussion regarding this matter ensued. It was noted the committee members would be comprised of Jurupa Community Services District, the City of Ontario, the City of Pomona, the City of Upland, the City of Chino, and Monte Vista Water District. Mr. Manning stated Watermaster staff will work with the six agencies to schedule a meeting in the near future and a public notice will be sent out once the meeting date and time are set.

No motion was made on this item.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. August 21 Hearing

Counsel Fife stated Watermaster did make its filing on July 1, 2008 regarding the satisfaction of condition subsequent 5 and Watermaster's compliance with condition subsequent 6 and the parties were served that filing. There was an additional filing by Cucamonga Valley Water District which was a notice of motion and motion to discontinue the appointment of the special referee and a copy is available. Nothing new has been brought forth for the August 21, 2008 hearing, so it appears everything is on schedule for that to take place.

2. SWRCB Permit

Counsel Fife stated a copy of the draft order from the State Water Resource Control Board is in the meeting packet starting on page 41. The order looks good and it does state our project has no impacts and that minimal conditions will be imposed on it. Counsel Fife commented on the only possible issue which is with the water rights treatment called out in the order. Counsel Fife read a portion of the order and noted a conference call took place regarding this matter. Counsel Fife noted Watermaster is going to have a permit from the SWRCB to divert 68,000 acre-feet of storm water and was given 50 years to go to license.

C. **CEO/STAFF REPORT**

1. Legislative Update

Mr. Manning stated today is the 10th day of the State operating without a budget. Not only has the State not adopted a budget at this point, the legislature has not even met to consider a budget.

2. Recharge Update

Ms. Maurizio stated the updated recharge spreadsheet is on the back table and does note some slight capture of storm water last month. The total for the year for storm water is a little over 10,000 acre-feet and recycled water is approximately 2,300 acre-feet.

3. August Meetings

Mr. Manning stated the Watermaster Board members asked that Watermaster look at the possibility of going dark in the month of August. Staff has reviewed the calendars and schedule demands and it appears August Pool meetings will be held off until September.

IV. **INFORMATION**

1. Newspaper Articles

No comment was made regarding this item.

V. **POOL MEMBER COMMENTS**

No comment was made regarding this item.

VI. **OTHER BUSINESS**

No comment was made regarding this item.

VII. **FUTURE MEETINGS**

July 10, 2008	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
July 15, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
July 24, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
July 24, 2007	9:00 a.m.	Advisory Committee Meeting
July 24, 2007	11:00 a.m.	Watermaster Board Meeting

The Joint Appropriative and Non-Agricultural Pool meeting was dismissed by Vice-Chair Tock at 10:30 a.m.

Secretary: _____

Minutes Approved: _____

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CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Agricultural Pool Meeting – July 15, 2008



Draft Minutes
CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING
July 15, 2008

The Agricultural Pool Meeting was held at the offices of the Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA, on July 15, 2008 at 9:00 a.m.

Agricultural Pool Members Present

Bob Feenstra, Chair	Dairy
Gene Koopman	Milk Producers Counsel
Jeff Pierson	Crops
Nathan deBoom	Dairy
Glen Durrington	Crops
Pete Hettinga	Dairy
John Huitsing	Dairy
Jennifer Novak	State of California Department of Justice for CIM
Nathan Mackamul	State of California/CIW
Pete Hall	State of California/CIM

Watermaster Board Members Present

Paul Hofer	Crops
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Watermaster Staff Present

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

Watermaster Consultants Present

Michael Fife	Brownstein, Hyatt, Farber & Schreck
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present

Steven Lee	Reid & Hellyer
Frank Brommenschenkel	Frank B. & Associates
Rich Atwater	Inland Empire Utilities Agency

Chair Feenstra called the Agricultural Pool meeting to order at 9:07 a.m.

AGENDA - ADDITIONS/REORDER

No additions or reorders were made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Agricultural Pool Meeting held June 17, 2008

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of June 2008
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C. INTERVENTION

- 1. Consider Approval for Intervention into the Agricultural Pool – Michael Y. Park

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

II. BUSINESS ITEMS

A. O&M AGREEMENT

Mr. Manning stated this O&M Agreement Amendment item was on the agenda last month, however, was pulled by the request of the Chino Basin Water Conservation District in order to give them more time to review the documents. The provisions in this amendment are related to Watermaster and Inland Empire Utilities Agency. Section 8.1(a) of the Peace II Agreement modified the terms to allow for Watermaster to be reimbursed for costs by IEUA for costs related to recycled water on a pro rata basis. Watermaster staff has reviewed the amended agreement and is recommending adoption. IEUA and the Conservation District have also reviewed the amendment and they are in agreement with it. Mr. Manning noted the Appropriative and Non-Agricultural Pool approved this item at their recent meeting. A discussion regarding this matter ensued.

*Motion by Koopman, second by Pierson, and by unanimous vote
 Moved to approve the adoption of the first amendment to Attachment 2 to the agreement for operation and maintenance of facilities to implement the Chino Basin Recharge Master Plan to conform with the agreement to the Peace II agreement section 8.1(a), as presented*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

- 1. August 21 Hearing

Counsel Fife stated Watermaster did make its filing on July 1, 2008 regarding the satisfaction of condition subsequent 5 and Watermaster's compliance with condition subsequent 6 and the parties were served that filing. There was an additional filing by Cucamonga Valley Water District regarding the Cucamonga Valley Water District's Notice of Motion to Discontinue the Appointment of the Special Referee and a copy is available. Nothing new has been brought forth for the August 21, 2008 hearing, so it appears everything is on schedule for that to take place.

A lengthy discussion ensued with regard to the Special Referee and it was noted more detailed information needs to be brought back to this Pool regarding her role and scope of duties. A discussion regarding the status of Judge Gunn and Judge Gunn's appointment of the Special Referee ensued. It was noted Mr. Lee will draft a proposed motion and then will circulate it for comment.

*Motion by Novak, second by Koopman, and by unanimous vote
 Moved to have Watermaster counsel advise the court that the Agricultural Pool would support a further definition of scope of duties for Special Referee, as presented*

Added Item: Recycled Water

Chair Feenstra introduced the added recycled water item, noting it is regarding an issue with California Institute for Men and College Park. Mr. Love commented on the issues that took place regarding the incident Chair Feenstra is inquiring about. A discussion regarding this matter ensued.

2. SWRCB Permit

Counsel Fife stated a copy of the draft order from the State Water Resource Control Board is in the meeting packet starting on page 41. The order looks favorable and it does state our project has no impacts and that minimal conditions will be imposed on it. Counsel Fife commented on the only possible issue which is with the water rights treatment called out in the order. Counsel Fife read a portion of the order and noted a conference call took place regarding this matter. Counsel Fife noted Watermaster is going to have a permit from the SWRCB to divert 68,000 acre-feet of storm water and was given 50 years to go to license.

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Mr. Manning stated today is the 10th day of the State operating without a budget. Not only has the State not adopted a budget at this point, the legislature has not even met to consider a budget.

2. Recharge Update

Mr. Manning stated the updated recharge spreadsheet is on the back table and does note some slight capture of storm water last month. The total for the year for storm water is a little over 10,000 acre-feet and recycled water is approximately 2,300 acre-feet.

3. August Meetings

Mr. Manning stated the Watermaster Board members asked that Watermaster look at the possibility of going dark in the month of August. Staff has reviewed the calendars and schedule demands and it appears August Pool meetings will be held off until September.

Added Item: Sunkist Report

Mr. Manning stated the Agricultural Pool members inquired about the Sunkist property and asked that an update be given at this meeting. Ms. Maurizio stated an inquiry was previously made by this committee regarding water being pumped from the Cucamonga Channel at the Sunkist property but after investigation it did not appear the pumping came from the Sunkist property. Ms. Maurizio stated at the Sunkist property there were wells and they are metered beginning in 1996. Those wells were shown to go inactive in 2003 according to Watermaster records. There was an assignment for those wells between Sunkist and the City but that assignment is not well-specific. There was never a land use conversion submitted for the southern agricultural Sunkist property and it is in conversion area one and it is convertible. Mr. Koopman offered comment regarding the choice Sunkist made in 1978 to become a member of the Agricultural Pool. A discussion regarding conversion ensued.

IV. INFORMATION1. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

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July 24, 2007	11:00 a.m.	Watermaster Board Meeting

The Agricultural Pool meeting was dismissed by Chair Feenstra at 10:30 a.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

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3. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2007 through June 30, 2008
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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

STAFF REPORT

DATE: September 10, 2008
September 16, 2008
September 25, 2008

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report

SUMMARY

Issue – Record of cash disbursements for the month of July 2008.

Recommendation – Staff recommends the Cash Disbursements for July 2008 be received and filed as presented.

Fiscal Impact – Funds disbursed were included in the FY 2008-09 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 July 2008 were \$458,613.57. The most significant expenditures during the month were the Wildermuth Environmental Inc. in the amount of \$107,554.58, Fontana Water Company in the amount of \$95,619.02, and Brownstein, Hyatt, Farber & Schreck in the amount of \$45,388.32.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
July 2008

Type	Date	Num	Name	Amount
Jul 08				
Bill Pmt -Check	7/1/2008	12451	VERIZON	-329.06
Bill Pmt -Check	7/1/2008	12452	LIATTI & ASSOCIATES	-15,498.00
Bill Pmt -Check	7/1/2008	12453	MATHIS & ASSOCIATES	-7,400.00
Bill Pmt -Check	7/1/2008	12454	MATHIS & ASSOCIATES	-9,550.00
Bill Pmt -Check	7/1/2008	12455	WILDERMUTH ENVIRONMENTAL INC	-107,554.58
Bill Pmt -Check	7/1/2008	12456	CREATIVE BENEFITS, INC.	-9,400.00
Bill Pmt -Check	7/1/2008	12457	CITISTREET	-2,595.66
Bill Pmt -Check	7/1/2008	12458	CITISTREET	-2,595.66
General Journal	7/12/2008	08/07/03	PAYROLL	-7,580.92
General Journal	7/12/2008	08/07/03	PAYROLL	-24,612.16
Check	7/17/2008	12459	SANTA ANA RIVER WATER COMPANY	-8,331.69
Check	7/17/2008	12460	MONTE VISTA IRRIGATION COMPANY	-16,898.44
Check	7/17/2008	12461	FONTANA WATER COMPANY	-95,619.02
Check	7/17/2008	12462	MOBILE COMMUNITY MGMT	-3,320.61
Bill Pmt -Check	7/17/2008	12463	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-4,963.41
Bill Pmt -Check	7/17/2008	12464	W.C. DISCOUNT MOBILE AUTO DETAILING	-75.00
Bill Pmt -Check	7/17/2008	12465	A & R TIRE	-227.38
Bill Pmt -Check	7/17/2008	12466	BANC OF AMERICA LEASING	-3,186.17
Bill Pmt -Check	7/17/2008	12467	BANK OF AMERICA	-1,340.86
Bill Pmt -Check	7/17/2008	12468	BOWCOCK, ROBERT	-125.00
Bill Pmt -Check	7/17/2008	12469	BOWMAN, JIM	-125.00
Bill Pmt -Check	7/17/2008	12470	BROWNSTEIN HYATT FARBER SCHRECK	-45,388.32
Bill Pmt -Check	7/17/2008	12471	CAROLLO ENGINEERS	-3,180.00
Bill Pmt -Check	7/17/2008	12472	COMPUTER NETWORK	-199.34
Bill Pmt -Check	7/17/2008	12473	DAN VASILE	-105.00
Bill Pmt -Check	7/17/2008	12474	DE BOOM, NATHAN	-375.00
Bill Pmt -Check	7/17/2008	12475	DURRINGTON, GLEN	-375.00
Bill Pmt -Check	7/17/2008	12476	FEENSTRA, BOB	-500.00
Bill Pmt -Check	7/17/2008	12477	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	7/17/2008	12478	HETTINGA, PETER	-250.00
Bill Pmt -Check	7/17/2008	12479	HUITSING, JOHN	-375.00
Bill Pmt -Check	7/17/2008	12480	IDEAL GRAPHICS	-591.55
Bill Pmt -Check	7/17/2008	12481	KONICA MINOLTA BUSINESS SOLUTIONS	-373.52
Bill Pmt -Check	7/17/2008	12482	KOOPMAN, GENE	-250.00
Bill Pmt -Check	7/17/2008	12483	KUHN, BOB	-125.00
Bill Pmt -Check	7/17/2008	12484	MATHIS & ASSOCIATES	-1,450.00
Bill Pmt -Check	7/17/2008	12485	MCI	-1,169.95
Bill Pmt -Check	7/17/2008	12486	NIGRO NIGRO & WHITE, PC	-4,616.25
Bill Pmt -Check	7/17/2008	12487	OFFICE DEPOT	-846.07
Bill Pmt -Check	7/17/2008	12488	PIERSON, JEFFREY	-1,125.00
Bill Pmt -Check	7/17/2008	12489	PREMIERE GLOBAL SERVICES	-109.46
Bill Pmt -Check	7/17/2008	12490	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-5,611.91
Bill Pmt -Check	7/17/2008	12491	PUMP CHECK	-7,457.00
Bill Pmt -Check	7/17/2008	12492	PURCHASE POWER	-22.08
Bill Pmt -Check	7/17/2008	12493	REID & HELLYER	-7,423.80
Bill Pmt -Check	7/17/2008	12494	RICOH BUSINESS SYSTEMS-Lease	-933.39
Bill Pmt -Check	7/17/2008	12495	SAFEGUARD DENTAL & VISION	-13.85
Bill Pmt -Check	7/17/2008	12496	SAFETY CLEAN JANITORIAL SERVICES	-590.00
Bill Pmt -Check	7/17/2008	12497	STAULA, MARY L	-136.61
Bill Pmt -Check	7/17/2008	12498	TELECOM SERVICES	-105.00
Bill Pmt -Check	7/17/2008	12499	TLC STAFFING	-296.00
Bill Pmt -Check	7/17/2008	12500	UNION 76	-200.79
Bill Pmt -Check	7/17/2008	12501	UNITED PARCEL SERVICE	-557.12
Bill Pmt -Check	7/17/2008	12502	VANDEN HEUVEL, GEOFFREY	-250.00
Bill Pmt -Check	7/17/2008	12503	VERIZON	-51.38
Bill Pmt -Check	7/17/2008	12504	VERIZON WIRELESS	-685.99
Bill Pmt -Check	7/17/2008	12505	W.C. DISCOUNT MOBILE AUTO DETAILING	-225.00
Bill Pmt -Check	7/17/2008	12506	WEST VALLEY ELECTRIC	-404.27
Bill Pmt -Check	7/17/2008	12507	WESTERN DENTAL SERVICES, INC.	-36.50
Bill Pmt -Check	7/17/2008	12508	YUKON DISPOSAL SERVICE	-142.88
General Journal	7/26/2008	08/07/05	PAYROLL	-9,066.41
General Journal	7/26/2008	08/07/05	PAYROLL	-27,328.41
Bill Pmt -Check	7/29/2008	12524	ACWA SERVICES CORPORATION	-176.26
Bill Pmt -Check	7/29/2008	12525	CITY OF RANCHO CUCAMONGA	-25.00
Bill Pmt -Check	7/29/2008	12526	DIRECTV	-76.98
Bill Pmt -Check	7/29/2008	12527	FRED PRYOR SEMINARS	-780.00
Bill Pmt -Check	7/29/2008	12528	INLAND EMPIRE UTILITIES AGENCY	-127.31
Bill Pmt -Check	7/29/2008	12529	MWH LABORATORIES	-156.00

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
July 2008

Type	Date	Num	Name	Amount
Bill Pmt -Check	7/29/2008	12530	OFFICE CHAIRS.COM	-349.00
Bill Pmt -Check	7/29/2008	12531	PITNEY BOWES CREDIT CORPORATION	-468.72
Bill Pmt -Check	7/29/2008	12532	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	7/29/2008	12533	TLC STAFFING	-488.00
Bill Pmt -Check	7/29/2008	12534	VISION SERVICE PLAN	-16.05
Bill Pmt -Check	7/29/2008	12509	APPLIED COMPUTER TECHNOLOGIES	-3,976.95
Bill Pmt -Check	7/29/2008	12510	ARROWHEAD MOUNTAIN SPRING WATER	-58.30
Bill Pmt -Check	7/29/2008	12511	BOWCOCK, ROBERT	-250.00
Bill Pmt -Check	7/29/2008	12512	BOWMAN, JIM	-250.00
Bill Pmt -Check	7/29/2008	12513	CALPERS	-2,735.55
Bill Pmt -Check	7/29/2008	12514	COMPUTER NETWORK	-482.10
Bill Pmt -Check	7/29/2008	12515	DICK LARSEN - TREASURER/TAX COLLECTOR	-1,341.07
Bill Pmt -Check	7/29/2008	12516	FEENSTRA, BOB	-250.00
Bill Pmt -Check	7/29/2008	12517	KONICA MINOLTA BUSINESS SOLUTIONS	-185.09
Bill Pmt -Check	7/29/2008	12518	R&D PEST SERVICES	-85.00
Bill Pmt -Check	7/29/2008	12519	STANDARD INSURANCE CO.	-555.01
Bill Pmt -Check	7/29/2008	12520	THE STANDARD INSURANCE COMPANY	-156.56
Bill Pmt -Check	7/29/2008	12521	TLC STAFFING	-480.00
Bill Pmt -Check	7/29/2008	12522	VERIZON	-51.67
Bill Pmt -Check	7/29/2008	12523	YUKON DISPOSAL SERVICE	-142.88
Jul 08				-458,163.57

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CHINO BASIN WATERMASTER
Check Detail
July 2008

Type	Num	Date	Name	Account	Paid Amount
Bill Pmt -Check	12467	7/17/2008	BANK OF AMER...	1012 · Bank of America Gen'l Ckg	
Bill	4024...	6/30/2008		6141.3 · Admin Meetings	-89.05
				6031.7 · Other Office Supplies	-261.03
				6312 · Meeting Expenses	-155.60
				6212 · Meeting Expense	-155.59
				6112 · Subscriptions/Publications	-223.31
				6111 · Membership Dues	-73.00
				6192 · Training & Seminars	-26.45
				6909.1 · OBMP Meetings	-57.58
				6191 · Conferences	-299.25
TOTAL					-1,340.86

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CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE
 PERIOD JULY 1, 2007 THROUGH JUNE 30, 2008

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL APPROPRIATIVE	POOL AGRICULTURAL	POOL NON-AGRIC.	GROUNDWATER REPLENISHMENT	GROUNDWATER OPERATIONS SB222	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2007-2008
Administrative Revenues			7,480,677		122,298				7,602,975	\$7,540,370
Administrative Assessments			161,051		4,370			63	186,184	181,500
Interest Revenue				20,700					237,370	145,500
Mutual Agency Project Revenue		237,370								0
Grant Income			35,013		41				35,054	0
Miscellaneous Income			7,676,741	20,700	126,709			63	8,061,583	7,867,370
Total Revenues		237,370	7,676,741	20,700	126,709			63	8,061,583	7,867,370
Administrative & Project Expenditures										
Watermaster Administration	509,800								509,800	627,797
Watermaster Board-Advisory Committee	54,884								54,884	60,645
Pool Administration			20,280	137,820	6,561				164,661	162,333
Optimum Basin Mgmt Administration		2,462,439							2,462,439	2,852,337
OBMP Project Costs		4,022,898							4,022,898	4,153,883
Education Funds Use								375	375	375
Mutual Agency Project Costs		10,000							10,000	10,000
Total Administrative/OBMP Expenses	564,684	6,495,337	20,280	137,820	6,561			375	7,225,057	7,867,370
Net Administrative/OBMP Income	(564,684)	(6,257,967)								
Allocate Net Admin Income To Pools	564,684		430,784	122,806	11,094					
Allocate Net OBMP Income To Pools			4,774,055	1,360,969	122,943					
Agricultural Expense Transfer			1,607,286	(1,607,286)						
Total Expenses	6,832,405	14,309	140,598	(13,889)				375	7,225,057	7,867,370
Net Administrative Income	844,336	6,391						(312)	836,526	-
Other Income/(Expense)									3,402,393	0
Replenishment Water Assessments						3,402,393				0
MZ1 Supplemental Water Assessments										0
Water Purchases										0
Balance Adjustment			370,656		1,011	(371,667)				0
Groundwater Replenishment						(3,325,123)			(3,325,123)	0
Net Other Income			370,656		1,011	(294,397)			77,270	0
Net Transfers To/(From) Reserves			1,214,992	6,391	(12,878)	(294,397)		(312)	913,796	-
Working Capital, July 1, 2007			4,222,862	475,604	156,528	294,397	158,251	1,655	5,309,297	
Working Capital, End Of Period			5,437,854	481,995	143,650	-	158,251	1,343	6,223,093	
06/07 Assessable Production			130,826,204	37,295,410	3,369,080				171,490,694	
06/07 Production Percentages			76.288%	21.748%	1.965%				100.000%	

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**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
JUNE 1 THROUGH JUNE 30, 2008**

DEPOSITORIES:			
Cash on Hand - Petty Cash		\$	500
Bank of America			
Governmental Checking-Demand Deposits		\$	152,465
Zero Balance Account - Payroll			152,465
Local Agency Investment Fund - Sacramento			5,993,631
			<u>5,993,631</u>
TOTAL CASH IN BANKS AND ON HAND	6/30/2008	\$	6,146,596
TOTAL CASH IN BANKS AND ON HAND	5/31/2008		7,102,333
		\$	<u>(955,737)</u>

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets:	Accounts Receivable	\$	(242,527)
	Assessments Receivable		79,461
	Prepaid Expenses, Deposits & Other Current Assets		13,524
(Decrease)/Increase in Liabilities	Accounts Payable		360,663
	Accrued Payroll, Payroll Taxes & Other Current Liabilities		33,290
	Transfer to/(from) Reserves		(1,200,148)
		\$	<u>(955,737)</u>

SUMMARY OF FINANCIAL TRANSACTIONS:

	5/31/2008	6/30/2008	Period Increase or (Decrease)
Balances as of	\$ 7,102,333	\$ 6,146,596	\$ (955,737)
Deposits	79,993	-	79,993
Transfers	589,049	(650,000)	(60,951)
Withdrawals/Checks	(974,779)	(60,951)	(1,035,730)
Balances as of	\$ 6,146,596	\$ 6,146,596	\$ -
PERIOD INCREASE OR (DECREASE)	\$ (305,737)	\$ (650,000)	\$ (955,737)

**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
JUNE 1 THROUGH JUNE 30, 2008**

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
6/26/2008	Withdrawal	L.A.I.F.	\$ 650,000				
TOTAL INVESTMENT TRANSACTIONS			\$ 650,000	-			

* The earnings rate for L.A.I.F. is a daily variable rate; 3.11% was the effective yield rate at the Quarter ended June 30, 2008.

**INVESTMENT STATUS
June 30, 2008**

Financial Institution	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	\$ 5,993,631			
TOTAL INVESTMENTS	\$ 5,993,631			

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
Budget vs. Actual
July 2007 through June 2008

	<u>Jul '07 - Jun 08</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	237,370	145,500	91,870	163.14%
4100 · Administrative Assessments				
4110 · Admin Asmnts-Approp Pool	7,480,676	7,423,878	56,798	100.77%
4120 · Admin Asmnts-Non-Agri Pool	122,298	116,492	5,806	104.98%
4700 · Non Operating Revenues	221,238	181,500	39,738	121.89%
Total Income	8,061,582	7,867,370	194,212	102.47%
Gross Profit	8,061,582	7,867,370	194,212	102.47%
Expense				
6010 · Salary Costs	486,402	477,247	9,155	101.92%
6020 · Office Building Expense	91,237	101,580	-10,343	89.82%
6030 · Office Supplies & Equip.	36,517	46,500	-9,983	78.53%
6040 · Postage & Printing Costs	89,126	83,000	6,126	107.38%
6050 · Information Services	139,480	132,000	7,480	105.67%
6060 · Contract Services	95,138	117,500	-22,362	80.97%
6080 · Insurance	15,414	18,210	-2,796	84.65%
6110 · Dues and Subscriptions	17,472	16,750	722	104.31%
6140 · WM Admin Expenses	2,576	4,650	-2,074	55.39%
6150 · Field Supplies	554	2,500	-1,946	22.16%
6170 · Travel & Transportation	18,443	25,000	-6,557	73.77%
6190 · Conferences & Seminars	24,172	22,500	1,672	107.43%
6200 · Advisory Comm - WM Board	17,065	18,931	-1,866	90.15%
6300 · Watermaster Board Expenses	37,819	41,714	-3,895	90.66%
8300 · Appr PI-WM & Pool Admin	20,280	24,001	-3,721	84.5%
8400 · Agri Pool-WM & Pool Admin	25,808	24,004	1,804	107.52%
8467 · Ag Legal & Technical Services	97,703	95,000	2,703	102.85%
8470 · Ag Meeting Attend -Special	14,309	12,000	2,309	119.24%
8500 · Non-Ag PI-WM & Pool Admin	6,561	7,328	-768	89.53%
6500 · Education Funds Use Expens	375	375	0	100.0%
9500 · Allocated G&A Expenditures	-506,732	-419,640	-87,092	120.75%
	729,720	851,150	-121,430	85.73%
6900 · Optimum Basin Mgmt Plan	2,285,083	2,711,138	-426,055	84.29%
6950 · Mutual Agency Projects	10,000	10,000	0	100.0%
9501 · G&A Expenses Allocated-OBMP	177,356	141,199	36,157	125.61%
	2,472,439	2,862,337	-389,898	86.38%
7101 · Production Monitoring	104,920	101,709	3,211	103.16%
7102 · In-line Meter Installation	24,844	17,791	7,053	139.65%
7103 · Grdwtr Quality Monitoring	98,466	117,104	-18,638	84.08%
7104 · Gdwtr Level Monitoring	189,377	182,667	6,710	103.67%

CHINO BASIN WATERMASTER
 Budget vs. Actual
 July 2007 through June 2008

	<u>Jul '07 - Jun 08</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7105 · Sur Wtr Qual Monitoring	13,527	15,553	-2,026	86.98%
7107 · Ground Level Monitoring	275,165	270,465	4,700	101.74%
7108 · Hydraulic Control Monitoring	193,337	199,232	-5,895	97.04%
7109 · Recharge & Well Monitoring Prog	33,157	102,827	-69,670	32.25%
7200 · PE2- Comp Recharge Pgm	918,727	945,827	-27,100	97.14%
7300 · PE3&5-Water Supply/Desalte	131,340	159,509	-28,169	82.34%
7400 · PE4- Mgmt Plan	147,404	159,674	-12,270	92.32%
7500 · PE6&7-CoopEfforts/SaltMgmt	111,259	138,533	-27,274	80.31%
7600 · PE8&9-StorageMgmt/Conj Use	90,116	82,660	7,456	109.02%
7690 · Recharge Improvement Debt Pymt	1,368,373	1,377,552	-9,179	99.33%
7700 · Inactive Well Protection Prgm	295	4,339	-4,044	6.8%
9502 · G&A Expenses Allocated-Projects	322,589	278,441	44,148	115.86%
	<u>4,022,897</u>	<u>4,153,883</u>	<u>-130,986</u>	<u>96.85%</u>
Total Expense	<u>7,225,057</u>	<u>7,867,370</u>	<u>-642,313</u>	<u>91.84%</u>
Net Ordinary Income	836,525	0	836,525	100.0%
Other Income/Expense				
Other Income				
4210 · Approp Pool-Replenishment	3,393,137			
4220 · Non-Ag Pool-Replenishment	9,256			
Total Other Income	<u>3,402,393</u>			
Other Expense				
5010 · Groundwater Replenishment	3,325,123			
9999 · To/(From) Reserves	913,796			
Total Other Expense	<u>4,238,919</u>			
Net Other Income	<u>-836,525</u>			
Net Income	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>



CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: September 10, 2008
September 16, 2008
September 25, 2008

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report

SUMMARY

Issue – Record of cash disbursements for the month of August 2008.

Recommendation – Staff recommends the Cash Disbursements for August 2008 be received and filed as presented.

Fiscal Impact – Funds disbursed were included in the FY 2008-09 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 August 2008 were \$1,019,447.60. The most significant expenditures during the month were the Wildermuth Environmental Inc. in the amount of \$332,844.17, Santa Ana River Water Company in the amount of \$258,000.00, Inland Empire Utilities Agency in the amount of \$159,441.73, and Brownstein, Hyatt, Farber & Schreck in the amount of \$74,893.07.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
August 2008

Type	Date	Num	Name	Amount
Aug 08				
Bill Pmt -Check	8/4/2008	12535	WILDERMUTH ENVIRONMENTAL INC	0.00
Bill Pmt -Check	8/4/2008	12536	WILDERMUTH ENVIRONMENTAL INC	-174,108.41
Bill Pmt -Check	8/6/2008	12537	APPLIED COMPUTER TECHNOLOGIES	-3,071.30
Bill Pmt -Check	8/6/2008	12538	AUTOMATED GATE SERVICES, INC.	-119.00
Bill Pmt -Check	8/6/2008	12539	BOWCOCK, ROBERT	-125.00
Bill Pmt -Check	8/6/2008	12540	BOWMAN, JIM	-125.00
Bill Pmt -Check	8/6/2008	12541	CALPERS	-800.00
Bill Pmt -Check	8/6/2008	12542	COMPUTER NETWORK	-392.21
Bill Pmt -Check	8/6/2008	12543	HSBC BUSINESS SOLUTIONS	-284.40
Bill Pmt -Check	8/6/2008	12544	INLAND EMPIRE UTILITIES AGENCY	-159,441.73
Bill Pmt -Check	8/6/2008	12545	JAMES JOHNSTON	-855.00
Bill Pmt -Check	8/6/2008	12546	KUHN, BOB	-250.00
Bill Pmt -Check	8/6/2008	12547	LIATTI & ASSOCIATES	-208.00
Bill Pmt -Check	8/6/2008	12548	OFFICE DEPOT	-1,096.77
Bill Pmt -Check	8/6/2008	12549	PARK PLACE COMPUTER SOLUTIONS, I...	-5,175.00
Bill Pmt -Check	8/6/2008	12550	PAYCHEX	-341.49
Bill Pmt -Check	8/6/2008	12551	PIERSON, JEFFREY	-125.00
Bill Pmt -Check	8/6/2008	12552	PRINTING RESOURCES	-639.65
Bill Pmt -Check	8/6/2008	12553	PURCHASE POWER	-35.14
Bill Pmt -Check	8/6/2008	12554	REID & HELLYER	-7,233.10
Bill Pmt -Check	8/6/2008	12555	SAFETY CLEAN JANITORIAL SERVICES	-712.95
Bill Pmt -Check	8/6/2008	12556	TLC STAFFING	-512.00
Bill Pmt -Check	8/6/2008	12557	UNITED PARCEL SERVICE	-364.26
Bill Pmt -Check	8/6/2008	12558	VANDEN HEUVEL, GEOFFREY	-125.00
Bill Pmt -Check	8/6/2008	12559	VERIZON	-374.29
Bill Pmt -Check	8/6/2008	12560	WILLIS, KENNETH	-250.00
Bill Pmt -Check	8/6/2008	12561	INLAND EMPIRE UTILITIES AGENCY	0.00
Bill Pmt -Check	8/7/2008	12562	SANTA ANA WATERSHED PROJECT AU...	-13,474.00
General Journal	8/9/2008	08/08/04	PAYROLL	-7,545.12
General Journal	8/9/2008	08/08/04	PAYROLL	-26,654.56
Bill Pmt -Check	8/11/2008	12564	COMPUTER NETWORK	-5,185.39
Bill Pmt -Check	8/11/2008	12565	CREATIVE BENEFITS, INC.	-1,651.20
Bill Pmt -Check	8/11/2008	12567	SANTA ANA RIVER WATER COMPANY	-258,000.00
Bill Pmt -Check	8/11/2008	12569	STATE COMPENSATION INSURANCE FU...	-683.94
Bill Pmt -Check	8/11/2008	12563	UNION 76	-74.69
Bill Pmt -Check	8/11/2008	12568	VANDEN HEUVEL, ROB	-500.00
Bill Pmt -Check	8/20/2008	12570	ACWA SERVICES CORPORATION	-181.48
Bill Pmt -Check	8/20/2008	12571	BANC OF AMERICA LEASING	-3,186.17
Bill Pmt -Check	8/20/2008	12572	BANK OF AMERICA	-2,000.60
Bill Pmt -Check	8/20/2008	12573	CITISTREET	-2,595.66
Bill Pmt -Check	8/20/2008	12574	COMPUTER NETWORK	-9,833.27
Bill Pmt -Check	8/20/2008	12575	PREMIERE GLOBAL SERVICES	-61.90
Bill Pmt -Check	8/20/2008	12576	PUBLIC EMPLOYEES' RETIREMENT SYS...	-5,540.29
Bill Pmt -Check	8/20/2008	12577	RICOH BUSINESS SYSTEMS-Lease	-224.12
Bill Pmt -Check	8/20/2008	12578	SAFEGUARD DENTAL & VISION	-63.85
Bill Pmt -Check	8/20/2008	12579	SPAM SOAP, INC	-201.60
Bill Pmt -Check	8/20/2008	12580	SPECIAL DISTRICT INSTITUTE	-735.00
Bill Pmt -Check	8/20/2008	12581	STAULA, MARY L	-136.61
Bill Pmt -Check	8/20/2008	12582	TLC STAFFING	-480.00
Bill Pmt -Check	8/20/2008	12583	VERIZON WIRELESS	-538.56
Bill Pmt -Check	8/20/2008	12584	W.C. DISCOUNT MOBILE AUTO DETAILI...	-75.00
Bill Pmt -Check	8/20/2008	12585	WESTERN DENTAL SERVICES, INC.	-26.50
Bill Pmt -Check	8/20/2008	12586	CITISTREET	-2,595.66
Bill Pmt -Check	8/20/2008	12587	PUBLIC EMPLOYEES' RETIREMENT SYS...	-5,903.50
Bill Pmt -Check	8/21/2008	12588	PEREZ, ALEXANDRA	-209.30
General Journal	8/23/2008	08/08/06	PAYROLL	-7,807.94
General Journal	8/23/2008	08/08/06	PAYROLL	-27,137.27
Bill Pmt -Check	8/25/2008	12589	BLACK & VEATCH CORPORATION	-8,577.50
Bill Pmt -Check	8/25/2008	12590	BROWNSTEIN HYATT FARBER SCHRECK	-74,893.07
Bill Pmt -Check	8/25/2008	12591	CALPERS	-3,906.43
Bill Pmt -Check	8/25/2008	12592	CAROLLO ENGINEERS	-5,355.00
Bill Pmt -Check	8/25/2008	12593	CITY OF RANCHO CUCAMONGA	-52.00
Bill Pmt -Check	8/25/2008	12594	COMPUTER NETWORK	-171.32
Bill Pmt -Check	8/25/2008	12595	CUCAMONGA VALLEY WATER DISTRICT	-5,495.00
Bill Pmt -Check	8/25/2008	12596	ELLISON, SCHNEIDER & HARRIS, LLP	-15,984.10
Bill Pmt -Check	8/25/2008	12597	FIRST AMERICAN REAL ESTATE SOLUTI...	-125.00
Bill Pmt -Check	8/25/2008	12598	LOS ANGELES TIMES	-46.40
Bill Pmt -Check	8/25/2008	12599	MCI	-1,169.95

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
August 2008

Type	Date	Num	Name	Amount
Bill Pmt -Check	8/25/2008	12600	OFFICE DEPOT	-150.57
Bill Pmt -Check	8/25/2008	12601	PAK, BEN	-1,087.26
Bill Pmt -Check	8/25/2008	12602	PETTY CASH	-428.78
Bill Pmt -Check	8/25/2008	12603	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	8/25/2008	12604	QUILL	-439.28
Bill Pmt -Check	8/25/2008	12605	RICOH BUSINESS SYSTEMS-Lease	-888.94
Bill Pmt -Check	8/25/2008	12606	THE STANDARD INSURANCE COMPANY	-156.56
Bill Pmt -Check	8/25/2008	12607	TLC STAFFING	-496.00
Bill Pmt -Check	8/25/2008	12608	WHEELER METER MAINTENANCE	-600.00
Bill Pmt -Check	8/28/2008	12609	WILDERMUTH ENVIRONMENTAL INC	-158,735.76
Bill Pmt -Check	8/28/2008	12610	BEST BUY	-517.20
Aug 08				<u>-1,019,447.60</u>

12:19 PM
08/30/08

CHINO BASIN WATERMASTER
Check Detail
August 2008

Type	Num	Date	Name	Account	Paid Amount
Bill Pmt -Check	12572	8/20/2008	BANK OF AMER...	1012 · Bank of America Gen'l Ckg	
Bill	4024...	7/31/2008		6141.3 · Admin Meetings	-263.93
				6031.7 · Other Office Supplies	-1,198.89
				6312 · Meeting Expenses	-225.14
				6212 · Meeting Expense	-179.43
				7204 · Comp Recharge-Supplies	-32.33
				6909.1 · OBMP Meetings	-100.88
TOTAL					-2,000.60

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CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE
 PERIOD JULY 1, 2008 THROUGH JULY 31, 2008

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL	POOL	POOL	POOL	POOL	REPLENISHMENT	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2008-2009
Administrative Revenues											
Administrative Assessments	67,487										\$7,841,054
Interest Revenue	4,689									1,798	174,368
Mutual Agency Project Revenue											148,410
Grant Income											0
Miscellaneous Income											0
Total Revenues			1,798							1,798	8,163,832
Administrative & Project Expenditures											
Watermaster Administration										67,487	619,960
Watermaster Board-Advisory Committee										4,689	61,201
Pool Administration										11,166	166,523
Optimum Basin Mgmt Administration		94,557			293					94,557	1,913,484
OBMP Project Costs		389,692								389,692	5,392,289
Education Funds Use											375
Mutual Agency Project Costs											10,000
Total Administrative/OBMP Expenses	72,176	484,249	2,286	8,587	293					567,591	8,163,832
Net Administrative/OBMP Income	(72,176)	(484,249)									
Allocate Net Admin Income To Pools	72,176				1,418						
Allocate Net OBMP Income To Pools		484,249			9,513						
Agricultural Expense Transfer					(115,288)						
Total Expenses	542,058	14,309	14,309	14,309	11,224					567,591	8,163,832
Net Administrative Income	(540,260)		(14,309)	(14,309)	(11,224)					(565,793)	
Other Income/(Expense)											0
Replenishment Water Assessments											0
MZ1 Supplemental Water Assessments											0
Water Purchases											0
Balance Adjustment											0
Groundwater Replenishment											0
Net Other Income											0
Net Transfers To/(From) Reserves	(540,260)		(14,309)	(14,309)	(11,224)					(565,793)	

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**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
JULY 1 THROUGH JULY 31, 2008**

DEPOSITORIES:		
Cash on Hand - Petty Cash		\$ 500
Bank of America		
Governmental Checking-Demand Deposits	194,296	
Zero Balance Account - Payroll	-	
Local Agency Investment Fund - Sacramento	5,540,455	
	<u>194,296</u>	
TOTAL CASH IN BANKS AND ON HAND	7/31/2008	
TOTAL CASH IN BANKS AND ON HAND	6/30/2008	
		\$ 5,735,251
		6,146,596
		<u>\$ (411,345)</u>

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets: Accounts Receivable	46,824
Assessments Receivable	(125,967)
Prepaid Expenses, Deposits & Other Current Assets	-
(Decrease)/Increase in Liabilities	238,916
Accounts Payable	(5,324)
Accrued Payroll, Payroll Taxes & Other Current Liabilities	(565,794)
Transfer to/(from) Reserves	-
	<u>\$ (411,345)</u>

SUMMARY OF FINANCIAL TRANSACTIONS:

	Petty Cash	Gov't Checking Demand	Zero Balance Account Payroll	Local Agency Investment Funds	Totals
Balances as of 6/30/2008	\$ 500	\$ 152,465	\$ -	\$ 5,993,631	\$ 6,146,596
Deposits	-	-	-	46,824	46,824
Transfers	-	431,407	68,593	(500,000)	-
Withdrawals/Checks	-	(389,576)	(68,593)	-	(458,169)
Balances as of 7/31/2008	<u>\$ 500</u>	<u>\$ 194,296</u>	<u>\$ -</u>	<u>\$ 5,540,455</u>	<u>\$ 5,735,251</u>
PERIOD INCREASE OR (DECREASE)	<u>\$ -</u>	<u>\$ 41,831</u>	<u>\$ -</u>	<u>\$ (453,176)</u>	<u>\$ (411,345)</u>

**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
JULY 1 THROUGH JULY 31, 2008**

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
7/15/2008	Interest	L.A.I.F.	\$ 46,824				
7/16/2008	Withdrawal	L.A.I.F.	\$ (500,000)				
TOTAL INVESTMENT TRANSACTIONS			\$ (453,176)				

* The earnings rate for L.A.I.F. is a daily variable rate; 3.11% was the effective yield rate at the Quarter ended June 30, 2008.

**INVESTMENT STATUS
July 31, 2008**

Financial Institution	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	\$ 5,540,455			
TOTAL INVESTMENTS	\$ 5,540,455			

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 2008

	<u>Jul 08</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	0	148,410	-148,410	0.0%
4110 · Admin Asmnts-Approp Pool	0	7,708,817	-7,708,817	0.0%
4120 · Admin Asmnts-Non-Agri Pool	0	132,237	-132,237	0.0%
4700 · Non Operating Revenues	1,798	174,368	-172,570	1.03%
Total Income	<u>1,798</u>	<u>8,163,832</u>	<u>-8,162,034</u>	<u>0.02%</u>
Gross Profit	1,798	8,163,832	-8,162,034	0.02%
Expense				
6010 · Salary Costs	53,417	484,302	-430,885	11.03%
6020 · Office Building Expense	2,772	102,000	-99,228	2.72%
6030 · Office Supplies & Equip.	3,269	46,500	-43,231	7.03%
6040 · Postage & Printing Costs	6,514	87,380	-80,866	7.46%
6050 · Information Services	6,170	144,000	-137,830	4.29%
6060 · Contract Services	5,175	98,000	-92,825	5.28%
6080 · Insurance	15,498	17,730	-2,232	87.41%
6110 · Dues and Subscriptions	0	16,750	-16,750	0.0%
6140 · WM Admin Expenses	264	4,000	-3,736	6.6%
6150 · Field Supplies	0	2,500	-2,500	0.0%
6170 · Travel & Transportation	2,887	39,200	-36,313	7.37%
6190 · Conferences & Seminars	1,902	26,500	-24,598	7.18%
6200 · Advisory Comm - WM Board	1,682	19,181	-17,499	8.77%
6300 · Watermaster Board Expenses	3,007	42,020	-39,013	7.16%
8300 · Appr PI-WM & Pool Admin	2,286	24,008	-21,722	9.52%
8400 · Agri Pool-WM & Pool Admin	1,354	24,820	-23,466	5.46%
8467 · Ag Legal & Technical Services	7,233	98,000	-90,767	7.38%
8470 · Ag Meeting Attend -Special	0	12,000	-12,000	0.0%
8500 · Non-Ag PI-WM & Pool Admin	293	7,695	-7,402	3.8%
6500 · Education Funds Use Expens	0	375	-375	0.0%
9500 · Allocated G&A Expenditures	-30,381	-448,902	418,521	6.77%
Subtotal G&A Expenditures	<u>83,342</u>	<u>848,059</u>	<u>-764,717</u>	<u>9.83%</u>
6900 · Optimum Basin Mgmt Plan	86,554	1,775,525	-1,688,971	4.88%
6950 · Mutual Agency Projects	0	10,000	-10,000	0.0%
9501 · G&A Expenses Allocated-OBMP	8,003	137,959	-129,956	5.8%
Subtotal OBMP Expenditures	<u>94,557</u>	<u>1,923,484</u>	<u>-1,828,927</u>	<u>4.92%</u>
7101 · Production Monitoring	14,150	107,515	-93,365	13.16%
7102 · In-line Meter Installation	1,293	87,931	-86,638	1.47%
7103 · Grdwtr Quality Monitoring	11,619	210,458	-198,839	5.52%
7104 · Gdwtr Level Monitoring	21,757	342,538	-320,781	6.35%
7105 · Sur Wtr Qual Monitoring	0	46,717	-46,717	0.0%

CHINO BASIN WATERMASTER
 Profit & Loss Budget vs. Actual
 July 2008

	<u>Jul 08</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7107 · Ground Level Monitoring	8,454	651,468	-643,014	1.3%
7108 · Hydraulic Control Monitoring	14,392	743,476	-729,084	1.94%
7200 · PE2- Comp Recharge Pgm	193,792	1,115,883	-922,091	17.37%
7300 · PE3&5-Water Supply/Desalte	14,631	148,477	-133,846	9.85%
7400 · PE4- Mgmt Plan	4,321	217,371	-213,050	1.99%
7500 · PE6&7-CoopEfforts/SaltMgmt	6,810	216,307	-209,497	3.15%
7600 · PE8&9-StorageMgmt/Conj Use	76,095	76,909	-814	98.94%
7690 · Recharge Improvement Debt Pymt	0	1,110,000	-1,110,000	0.0%
7700 · Inactive Well Protection Prgm	0	6,296	-6,296	0.0%
9502 · G&A Expenses Allocated-Projects	22,378	310,943	-288,565	7.2%
Subtotal Special Project Expenditures	389,692	5,392,289	-5,002,597	7.23%
Total Expense	567,591	8,163,832	-7,596,241	6.95%
Net Ordinary Income	-565,794		-565,794	100.0%
Other Income/Expense				
Other Expense				
9999 · To/(From) Reserves	<u>-565,794</u>			
Total Other Expense	<u>-565,794</u>			
Net Other Income	<u>565,794</u>			
Net Income	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

C. INTERVENTION

1. Sunkist-Ontario Intervention





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: September 11, 2008
September 16, 2008
September 25, 2008

TO: Committee Members
Watermaster Board Members

SUBJECT: City of Ontario request for Intervention as an Overlying (Non-Agricultural) Party

SUMMARY

Issue – On August 19, 2008, Watermaster received a request for Intervention into the Overlying (Non-Agricultural) Pool from the City of Ontario. This Staff Report provides a summary and analysis of the proposed Intervention.

Recommendation - Staff recommends approval of the request for Intervention.

Fiscal Impact – No fiscal impact on the Watermaster Budget.

BACKGROUND

In 2006, Sunkist Growers, Inc. sold a portion (i.e., 15 acres) of its real property to Koll, and in 2008 permanently transferred 22.000 AFY of its adjudicated rights to Koll for use on the Koll Property. After the Koll transfer, Sunkist's remaining adjudicated right is 1,851.402 AFY. Sunkist is currently in escrow to sell the Sunkist plant property to the City of Ontario (11.1 acres consisting of parcel numbers 20108, 20207, 20206, and 104923221), with the exception of Sunkist's tank farm (parcel number 104922101), which will be retained by Sunkist.

DISCUSSION

According to the Judgment, a producer is assigned to the Overlying (Non-Agricultural) Pool if it is an overlying producer who produces water for industrial or commercial purposes. (Judgment para. 43(b).)

"Any party who changes the character of his use may, by subsequent order of the Court, be reassigned to the proper pool . . . Any non-party producer or any person who may hereafter commence production of water from Chino Basin, and who may become a party to [the] physical solution by intervention, shall be assigned to the proper pool by the order of the Court authorizing such intervention." (Judgment para. 43.)

Interventions are governed by paragraph 60 of the Judgment: "Any non-party assignee of the adjudicated appropriative rights of any appropriator, or any other 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 [the] Court. Such intervenor shall thereafter be a party bound by [the] Judgment and entitled to the rights and privileges accorded under the Physical Solution . . . through the pool to which the Court shall assign such intervenor."

Paragraph 4.4 of the Peace II Agreement amplifies the Judgment: "The Parties acknowledge and agree that any Party to the Judgment shall have the right to purchase Non-Agricultural overlying property within the Basin and appurtenant water rights and to intervene in the Non-Agricultural Pool."

The City of Ontario has requested intervention into the Overlying (Non-Agricultural) Pool for the purpose of accepting the Transfer of Sunkist's water rights. The City of Ontario intends to be members of both the Appropriative and Overlying (Non-Agricultural) Pools, and will therefore hold separate Annual and Storage accounts with Watermaster within each Pool.

Watermaster's practice has been to accept interventions informally by way of a letter request and then process the request through the Pools, Advisory Committee and Board. After this internal approval process, the request for Intervention is filed with the Court for approval.

RECOMMENDATION

Watermaster staff finds that the proposed intervention is consistent with the Judgment. On this basis, Watermaster staff recommends the approval of the request for Intervention.

CITY OF



ONTARIO



PUBLIC WORKS AND
COMMUNITY SERVICES AGENCY

PAUL S. LEON
MAYOR

JASON ANDERSON
MAYOR PRO TEM

ALAN D. WAPNER
SHEILA MAUTZ
JIM W. BOWMAN
COUNCIL MEMBERS

August 19, 2008

GREGORY C. DEVEREAUX
CITY MANAGER

MARY E. WIRTES, MMC
CITY CLERK

JAMES R. MILHISER
TREASURER

KENNETH L. JESKE
PUBLIC WORKS / COMMUNITY
SERVICES DIRECTOR

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

Re: Request to Intervene in *Chino Basin Municipal Water
District v. City of Chino, et al*, San Bernardino Superior Court
Case No. RCV 51010 (Formerly Case No. 164327)

Dear Mr. Manning:

The City of Ontario (City) hereby submits this request to intervene in the above-referenced action (the "Judgment") as a member of the overlying non-agricultural pool. The City's request is based on the following facts:

A. The Judgment allocates water rights based on each party's land ownership. As an owner of real property overlying the Chino Groundwater Basin ("Basin"). Sunkist Growers, Inc. ("Sunkist") was provided under the Judgment with 1,873.40 AFY of adjudicated safe yield when the Judgment was first entered in 1978/1979. The real property held by Sunkist at that time included the real property described in the next paragraph.

B. Sunkist sold real property overlying the Basin to the City of Ontario, known as the Sunkist plant (11.1 acres consisting of parcels # 20108, 20207, 20206, and 104923221) with the exception of Sunkist's tank farm (parcel # 104922101), which will be retained by Sunkist.

C. As part of the sale transaction referenced in Section B above, Sunkist wishes to transfer all of its remaining adjudicated water rights (approximately 1,851.402 AFY), and all Sunkist water in storage (13,633.504 AF as of June 30, 2007, plus any additional Sunkist stored water for FY 2007-08) to the City of Ontario. Form 5 (Application to Transfer Annual Production Right or Safe Yield) and Form 3 (Application for Sale or Transfer of right to Produce Water from Storage) are attached.

D. The City of Ontario is requesting to intervene in the Judgment to become a member of the overlying Non-Agricultural Pool. A Motion to Intervene will be filed with the court if deemed necessary by the Watermaster.

E. The City's request to intervene is pursuant to Section 4.4 of the Peace II agreement which states: "Non-Agricultural Pool Intervention. The Parties acknowledge and agree that any Party to the Judgment shall have the right to purchase Non-Agricultural overlying property within the Basin and appurtenant water rights and to intervene in the Non-Agricultural Pool."


F. The City of Ontario will use the groundwater described under Section C above for uses authorized in the Judgment including providing water service to properties in Ontario, which have been sold or still are retained by Sunkist.

G. The transfer from Sunkist to the City of Ontario does not involve any additional groundwater extractions not provided for under the Judgment. As a result, the transfer will not result in any "material physical injury" to any party.

Based on the foregoing, the City of Ontario respectfully requests that the Watermaster approve its request to intervene in the Judgment to become a member of the overlying Non-Agricultural Pool and Sunkist's request to transfer its remaining adjudicated rights (approximately 1,851.402 AFY) of overlying groundwater rights, and all of Sunkist water in storage (13,633.504 AF as of June 30, 2007, plus any additional Sunkist stored water for FY 2007-08) to the City of Ontario. The City of Ontario shall comply with all provisions of the Judgment.

Please agendaize the City's request for the September Pool meetings. If you have any questions regarding the foregoing, please contact me.

Respectfully submitted,


Mohamed El-Amany
Utilities Director



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

D. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from The Nicholson Trust annual production right in the amount of 8.185 acre-feet
2. **Consider Approval for Notice of Sale or Transfer** – Cucamonga Valley Water District is purchasing 2,500 acre-feet of water from Marygold Mutual Water Company
3. **Consider Approval for Notice of Sale or Transfer** – The City of Ontario (as an Overlying Non-Agricultural Party) is purchasing- from Sunkist Growers, Inc. all of the amount of Sunkist's water in storage as of June 30, 2008. In addition, Sunkist's annual safe yield production rights in the amount of 1,851.402 acre-feet will be permanently transferred to the City of Ontario (as an Overlying Non-Agricultural Party).



CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

May 16, 2008

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: **April 30, 2008**

Date of this notice: **May 16, 2008**

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

- A. Notice of Sale or Transfer – Fontana Water Company (“Company”) has agreed to purchase from The Nicholson Trust annual production right in the amount of 8.185 acre-feet.

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

Appropriative Pool:	June 12, 2008
Non-Agricultural Pool:	June 12, 2008
Agricultural Pool:	June 17, 2008

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

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

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

Watermaster address:

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

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

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: May 16, 2008

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: May 16, 2008
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

Summary –

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

Issue –

- Notice of Sale or Transfer – Fontana Water Company (“Company”) has agreed to purchase from The Nicholson Trust annual production right in the amount of 8.185 acre-feet.

Recommendation –

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

Fiscal Impact –

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

Background

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

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

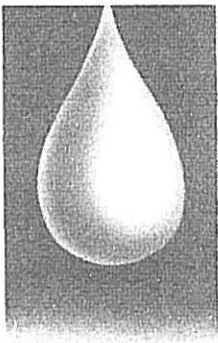
The following application for water transaction is attached with the notice of application.

- Notice of Sale or Transfer – Fontana Water Company (“Company”) has agreed to purchase from The Nicholson Trust annual production right in the amount of 8.185 acre-feet..

Notice of the water transaction identified above was mailed on May 16, 2008 along with the materials submitted by the requestors.

DISCUSSION

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



FONTANA WATER COMPANY

A DIVISION OF SAN GABRIEL VALLEY WATER COMPANY

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



April 30, 2008

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

Subject: Purchase of Annual Production Right
Chino Basin-Fiscal Year 2007/2008

Dear Mr. Manning:

Please take notice that Fontana Water Company ("Company") has agreed to purchase from The Nicholson Trust annual production right in the amount of 8.185 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2007/2008.

Enclosed is a fully executed Chino Basin Watermaster Form No. 5, along with the company's Recapture Plan for consideration by Watermaster. Please agendaize this proposed transfer at the earliest possible opportunity.

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

Very truly yours,

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

Michael J. McGraw
General Manager

MJM:yn
Enclosures

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APPLICATION
TO
TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

Fiscal Year 2007 - 2008

Commencing on July 1, 2007 and terminating on June 30, 2008, The Nicholson Trust ("Transferor") hereby transfers to Fontana Water Company ("Transferee") the quantity of 8.185 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 production 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 accomplished 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?

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

MATERIAL PHYSICAL INJURY?

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

Robert H. Nicholson, Jr., Trustee
The Nicholson Trust
Robert H. Nicholson, Jr., Trustee

Michael J. McGraw
Michael J. McGraw, General Manager
Fontana Water Company

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

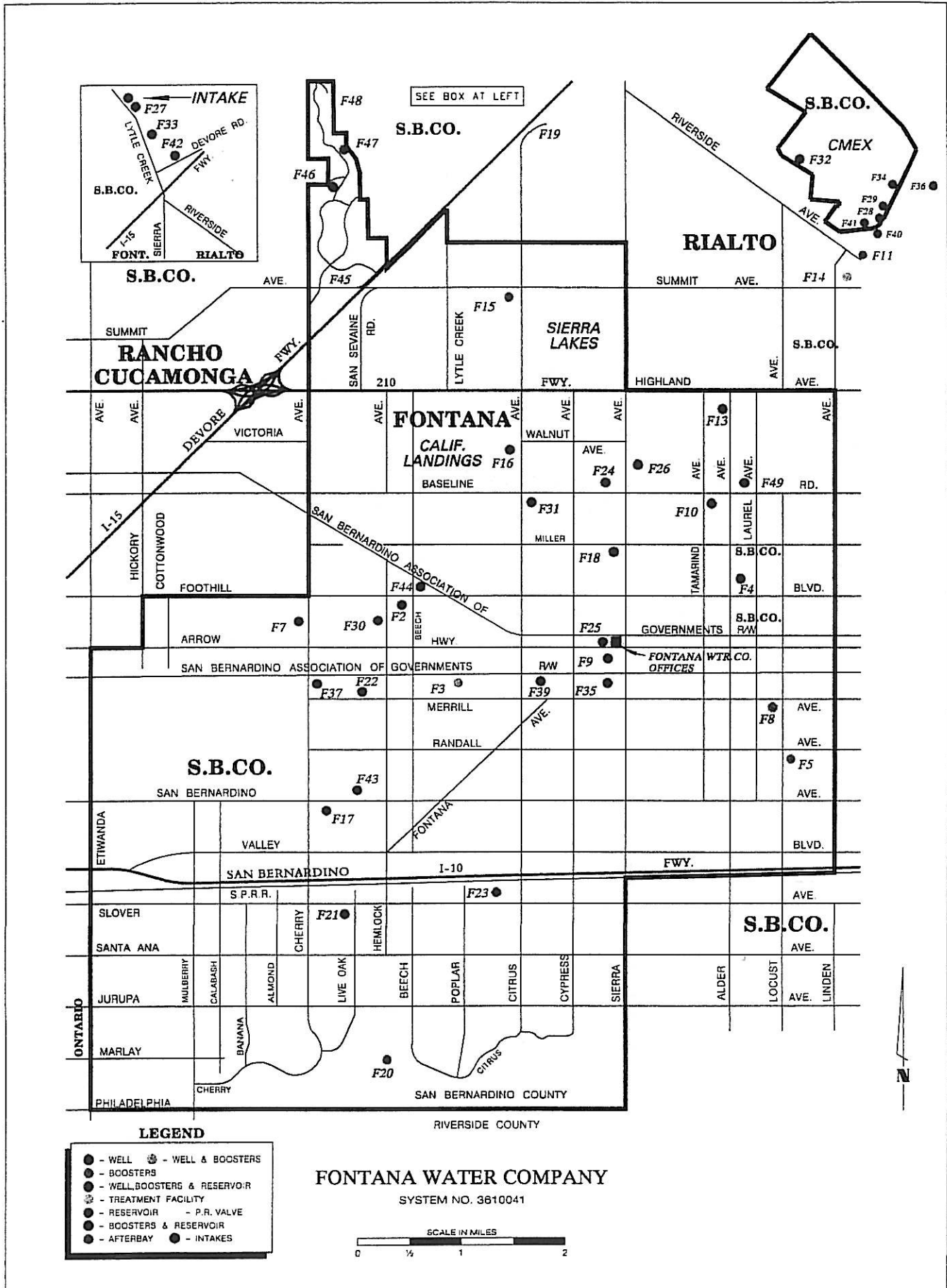
DATE OF BOARD APPROVAL: _____ Agreement # _____

FONTANA WATER COMPANY
Recapture Plan

The subject water is a transfer of annual production right from The Nicholson Trust to Fontana Water Company (FWC) of 8.185 acre-feet to satisfy a portion of FWC's replenishment obligation for FY 2007/2008. Recapture of the stored water is accomplished by the production of any or all of the 15 wells owned and operated by FWC within Management Zone 3 of the Chino Groundwater Basin. The approximate daily production capacity of these wells is as follows:

<u>Well</u>	-	<u>Production Acre-Feet/Day</u>
F23A	-	10.6
F21A	-	5.7
F7A	-	11.0
F7B	-	10.2
F22A	-	8.2
F24A	-	8.4
F26A	-	8.6
F31A	-	7.3
F2A	-	10.6
F30A	-	5.1
F44A	-	11.0
F44B	-	10.6
F44C	-	10.6
F17B	-	5.7
F17C	-	7.1
Daily Total	-	<u>126.2</u>

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



CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

September 4, 2008

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: **August 13, 2008**

Date of this notice: **September 4, 2008**

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

- A. Notice of Sale or Transfer – Cucamonga Valley Water District (CVWD) is purchasing 2,500 acre-feet of water from Marygold Mutual Water Company,

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

Appropriative Pool:	September 11, 2008
Non-Agricultural Pool:	September 11, 2008
Agricultural Pool:	September 16, 2008

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: September 4, 2008

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: September 4, 2008
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

Summary –

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

Issue –

- **Notice of Sale or Transfer** – Cucamonga Valley Water District (CVWD) is purchasing 2,500 acre-feet of water from Marygold Mutual Water Company.

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.

- Cucamonga Valley Water District (CVWD) is purchasing 2,500 acre-feet of water from Marygold Mutual Water Company.

Notice of the water transaction identified above was mailed on September 4, 2008 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.

Robert A. DeLoach
General Manager
Chief Executive Officer

August 13, 2008

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

**Re: Water transfer from Marygold Mutual Water Company to Cucamonga Valley
Water District**

Dear Mr. Manning:

This letter is to notify Watermaster that Cucamonga Valley Water District (CVWD) is purchasing 2,500 acre-feet of water from Marygold Water Company (SAWCO). This purchase is made from Marygold's water in storage. Please place this water into CVWD's Excess Carryover Account.

Executed copies of Forms 3 and 4 (Application for Sale or Transfer of Right to Produce Water from Storage and Application or Amendment to Application to Recapture Water in Storage) are attached. If you have any question or need additional information please call me.

Yours truly,



Martin E. Zvirbulis
Deputy General Manager

Attachment: Form 5 (Application to Transfer Annual Production Right or Safe Yield)

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

TRANSFER FROM LOCAL STORAGE AGREEMENT # _____

Marygold Mutual Water Company
Name of Party

July 23, 2008
Date Requested

Date Approved

9715 Alder Avenue
Street Address

2,500 Acre-feet
Amount Requested

Acre-feet
Amount Approved

Fontana CA 92335
City State Zip Code

Telephone: (909) 877-0516

Facsimile: _____

Justin Buehler
Applicant: Marygold Mutual Water Company

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 462' to 583'. Of the wells routinely pumped, nitrate levels vary from 4 mg/l to 35 mg/l.

MATERIAL PHYSICAL INJURY

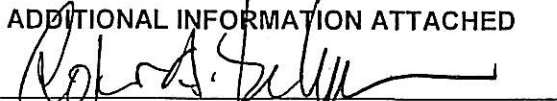
Is the Applicant aware of any potential Material Physical Injury to a party to the Judgment or the Basin that may be caused by the action covered by the application? Yes [] No [X]

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

N/A

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]


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

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

APPLICATION OR AMENDMENT TO APPLICATION
TO
RECAPTURE WATER IN STORAGE

APPLICANT

Cucamonga Valley Water District
Name of Party

July 23, 2008
Date Requested

Date Approved

10440 Ashford Street
Street Address

2,500 Acre-feet
Amount Requested

Acre-feet
Amount Approved

Rancho Cucamonga CA 91730
City State Zip Code

Varies
Projected Rate of
Recapture

July 1, 2008–June 30, 2009
Projected Duration of
Recapture

Telephone: (909) 987-2591

Facsimile: (909) 476-8032

IS THIS AN AMENDMENT TO A PREVIOUSLY APPROVED APPLICATION? YES NO

IF YES, ATTACH APPLICATION TO BE AMENDED

IDENTITY OF PERSON THAT STORED THE WATER: Marygold Mutual Water Company

PURPOSE OF RECAPTURE

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

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

N/A

PLACE OF USE OF WATER TO BE RECAPTURED

Within Cucamonga 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 462' to 583'. Of the wells routinely pumped, nitrate levels vary from 4 mg/l to 35 mg/l.

MATERIAL PHYSICAL INJURY

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

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

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 # _____

CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

September 4, 2008

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: **August 19, 2008**

Date of this notice: **September 4, 2008**

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

- A. Notice of Sale or Transfer – On August 19, 2008, Watermaster received Forms 3, 4, and 5 water transfer applications, with Sunkist Growers, Inc. as Transferor and the City of Ontario (as Overlying Non-Agricultural party) as Transferee in the amount of all of Sunkist's water in storage as of June 30, 2008, and a permanent transfer of its share of safe yield. Simultaneous with these applications, Watermaster received a request for Intervention into the Overlying Non-Agricultural) Pool from the City of Ontario.

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

Appropriative Pool: September 11, 2008

Non-Agricultural Pool: September 11, 2008

Agricultural Pool: September 16, 2008

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: September 4, 2008

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: September 4, 2008
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 – On August 19, 2008, Watermaster received Forms 3, 4, and 5 water transfer Applications, with Sunkist Growers, Inc. as Transferor and the City of Ontario (as Overlying Non-Agricultural party) as Transferee in the amount of all of Sunkist's water in storage as of June 30, 2008, and a permanent transfer of its share of safe yield. Simultaneous with these applications, Watermaster received a request for Intervention into the Overlying (Non-Agricultural) Pool from the City of Ontario. This Staff Report provides a summary and analysis of the proposed transfer.

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 – On August 19, 2008, Watermaster received Forms 3, 4, and 5 water transfer Applications, with Sunkist Growers, Inc. as Transferor and the City of Ontario (as Overlying Non-Agricultural party) as Transferee in the amount of all of Sunkist's water in storage as of June 30, 2008, and a permanent transfer of its share of safe yield. Simultaneous with these applications, Watermaster received a request for Intervention into the Overlying (Non-Agricultural) Pool from the City of Ontario. This Staff Report provides a summary and analysis of the proposed transfer.

Notice of the water transaction identified above was mailed on September 4, 2008 along with the materials submitted by the requestors.

DISCUSSION

Under Exhibit G, paragraph 6, of the Judgment: "Rights herein decreed are appurtenant to that land and are only assignable with the land for overlying use thereon; provided however, . . . (b) the members of the Pool shall have the right to Transfer or lease their quantified production rights within the Pool or to Watermaster in conformance with the procedures described in the Peace Agreement between the Parties therein, dated June 29, 2000 for the term of the Peace Agreement." The Peace Agreement and Peace II Agreement thus modified the strict appurtenancy requirement to allow Transfers of the water rights under certain conditions.

In the 1978 Judgment, Sunkist Growers, Inc. was adjudicated rights of 1,873.403 acre-feet within the Overlying (Non-Agricultural) Pool. In 2006, Sunkist Growers, Inc. sold a portion (i.e., 15 acres) of its real property to Koll, and in 2008 permanently transferred 22.000 AFY of its adjudicated rights to Koll for use on the Koll Property. After the Koll transfer, Sunkist's remaining adjudicated right is 1,851.402 AFY. Sunkist is currently in escrow to sell the Sunkist plant property to the City of Ontario (11.1 acres consisting of parcel numbers 20108, 20207, 20206, and 104923221), with the exception of Sunkist's tank farm (parcel number 104922101), which will be retained by Sunkist.

Sunkist and the City of Ontario have submitted Form 3 (Application for Sale or Transfer of Right to Produce Water from Storage), Form 4 (Application or Amendment to Application to Recapture Water in Storage), and Form 5 (Application to Transfer Annual Production Right or Safe Yield). The Applications indicate that the amount of water rights to be permanently transferred is 1,851.402 acre-feet. In addition, Sunkist is transferring to the City (as an Overlying Non-Agricultural party) all of its water in storage as of June 30, 2008. According to the City of Ontario's request for Intervention, the groundwater extracted will be solely utilized for uses authorized in the Judgment including providing water service to properties in Ontario, which have been sold or still are retained by Sunkist.

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. As part of the OBMP Implementation Plan, continued measurement of water levels and the installation of additional extensometers are planned. The Applications indicate that the Applicant is not aware of any potential Material Physical Injury to a party to the Judgment or the Basin that may be caused by the transfer. Wildermuth Environmental, Inc. performed a Material Physical Injury analysis (attached). Watermaster agrees that under the Transfer as proposed in the Applications, there will be no change that will result in Material Physical Injury.



August 19, 2008

Charles L. Woltmann
Senior Vice President
Law and General Counsel

Sunkist Growers
14130 Riverside Drive
Sherman Oaks, CA 91423-2313
Tel: (818) 379-7532
Fax: (818) 379-7381
cwoltmann@sunkistgrowers.com

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

Re. Permanent Transfer of Safe Yield and Water in Storage

Dear Mr. Manning:

This is to notify the Watermaster that Sunkist Growers, Inc. ("Transferor") is hereby requesting the permanent transfer to the City of Ontario ("Transferee") all of its groundwater in storage and all of its remaining groundwater production rights (Safe Yield, net of the 22AF annual rights previously transferred to KCO, Inc.), 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).

Executed original Watermaster forms and all supporting documentation shall be provided under separate cover. Please put the proposed purchase on the agenda for the next Watermaster meetings.

Sincerely,

Charles L. Woltmann
Sr. Vice President Law and
General Counsel

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PUBLIC WORKS AND
COMMUNITY SERVICES AGENCY

PAUL S. LEON
MAYOR

JASON ANDERSON
MAYOR PRO TEM

ALAN D. WAPNER
SHEILA MAUTZ
JIM W. BOWMAN
COUNCIL MEMBERS

August 19, 2008

GREGORY C. DEVEREAUX
CITY MANAGER

MARY E. WIRTES, MMC
CITY CLERK

JAMES R. MILHISER
TREASURER

KENNETH L. JESKE
PUBLIC WORKS / COMMUNITY
SERVICES DIRECTOR

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

Re: Request to Intervene in *Chino Basin Municipal Water
District v. City of Chino, et al*, San Bernardino Superior Court
Case No. RCV 51010 (Formerly Case No. 164327)

Dear Mr. Manning:

The City of Ontario (City) hereby submits this request to intervene in the above-referenced action (the "Judgment") as a member of the overlying non-agricultural pool. The City's request is based on the following facts:

A. The Judgment allocates water rights based on each party's land ownership. As an owner of real property overlying the Chino Groundwater Basin ("Basin"), Sunkist Growers, Inc. ("Sunkist") was provided under the Judgment with 1,873.40 AFY of adjudicated safe yield when the Judgment was first entered in 1978/1979. The real property held by Sunkist at that time included the real property described in the next paragraph.

B. Sunkist sold real property overlying the Basin to the City of Ontario, known as the Sunkist plant (11.1 acres consisting of parcels # 20108, 20207, 20206, and 104923221) with the exception of Sunkist's tank farm (parcel # 104922101), which will be retained by Sunkist.

C. As part of the sale transaction referenced in Section B above, Sunkist wishes to transfer all of its remaining adjudicated water rights (approximately 1,851.402 AFY), and all Sunkist water in storage (13,633.504 AF as of June 30, 2007, plus any additional Sunkist stored water for FY 2007-08) to the City of Ontario. Form 5 (Application to Transfer Annual Production Right or Safe Yield) and Form 3 (Application for Sale or Transfer of right to Produce Water from Storage) are attached.

D. The City of Ontario is requesting to intervene in the Judgment to become a member of the overlying Non-Agricultural Pool. A Motion to Intervene will be filed with the court if deemed necessary by the Watermaster.

E. The City's request to intervene is pursuant to Section 4.4 of the Peace II agreement which states: "Non-Agricultural Pool Intervention. The Parties acknowledge and agree that any Party to the Judgment shall have the right to purchase Non-Agricultural overlying property within the Basin and appurtenant water rights and to intervene in the Non-Agricultural Pool."

F. The City of Ontario will use the groundwater described under Section C above for uses authorized in the Judgment including providing water service to properties in Ontario, which have been sold or still are retained by Sunkist.

G. The transfer from Sunkist to the City of Ontario does not involve any additional groundwater extractions not provided for under the Judgment. As a result, the transfer will not result in any "material physical injury" to any party.

Based on the foregoing, the City of Ontario respectfully requests that the Watermaster approve its request to intervene in the Judgment to become a member of the overlying Non-Agricultural Pool and Sunkist's request to transfer its remaining adjudicated rights (approximately 1,851.402 AFY) of overlying groundwater rights, and all of Sunkist water in storage (13,633.504 AF as of June 30, 2007, plus any additional Sunkist stored water for FY 2007-08) to the City of Ontario. The City of Ontario shall comply with all provisions of the Judgment.

Please agendaize the City's request for the September Pool meetings. If you have any questions regarding the foregoing, please contact me.

Respectfully submitted,


Mohamed El-Amamy
Utilities Director

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

TRANSFER FROM LOCAL STORAGE AGREEMENT # _____

Charles L. Woltmann, Sunkist General Counsel

Name of Party

7/28/2008

Date Requested

_____ Date Approved

14130 Riverside Drive

Street Address

13,633.504 (*) Acre-
feet

_____ Acre-feet

Amount Requested
(* As of 6/30/2007,
plus stored water from
FY 2007-08

Amount Approved

Sherman Oaks

CA

91423

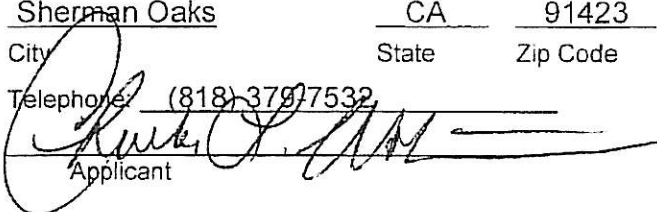
City

State

Zip Code

Telephone: (818) 379-7532

Facsimile: (818) 379-7381


Applicant

TRANSFER TO:

City of Ontario

Name of Party

Attach Recapture Form 4

1425 S. Bon View

Street Address

Ontario

CA

91761

City

State

Zip Code

Telephone: 909-395-2681

Facsimile: 909-395-2601

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

WATER QUALITY AND WATER LEVELS

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

None

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 [] No [X]



Applicant

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

APPLICATION OR AMENDMENT TO APPLICATION
TO
RECAPTURE WATER IN STORAGE

APPLICANT

<u>City Of Ontario</u>			<u>August 19, 2008</u>	_____
Name of Party			Date Requested	Date Approved
<u>1425 S. Bon View Avenue</u>			<u>13,633.504 (*)</u> Acre-feet	_____ Acre-feet
Street Address			Amount Requested	Amount Approved
<u>Ontario</u>	<u>CA</u>	<u>91761</u>	<u>Varies</u>	<u>July 1, 2008 – June 30, 2028</u>
City	State	Zip Code	Projected Rate of Recapture	Projected Duration of Recapture
Telephone: <u>909-395-2600</u>			Facsimile: <u>909-395-2601</u>	

(*) Amount requested is 13,633.504 as of June 30, 2007, plus Sunkist stored water from FY 2007-08.

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: Sunkist

PURPOSE OF RECAPTURE

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

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

N/A

PLACE OF USE OF WATER TO BE RECAPTURED

Management zones 2 and 3

N/A

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

WATER QUALITY AND WATER LEVELS

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

Static level varies from 272 feet to 524 feet. Of the wells routinely pumped, nitrate levels vary form less than 5 to 40 mg/L.

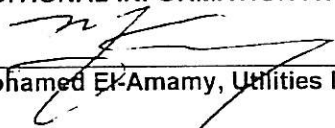
MATERIAL PHYSICAL INJURY

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

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

ADDITIONAL INFORMATION ATTACHED

Yes [X] No []
See attached Recapture Plan



Mohamed El-Amamy, Utilities Director

TO BE COMPLETED BY WATERMASTER

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

CITY OF ONTARIO

Recapture Plan

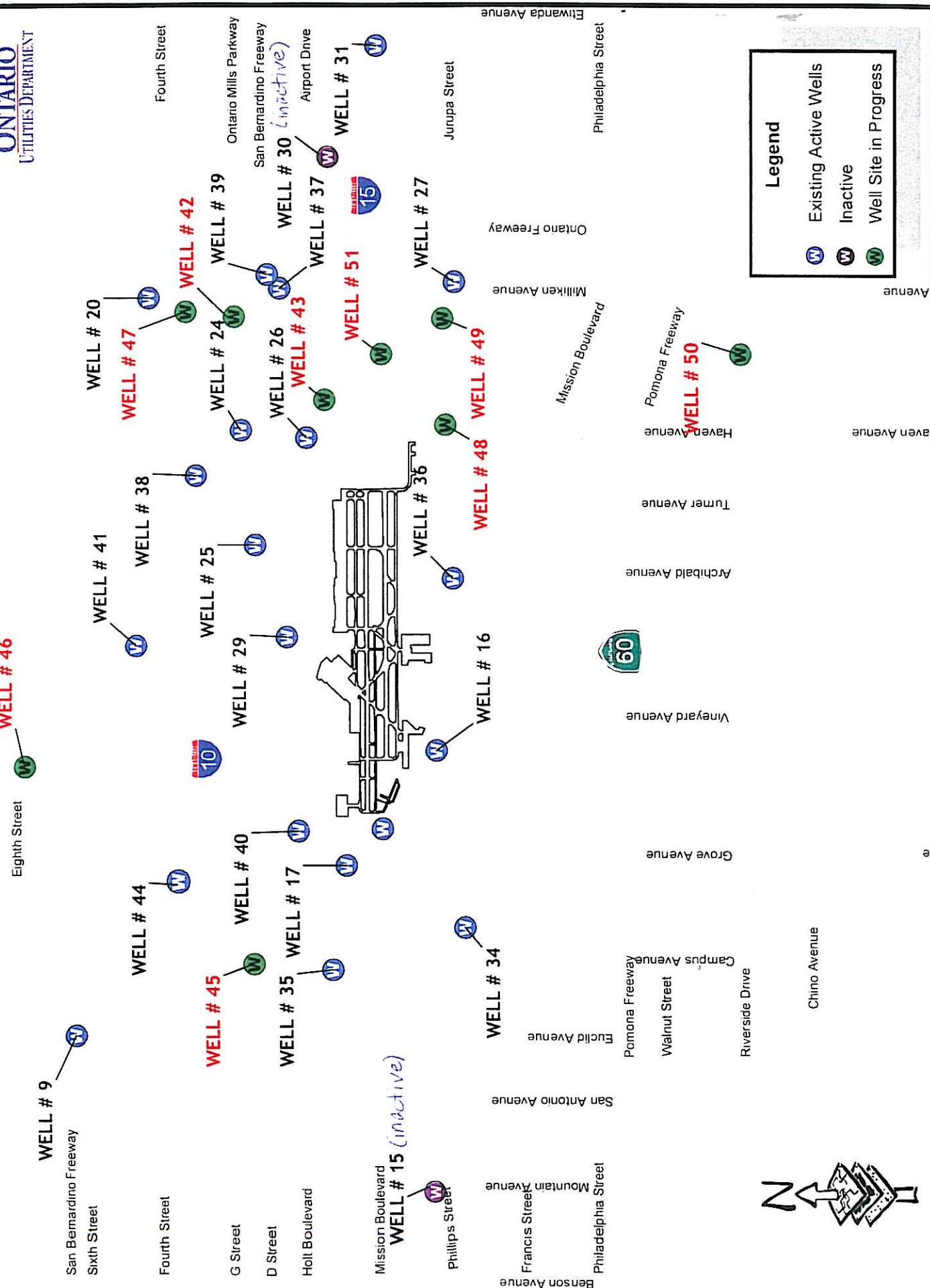
The subject water is a permanent transfer from Sunkist Growers, Inc. property located in the City of Ontario within Management Zone 2 to the City of Ontario. This transfer includes Sunkist's 1,851.402 acre-feet per year of corresponding Safe Yield (Non-Agricultural Pool), and Sunkist stored water (13,633.5.4 acre-feet of Sunkist stored water as of June 30, 2007, plus Sunkist stored water from FY 20087-08). Recapture of the this water is accomplished by the production of any of the wells listed below which are owned and operated by the City within Management Zones 2 and 3 of the Chino Groundwater Basin. The recaptured water will be utilized for uses authorized in the Judgment including providing water service to properties in Ontario, which have been sold or still are retained by Sunkist. The approximate daily production capacity of these wells is as follows:

Well No.	Capacity acre-feet/day
17	7.2
20	3.4
24	8.4
25	6.2
26	5.7
27	4.9
29	11.2
30	14.1
31	13.1
35	8.6
36	8.3
37	13.4
38	11.4
39	8.6
40	13.4
41	11.0

149.1

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

WELL SITE STATUS MAP



Legend

- Existing Active Wells
- Inactive
- Well Site in Progress



1 inch equals 4,591.138386 feet

APPLICATION
TO
TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

Effective July 1, 2008, Sunkist Growers, Inc. ("Transferor") hereby requests a **permanent** transfer to the City of Ontario ("Transferee") the quantity of 1,851.402 acre-feet per year of corresponding 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?

None

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 [] No [X]

Charles L. Woltmann, Sunkist General Counsel
Transferor

Mohamed El-Amamy, Ontario Utilities Director
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

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: September 4, 2008

TO: Watermaster Interested Parties

SUBJECT: Analysis of Material Physical Injury – City of Ontario August 19, 2008 Intervention into the Overlying Non-agricultural Pool and the Sale of the Sunkist's Water Right to the City of Ontario.

SUMMARY

Issue – On August 19, 2008, The City of Ontario sent a letter to the Chino Basin Watermaster requesting to intervene in the *Chino Basin Municipal Water District v, City of Chino, et al*, San Bernardino Superior Court Case No. RCV 51010 (formerly Case No. 164327) as a member of the overlying non-agricultural pool. This request included the appropriate Watermaster forms to convey all of the remaining adjudicated rights and water in storage from Sunkist, a party to the Judgment and a member of the overlying non-agricultural pool. In total the transaction conveys to the City 1,851.402 acre-ft/yr of adjudicated pumping rights, and all the Sunkist water in storage as of June 30, 2007 (13,633.504 acre-ft) plus any additional Sunkist stored water for fiscal year 2007-08. Upon receipt of such an application, Watermaster must conduct an analysis of Material Physical Injury, pursuant to the Peace Agreement and Watermaster's Rules and Regulations. Watermaster CEO directed staff to complete the analysis of Material Physical Injury pursuant to the Peace Agreement and Watermaster's Rules and Regulations. Wildermuth Environmental Inc. (WEI) completed this analysis and their results are summarized below. The requested intervention by itself will not cause material physical injury. Therefore only the proposed sale of Sunkist's water right and water in storage to the City of Ontario is analyzed herein. Based on WEI's analysis, Watermaster staff concludes that no material physical injury will occur from the proposed sale of Sunkist's water right and water in storage to the City of Ontario and the City's subsequent use of that water pursuant to its August 19, 2008 letter.

Recommendation – Provided that the Watermaster approves the City of Ontario's intervention into the overlying non-agricultural pool, Watermaster staff recommends that the Watermaster approve the transfer of water right and stored water from Sunkist to the City of Ontario as described in the City's August 19, 2008 letter.

BACKGROUND

Sunkist is a party to the Judgment and a member of the overlying non-agricultural pool. When the Judgment was entered in 1978, Sunkist was allocated 1873.402 acre-ft/yr of overlying groundwater pumping rights in the Chino Basin. Sunkist's current right is 1,851.402 acre-ft/yr.

Sunkist has sold 11.1 acres of their land that was associated with this overlying right and all their current overlying rights to the City of Ontario. Sunkist has also sold to the City its water in storage as of June 30, 2007 (13,633.504 acre-ft) plus any additional Sunkist water stored during fiscal year 2007-08: based on recent years Sunkist pumping this will provide the City about 15,000 acre-ft of stored water. The City intends to use the water right and stored water "for uses authorized in the Judgment including providing water service to properties in Ontario, which have been sold or still are retained by Sunkist" (paragraph F in the August 19, 2008 letter). In order to use this water right the City must intervene in the Judgment as a member of the overlying non-agricultural pool. The City intends to serve these properties from its wells as described in the recapture plan in their August 19, 2008 letter to the Watermaster.

Included in the August 19, 2008 submittal are the following Watermaster forms:

Form 3 *Application for Sale or Transfer of Right to Produce Water from Storage*, completed by Charles L. Woltmann, Sunkist General Counsel and Mohamed El-Amamy, City of Ontario, on July 28, 2008

Form 4 *Application or Amendment to Application to Recapture Water in Storage*, completed by Mohamed El-Amamy, City of Ontario Utilities Director on August 19, 2008

Recapture Plan for the City of Ontario that indicates that this water will be recaptured by City wells in Management Zone 2.

Form 5 *Application to Transfer Annual Production Right or Safe Yield*, completed by Charles L. Woltmann, Sunkist General Counsel and Mohamed El-Amamy, City of Ontario, effective July 1, 2008

Watermaster staff has reviewed these forms and concurs that these forms have been accurately completed by Sunkist and the City.

DISCUSSION

Article 10 of Watermaster Rules and Regulations (paragraph 10.10) requires that:

"...Watermaster prepare a written summary and analysis (which will include an analysis of the potential for material physical injury) of the Application and provide the Parties with a copy of the written summary and advanced notice of the date of Watermaster's scheduled consideration and possible action on any pending Applications."

Per the Peace Agreement, material physical injury is defined as:

"material injury that is attributable to Recharge, Transfer, storage and recovery, management, movement or Production of water or implementation of the OBMP, including, but not limited to, degradation of water quality, liquefaction, land subsidence, increases in pump lift and adverse impacts associated with rising groundwater." (Peace Agreement, page 8).

Watermaster staff analysis of material physical injury is summarized below.

Groundwater Level Impacts (liquefaction, land subsidence and increases in pump lift). This type of transfer was anticipated in the Peace II modeling work conducted by WEI for the Watermaster and reported in WEI's November 2007 report. WEI assumed in their modeling projections that unproduced water rights, regardless of party, would be used to satisfy replenishment obligations each year. The changes in groundwater levels from this transaction compared the changes projected in the WEI modeling work are negligible. WEI concluded that there would be no material injury from the activities permitted in the Peace II agreement and therefore the use of the Sunkist overlying Right by the City would have result in no material physical injury. Sunkist's stored water on June 30, 2008 is about 15,000 acre-ft and in magnitude is about 3.8 percent of the water allocated to reoperation. The groundwater level change from this 15,000 acre-ft reduction in storage will be negligible.

Balance of Recharge and Discharge in Every Area and Subarea. The City is proposing to serve this water to properties in Ontario, which have been sold or still are retained by Sunkist from City wells. Its recapture plan suggests that it will do so from wells predominantly in Management Zone 2, but also in Management Zone 3. Management Zone 2 is the same management zone that Sunkist historically pumped from. The City has historically served water to the Sunkist properties in lieu of Sunkist fully producing its rights: the magnitude of which was about 1,450 acre-ft/yr and 1,317 acre-ft/yr in 1999/00

and 2000/01 respectively. There will be will be negligible change in the balance of recharge and discharge from the proposed transaction.

Water Quality Impacts on Other Pumpers. Given that there will be negligible changes in groundwater level and the balance of recharge and discharge there will be negligible change in groundwater quality from the proposed transaction.

CONCLUSION

The water transactions described in the City's August 19, 2008 intervention letter (and supported by the forms) were included in the material physical injury analysis of the activities permitted by Peace II agreement. In WEI's professional opinion there will be no material physical injury from the groundwater level changes due to this transaction.

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CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

A. SEMI-ANNUAL STATUS REPORT





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: September 11, 2008
September 16, 2008
September 25, 2008

TO: Committee Members
Watermaster Board Members

SUBJECT: Status Report 2008-1

SUMMARY

Recommendation – Approve Status Report 2008-1 for filing with the Court

BACKGROUND

Status Report 2008-1 covers the period of January 1, 2008 through June 30, 2008. While the bulk to the report describes work conducted for each element of the Optimum Basin Management Program (OBMP) during the six-month period, it also references the reports and court filings made to address the issues of the Peace II implementation.

Staff recommends approval of the report for filing with the Court.

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Optimum Basin Management Program

Status Report 2008-1: January to June 2008

Introduction

This status report covers the period January 1, 2008 through June 30, 2008. The bulk of this report describes the activities that occurred and status of the work conducted for each program element of the Optimum Basin Management Program (OBMP). However, there are additional significant efforts that occurred during the reporting period, which are listed below.

In compliance with the Superior Court's "Order Concerning Motion for Approval of Peace II Documents," dated December 21, 2007, Conditions Subsequent Numbers 1-6 were filed with the Court as follows:

- Condition Subsequent 1, a brief to explain the amendments to Judgment Paragraph 8 and Judgment Exhibit "G," was filed on February 1, 2008.
- Condition Subsequent 2, a corrected initial schedule to replace Resolution No. 07-05 Attachment "E," together with an explanation of the corrections made, was filed on February 1, 2008.
- Condition Subsequent 3, a new Hydraulic Control technical report that addressed all factors included in the Special Referee's Final Report and Recommendations (including a technical analysis of the projected decline in safe yield, and a definition and analysis of "new equilibrium" issues), was filed on March 3, 2008.
- Condition Subsequent 4, the status of CEQA documentation, compliance, and requirements, and assurances to the Court that Watermaster's approval and participation in any project that is a "project" for CEQA purposes has been or will be subject to all appropriate CEQA review, was filed on April 1, 2008.
- Condition Subsequent 5, a detailed outline of the scope and content of its first Recharge Master Plan update, was filed on June 30, 2008.
- Condition Subsequent 6, the development of standards and criteria by which the RWQCB will determine that hydraulic control is achieved and maintained, was filed on June 30, 2008.

In addition, the following court hearings and orders occurred during the reporting period:

- January 10, 2008: Notice of Change of Firm Name [from Hatch & Parent to Brownstein Hyatt Farber Schreck].
- February 14, 2008: Stipulation to Continue Defendant City of Chino's Motion Under Paragraph 15.
- April 11, 2008: Response to Watermaster's Compliance with Conditions Subsequent Numbers Three and Four of the Court's December 21, 2007 Order; Request for Additional Time to Evaluate Watermaster's Compliance with Condition Subsequent Number Three; and Withdrawal of Monte Vista Water District's Joinder to Watermaster's Motion for Approval of Peace II Documents; AND Declaration of Mark Kinsey; AND Motion Requesting Approval of Intervention of the Riboli Family/San Antonio Winery and Fuji Natural Foods, Inc.
- April 17, 2008: Comments of Special Referee on Watermaster Compliance with December 21, 2007 Order Conditions 1 through 4.
- April 25, 2008: Watermaster's Response to Comments of Special Referee on Watermaster Compliance with December 21, 2007 Order Conditions 1 through 4.
- April 29, 2008: Cucamonga Valley Water District's Joinder to Watermaster's Response to Comments of Special Referee on Watermaster Compliance with December 21, 2007 Order Conditions 1 through 4.
- May 2, 2008: Joint Response of Western Municipal Water District and Inland Empire Utilities Agency and Joinder to Chino Basin Watermaster's Response to Watermaster Compliance with December 21, 2007 Order Conditions 1 through 4; AND Declaration of Tom Dodson in Support of Joint Response of Western Municipal Water District and Inland Empire Utilities Agency and Joinder to Chino Basin Watermaster's Response to Watermaster Compliance with December 21, 2007 Order Conditions 1 through 4.
- June 30, 2008: Cucamonga Valley Water District's Notice of Motion and Motion to Discontinue the Appointment of the Special Referee.



Program Element 1: Develop and Implement a Comprehensive Monitoring Program

Groundwater Level Monitoring

Watermaster has three active groundwater level monitoring programs operating in the Chino Basin: 1) A semiannual basin-wide well monitoring program, 2) A key well monitoring program associated with the Chino I/II Desalter Well Fields and the Hydraulic Control Monitoring Program (HCMP), and 3) A piezometric monitoring program associated with land subsidence and ground fissuring in Management Zone 1 (MZ-1). The frequency of groundwater level monitoring varies with each program, depending on the needs of the data analyst. These groundwater level monitoring programs also rely on municipal producers, other government agencies, and private entities to supply their groundwater level measurements on a cooperative basis. Watermaster digitizes all these measurements and combines them into a relational database for general usage. During this period, Watermaster purchased and installed pressure transducers/data loggers at key wells; principally in the northern portions of Chino Basin where more detailed groundwater level data are needed.

Groundwater Quality Monitoring

During this reporting period no additional private wells were sampled. (All of the key wells were sampled during the previous reporting period.) Watermaster continued a comprehensive data collection program whereby water quality data from other sources are routinely collected, QA/QC'd, and loaded into Watermaster's database. These sources include the appropriators, DTSC, RWQCB, USGS, the Counties, and other cooperators.

Watermaster and the Inland Empire Utilities Agency (IEUA) are working closely with the Appropriative Pool members and their state-certified laboratories to obtain water quality data as an electronic data deliverable (EDD), which can be entered directly into Watermaster's relational database.

Groundwater-Production Monitoring

All active wells (except for minimum user wells) are now metered. Watermaster reads the agricultural production data from the meters on a quarterly basis and enters these data into Watermaster's relational database.

Surface Water Monitoring

Water Quality and Quantity in Recharge Basins. Watermaster measures the quantity and quality of storm and supplemental water entering the recharge basins. Pressure transducers or staff gauges are used to measure water levels during recharge operations. In addition to these quantity measurements, imported water quality values for State Water Project water are obtained from the Metropolitan Water District of Southern California (MWDSC) and recycled water quality values for the RP-1 and RP-4 treatment plant effluents are obtained from IEUA. Watermaster monitors the storm water quality in the eight major channels (San Antonio, West Cucamonga, Cucamonga, Deer Creek, Day Creek, San Sevaine, West Fontana, and DeClez) usually after each major storm event. Combining the measured flow data with the respective water qualities enables the calculation of the blended water quality in each recharge basin, the "new yield" to the Chino Basin, and the adequate dilution of recycled water.

Surface Water Monitoring in Santa Ana River (SAR). Watermaster measures the discharge of the river and selected water quality parameters to determine those reaches of the SAR that are gaining flow from Chino Basin and/or, conversely, those reaches that are losing flow into the Chino Basin. These bi-weekly flow and water quality measurements are combined with discharge data from permanent USGS and Orange County Water District (OCWD) stream gauges and discharge data from publicly owned treatment works (POTWs). These data are used along with groundwater modeling to assess the extent of hydraulic control.

HCMP Annual Report

In January 2004, the RWQCB amended the Water Quality Control Plan (Basin Plan) for the Santa Ana River Basin to incorporate an updated total dissolved solids (TDS) and nitrogen (N) management plan. The Basin Plan Amendment includes both "antidegradation" and "maximum benefit" objectives for TDS and nitrate-nitrogen for the Chino and Cucamonga groundwater management zones. The application of the "maximum benefit" objectives relies on Watermaster and IEUA's implementation of a specific program of projects and requirements, which are an integral part of the OBMP. On April 15, 2005, the RWQCB adopted resolution R8-2005-0064; thus approving the Surface Water



Monitoring Program and Groundwater Monitoring Program in support of maximum benefit commitments in the Chino and Cucamonga Basins.

Pursuant to the Basin Plan Amendment and the Watermaster/IEUA permit to recharge recycled water, Watermaster and IEUA have conducted groundwater and surface water monitoring programs. During this reporting period Watermaster measured 711 manual water levels at private wells throughout the Chino Basin, conducted two quarterly downloads at the 130 wells containing pressure transducers, and collected 70 groundwater quality samples, and 221 surface water quality samples. Quarterly Surface Water Monitoring Program reports that summarize data collection efforts were submitted to the RWQCB in January and April of 2008. An annual HCMP report for 2007 was submitted to the RWQCB in April 2008.

Chino Basin Groundwater Recharge Program

IEUA, Watermaster, Chino Basin Water Conservation District, and the San Bernardino County Flood Control District jointly sponsor the Chino Basin Groundwater Recharge Program. This is a comprehensive water supply program to enhance water supply reliability and improve the groundwater quality in local drinking water wells throughout the Chino Groundwater Basin by increasing the recharge of storm water, imported water, and recycled water. The recharge program is regulated under RWQCB Order No. R8-2007-0039 and Monitoring and Reporting Program No. R8-2007-0039.

Recharge Activities. On-going recycled water recharge occurred in the Hickory Basin during this reporting period, and a six month recycled water test recharge program concluded at the 7th and 8th Street basins in early 2008.

Monitoring Activities. Watermaster and IEUA collect weekly and bi-weekly water quality samples from basins that are actively recharging recycled water and from lysimeters installed within those basins. During this reporting period, approximately 218 basin and lysimeter samples were collected. Monitoring wells located downgradient of the recharge basins were sampled every two weeks during the reporting period for a total of about 62 samples.

Construction Activities. Lysimeters and monitoring wells associated with the 7th and 8th Street Basins were installed in the first half of fiscal year (FY) 2007/08. There have been no further construction activities since that time.

Reporting. Watermaster and IEUA completed the following required reports concerning the recharge program during the reporting period:

- 4Q07 Quarterly Report, submitted to the RWQCB – February 2008
- 1Q08 Quarterly Report, submitted to the RWQCB – May 2008
- 2007 Annual Report, submitted to the RWQCB – May 2008
- Brooks Basin Tracer Test Protocols Using Recycling Water, submitted to CDPH – June 2008

Land Surface Monitoring

Watermaster developed a multifaceted land surface monitoring program to develop data for a long-term management plan for land subsidence in Management Zone 1 (MZ-1). The monitoring program consisted of three main elements:

- An aquifer system monitoring facility consisting of multiple depth piezometers and a dual bore extensometer.
- The application of synthetic aperture radar interferometry (InSAR) to measure historical land surface deformation.
- Benchmark surveys to measure land surface deformation, “ground truth” the InSAR data, and evaluate effectiveness of the long term management plan.

In February 2006, Watermaster submitted the MZ-1 Summary Report, which contained Guidance Criteria to minimize subsidence and fissuring. The Guidance Criteria included a listing of Managed Wells and their owners subject to the criteria, a map of the so-called Managed Area, an initial threshold water level (Guidance Level) of 245 feet below the top of the PA-7 well casing, and a plan for ongoing monitoring and notification. The MZ-1 Summary Report and the Guidance Criteria were adopted by the Watermaster Board in May 2006. The Guidance Criteria formed the basis for the MZ-1 Plan, which was approved by Watermaster in October 2007. The Court approved the MZ-1 Plan in November 2007 and ordered its implementation.



During this reporting period, Watermaster began implementation of the MZ-1 Plan, which includes:

- Continuing the scope and frequency of monitoring that was implemented during the IMP within the Managed Area.
- Expanded monitoring of the aquifer system and land subsidence in other areas of MZ-1 and Chino Basin where the IMP indicated concern for future subsidence and ground fissuring.
- Detailed monitoring of horizontal strain across the historical fissure zone.
- Further evaluation of the potential contribution of pumping in the central and northern portions of MZ-1 on groundwater conditions in the central and southern portions of MZ-1.
- Additional testing and monitoring to refine the Guidance Criteria.
- Development of alternative pumping plans for the MZ-1 producers that are impacted by the MZ-1 Plan.
- Construction and testing of a lower-cost extensometer facility at Ayala Park.
- Evaluation and comparison of ground-level surveying and InSAR, and recommendation for future monitoring by both techniques.
- An ASR (aquifer injection and recovery) feasibility study at a production well owned by the City of Chino Hills within the Managed Area.

The continued and expanded monitoring elements of the MZ-1 Plan (first and second bullets above) are currently being implemented. The scopes of work and cost estimates for the remaining elements of the plan (last seven bullets) were developed by the MZ-1 Technical Committee during this reporting period and recommended for implementation in 2008 and beyond. These recommendations and supporting documentation were forwarded to Watermaster and were approved and included in the FY 2008/09 budget.

In June 2008, the City of Chino Hills was awarded grant funding from DWR's Local Groundwater Assistance Fund for \$214,000 for the ASR feasibility study (last bullet above). This grant funding could be raised to \$250,000 by the DWR. Watermaster composed the grant application, and the grant funds will offset Watermaster's expenditures for the ASR feasibility study.

Program Element 2: Develop and Implement a Comprehensive Recharge Program

Construction on the Chino Basin Facilities Improvement Project (CBFIP) Phase I was completed by December 31, 2005 at a cost of \$38M; 50-percent from a SWRCB Proposition 13 Grant, and 25-percent each from Watermaster and IEUA. A CBFIP Phase II list of projects was developed by Watermaster and IEUA, including monitoring wells, lysimeters, recycled water connections, SCADA system expansions, three MWDSC turnouts, and berm heightening and hardening. At a cost of approximately \$10.5M, these Phase II facilities will be financed through a 50-percent Grant from DWR and 25-percent each from Watermaster and IEUA.

In FY 2005/06, the CBFIP Phase I facilities were able to recharge approximately 49,000 AF of storm and supplemental water. With the completion of the Phase II facilities by December 31, 2008, the total recharge capacity will be about 96,000 AF. By the start of FY 2009/10, most of the basins will be able to operate on a 12 months-per-year basis with combinations of storm, imported, and recycled water, with occasional downtime for silt and organic growth removal. Operations and basin planning are coordinated through the Groundwater Recharge Coordinating Committee (GRCC), which met quarterly during this reporting period.

Because of the drought and Delta water quality, water supply, and environmental issues, MWDSC has been unable to provide replenishment water to southern California since May 1, 2007. This greatly restricts Watermaster's ability to recharge recycled water, since the California Department of Public Health requires that one part of diluent water (imported or storm water) be blended with each part of recycled water. For this reporting period, just under 8,500 AF of storm and recycled water have been recharged.

Preparation of the Recharge Master Plan update is underway, in satisfaction of Condition Subsequent No. 5. On March 28, 2008, the initial meeting of the group occurred. A detailed outline of the scope and content of the Recharge Master Plan update was filed with the Court for approval on June 30, 2008. Progress reports on the completion of the updated plan are to be submitted on January 1, 2009 and July 1, 2009, with the final updated Recharge Master Plan due to the Court by July 1, 2010. The Recharge Master Plan update will be the primary focus of the upcoming Strategic Planning Conference, to be held in late September 2008.



Program Element 3: Develop and Implement Water Supply Plan for the Impaired Areas of the Basin; and

Program Element 5: Develop and Implement Regional Supplemental Water Program

Construction of the Chino I Desalter Expansion and the Chino II Desalter facilities was completed in February 2006. As currently configured, the Chino I Desalter provides 2.6 MGD of treated (air stripping for VOC removal) water from Wells Nos. 1-4, 4.9 MGD of treated (ion exchange for nitrate removal) water from Well Nos. 5-15, and 6.7 MGD of treated (reverse osmosis for nitrate and TDS removal) water from Wells Nos. 5-15 for a total of 14.2 MGD (15,900 AFY). The Chino II Desalter provides 4.0 MGD of ion exchange treated water and 6.0 MGD of reverse osmosis treated water from eight additional wells for a total of 10.0 MGD (11,200 AFY).

Negotiations are currently underway between the Chino Desalter Authority and Western Municipal Water District to allow WMWD to join the CDA and to expand the Chino II Desalter by 10.5 MGD (11,800 AFY). Raw water will be drawn from existing CDA II wells, and possible additional new wells if needed. In addition, a new Chino Creek Well Field, required for hydraulic control, will provide additional raw water to the Chino I Desalter, enabling existing Well Nos. 13, 14, and 15 to shift production to the expanded Chino II Desalter facility if needed.

Program Element 4: Develop and Implement a Comprehensive Groundwater Management Plan for Management Zone 1 and Management Zone 3

MZ-1 Management Plan

Because of the historical occurrence of pumping-induced land subsidence and ground fissuring in southwestern Chino Basin (southern MZ-1), the OBMP called for the development and implementation of an interim management plan for MZ-1 that would:

- Minimize subsidence and fissuring in the short-term,
- Collect information necessary to understand the extent, rate, and mechanisms of subsidence and fissuring, and
- Formulate a management plan to reduce to tolerable levels or abate future subsidence and fissuring.

From 2001-2005, Watermaster developed, coordinated, and conducted an Interim Monitoring Program (IMP) under the guidance of the MZ-1 Technical Committee, which is composed of representatives from all major MZ-1 producers and their technical consultants. The IMP was an aquifer-system and land subsidence investigation focused in the southwestern region of MZ-1 that would support the development of a long-term management plan to minimize and abate subsidence and fissuring (MZ-1 Plan). The IMP involved the construction of highly-sophisticated monitoring facilities, such as deep borehole extensometers and piezometers, the monitoring of land surface displacements through traditional ground-level surveys and remote-sensing techniques, the detailed monitoring of the aquifer system with water-level-recording transducers installed at an array of production and monitoring wells, and the purposeful stressing of the aquifer system through multiple controlled pumping tests.

The investigation methods, results, and conclusions are described in detail in the MZ-1 Summary Report, dated February 2006. The investigation provided enough information for Watermaster to develop Guidance Criteria for the MZ-1 producers in the investigation area that, if followed, would minimize the potential for subsidence and fissuring during the completion of the MZ-1 Plan. The MZ-1 Summary Report and the Guidance Criteria were adopted by the Watermaster Board in May 2006. The Guidance Criteria formed the basis for the MZ-1 Plan, which was approved by Watermaster in October 2007. The Court approved the MZ-1 Plan in November 2007 and ordered its implementation.

MZ-3 Monitoring Program

The former Kaiser plume has been incorporated into an overall monitoring program for the MZ-3 area. The MZ-3 monitoring program is also assessing the groundwater quality impairment from total dissolved solids (TDS), nitrate, and perchlorate. The perchlorate may have originated from the Mid-Valley Landfill (in Rialto Basin, across the Rialto-Colton fault) or it may be a non-point source that resulted from the historical application of Chilean fertilizer. Two rounds of quarterly samples (February and May 2008) have been collected from the two new monitoring wells constructed in 2007. Results from the entire monitoring program for MZ-3 will be presented in the final report, to be completed by December 2008.

Program Element 6: Develop and Implement Cooperative Programs with the Regional Water Quality Control Board, Santa Ana Region (Regional Board) and Other Agencies to Improve Basin Management; and

Program Element 7: Develop and Implement a Salt Management Program

A Water Quality Committee meeting was held on February 12, 2008 to discuss the status of the investigations of the three major water quality plumes (Chino Airport, Ontario Airport, and Stringfellow Hazardous Waste site) in the Basin and provide an update on the MZ-3 monitoring program. Following are the major technical accomplishments and activities for Program Elements 6 and 7 for the reporting period:

Ontario International Airport. Watermaster coordinated with Lynne Preslo at EcoGeo and Roy Marroquin at GeoTrans, Inc. regarding the drilling schedule for the OIA monitoring wells and Watermaster technical input on well design. Watermaster prepared for and attended a meeting with GeoTrans on March 7, 2008 to discuss drilling coordination and also attended a site walk with GeoTrans on April 17, 2008 at OIA MW-3. Watermaster reviewed and approved the well designs for OIA MW-1 and OIA MW-3. Watermaster reviewed a letter from Northrop describing their historical operations at the Ontario International Airport.

Chino Airport. Watermaster prepared for and attended a meeting at the City of Ontario on May 22, 2008. The meeting was attended by the staff of Watermaster and the City of Ontario, as well as Watermaster consultants and the consultants to the County of San Bernardino Department of Airports. The purpose of the meeting was to inform the County's consultant about the direction that the Chino Desalter Authority (CDA) and Watermaster were taking concerning the proposed alignment of the Chino Creek Desalter Well Field and the schedule. Watermaster reviewed the Chino Airport "Offsite Well Installation Work Plan" and the quarterly report.

California Institute for Men. Watermaster reviewed a letter from the California Institute for Men (CIM) to the Regional Water Quality Control Board (RWQCB) requesting site closure. Watermaster prepared a response to the RWQCB stating that No Further Action was not appropriate and recommended that the monitoring program continue, but at a reduced level of effort. Groundwater elevations in key wells should be measured and maps of groundwater elevation contours should be developed by CIM annually to demonstrate that the plume continues to be contained hydraulically. Certain key monitoring wells should also be sampled for VOCs every three years to further demonstrate that the plume is not migrating off-site. Watermaster stated that it would be amenable to working with CIM in developing the new monitoring program.

Crown Coach. Watermaster reviewed documentation (including site data and maps), prepared comments, and recalculated expected salt concentrations related to their proposed in situ treatment. Watermaster coordinated with Mr. Uday Shah at the City of Ontario to obtain unit O&M costs associated with the desalter to understand the economic impacts of Crown Coach's proposed remediation. Watermaster participated in a teleconference with the RWQCB and composed a comment letter to the RWQCB. The conclusion of this letter states,

"Watermaster recognizes that the proposed project will reduce the mass of volatile organic chemicals (VOCs) in groundwater at the site by enhancing bioremediation during the interim period while the site is being developed. We also recognize that the addition of 14 pounds of sodium chloride salt into the basin represents a de minimus impact. Watermaster would like to state, for the record, that should this project – or other projects proposed by other stakeholders – produce a significant salt load to the groundwater basin, Watermaster has the option to seek compensation to offset the considerable expense already borne by the Parties.

Watermaster would also like an assurance that this site will continued to be monitored to ensure that the VOC plume does not migrate off-site and that, if the site warrants the re-installation and operation of an active remediation system, the Regional Board will enforce the current order issued to Crown Coach."

Santa Ana River Perchlorate Sampling. Watermaster compiled perchlorate data for samples collected in the Santa Ana River and its tributaries and began analyzing recent surface water samples at a lower detection limit (0.5 µg/L) to determine the presence/absence of perchlorate in surface water.



Program Element 8: Develop and Implement a Groundwater Storage Management Program; and

Program Element 9: Develop and Implement a Storage and Recovery Program

The existing Watermaster/IEUA/Metropolitan Dry Year Yield (DYY) program continued during the reporting period. The construction statuses of local facilities included in the DYY program for the participating parties are as follows:

- City of Ontario – Wellhead treatment (IX) facility: construction began in March 2008 and is anticipated to be completed by February 2009. DYY Wells: Equipping Well Nos. 44 and 52 began in March 2008 and is anticipated to be completed by January 2009.
- Cucamonga Valley Water District – Five new wells (Nos. 39-43): construction completed for Well Nos. 39-42 and Well No. 43 is anticipated to be completed in September 2008.
- City of Upland – New IX treatment facility constructed and online.
- City of Pomona – Expansion of existing IX treatment facility is complete, a permit to operate has been issued, and the facility is fully functioning.
- City of Chino Hills – The original intent to Refurbish the Pellisier well did not yield the results the City was hoping to achieve. As a result, in January 2008, the DYY grant money and shift obligation was transferred to MVWD's Well No. 32.
- Monte Vista Water District – Well No. 31: well construction completed July 2006 and well equipping is scheduled for completion in September 2008. Well No. 32 is substantially complete. Well No. 33 and treatment facility (joint MVWD/Chino project): Well construction is complete and treatment facility construction is underway, with completion scheduled for November 2008.
- Jurupa Community Services District – Expansion of the Teagarden IX facility completed and online.

Due to the current drought situation, Metropolitan ceased allowing deposits into the account on April 1, 2007. As of June 30, 2008, about 86,000 AF had been stored in the Basin in Metropolitan's DYY account, after accounting for losses. On May 1, 2008, Metropolitan called for the parties to begin withdrawing water from the DYY account in the total amount of 33,000 AF per 12-month period.

Discussions have been underway with Metropolitan since September 2007 to increase the DYY account to 150,000 AF. Feasibility studies are currently being performed by Black & Veatch and Wildermuth Environmental Inc.



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