



# CHINO BASIN WATERMASTER



## NOTICE OF MEETINGS

**Thursday, December 11, 2008**

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

*AT THE CHINO BASIN WATERMASTER OFFICES*

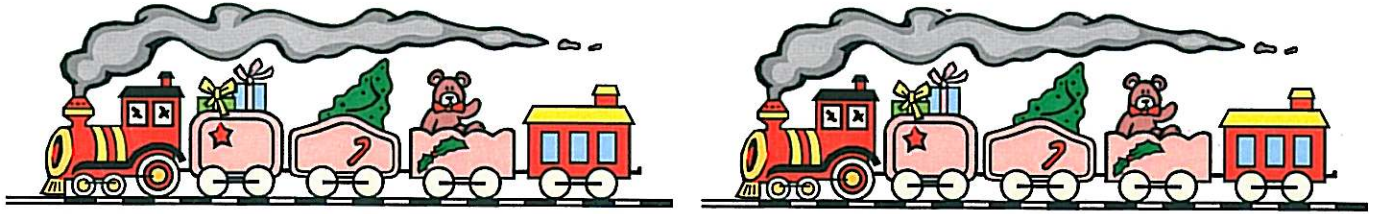
*9641 San Bernardino Road  
Rancho Cucamonga, CA 91730  
(909) 484-3888*

**Tuesday, December 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, December 11, 2008**

1:30 p.m. – Joint Appropriative & Non-Ag Pool Meeting

**Tuesday, December 16, 2008**

9:00 a.m. – Agricultural Pool Meeting

# AGENDA PACKAGE



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

*Mr. Ken Jeske, Chair, Appropriative Pool  
Mr. Robert Tock, Vice-Chair, Appropriative Pool  
Mr. Bob Bowcock, Chair, Non-Agricultural Pool  
Mr. Kevin Sage, Vice-Chair Non-Agricultural Pool*

**10:00 a.m. – November 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 November 18, 2008  
(Page 1)

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of November 2008 (Page 15)
2. Watermaster Visa Check Detail (Page 19)
3. Combining Schedule for the Period July 1, 2008 through October 31, 2008 (Page 21)
4. Treasurer's Report of Financial Affairs for the Period October 1, 2008 through October 31, 2008 (Page 23)
5. Budget vs. Actual July 2008 through October 2008 (Page 25)

**II. BUSINESS ITEMS**

**A. MOU COOPERATIVE EFFORTS FOR MONITORING PROGRAMS BETWEEN THE INLAND EMPIRE UTILITIES AGENCY AND THE CHINO BASIN WATERMASTER – BRIGHT LINE APPROACH**

Consider Approval for the Memorandum of Understanding Cooperative Efforts for Monitoring Programs Between the Inland Empire Utilities Agency and the Chino Basin Watermaster Bright Line Approach dated December 17, 2008 (Page 27)

**B. PUBLIC INFORMATION COST SHARING AGREEMENT WITH INLAND EMPIRE UTILITIES AGENCY FOR 2009 COMMUNITY OUTREACH CAMPAIGN**

Consider Approval for the Advertising Agreement with Inland Empire Utilities Agency for a 12-Month Public Information Campaign with the Inland Valley Daily Bulletin (Page 33)

**C. CONDITION SUBSEQUENT NO. 5**

Consider Approval of January 1, 2009 Progress Report on Watermaster's Recharge Master Plan Update pursuant to Condition Subsequent 5 (*Note: Revised schedule will be provided under separate cover*) (Page 41)

**D. AGRICULTURAL POOL REALLOCATION PROCEDURE**

Consider to Adopt the Procedures as Described in the Attached Memorandum and Instruct Counsel to Include a Description of These Procedures in the Filing to be Made in Compliance with Condition Subsequent Number 8 (*Page 43*)

**E. WATERMASTER PURCHASE AND SALE AGREEMENT – PROPOSED PRICE FLOOR AUCTION**

Consider Auction Proposal for the Non-Agricultural Pool Water (*Note: Agreement will be provided under separate cover*) (Page 49)

**III. REPORTS/UPDATES**

**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. February 2, 2009 Hearing
2. Condition Subsequent No. 7 Pleading

**B. ENGINEERING REPORT**

1. Oral Progress Report on Engineering Activities November 2008
2. Progress Report on the AB303 Grant ASR Pilot Project in MZ1

**C. CEO/STAFF REPORT**

1. Legislative Update
2. Recharge Update
3. California Groundwater Coalition (CGC)

**IV. INFORMATION**

1. Newspaper Articles (*Page 53*)

**V. POOL MEMBER COMMENTS**

**VI. OTHER BUSINESS**

**VII. FUTURE MEETINGS**

December 11, 2008	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
December 16, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
December 18, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
December 18, 2008	9:00 a.m.	Advisory Committee Meeting
December 18, 2008	11:00 a.m.	Watermaster Board Meeting
January 8, 2009	9:30 a.m.	Annual Non-Agricultural Pool Elections
January 8, 2009	9:45 a.m.	Annual Appropriative Pool Elections
January 8, 2009	10:00 a.m.	Annual Joint Appropriative & Non-Agricultural Pool Meeting
January 20, 2009	9:00 a.m.	Annual Agricultural Pool Meeting @ IEUA
January 22, 2009	9:00 a.m.	Annual Advisory Committee Meeting
January 22, 2009	11:00 a.m.	Annual Watermaster Board Meeting

**Meeting Adjourn**

**CHINO BASIN WATERMASTER  
AGRICULTURAL POOL MEETING**

**WITH**

*Mr. Bob Feenstra, Chair*

*Mr. Jeff Pierson, Vice-Chair*

**9:00 a.m. – December 16, 2008**

**At The Offices Of**

**Inland Empire Utilities Agency**

6075 Kimball Ave., Bldg. A, Board Room

Chino, CA 91710

**AGENDA**

**CALL TO ORDER**

**AGENDA - ADDITIONS/REORDER**

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**A. MINUTES**

1. Minutes of the Agricultural Pool Meeting held November 18, 2008 *(Page 9)*

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of November 2008 *(Page 15)*
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2. Condition Subsequent No. 7 Pleading

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1. Oral Progress Report on Engineering Activities November 2008
2. Progress Report on the AB303 Grant ASR Pilot Project in MZ1

**C. WATERMASTER FINANCIAL REPORT**

1. Accounting of Agricultural Pool Fund Balance

**D. CEO/STAFF REPORT**

1. Legislative Update
2. Recharge Update
3. California Groundwater Coalition (CGC)

**IV. INFORMATION**

1. Newspaper Articles (Page 53)

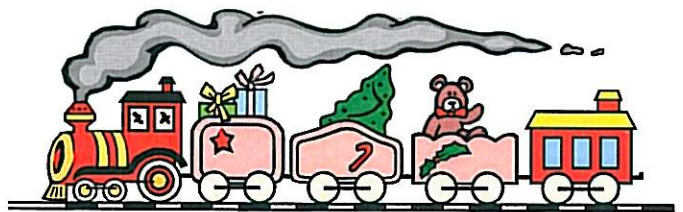
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January 22, 2009	11:00 a.m.	Annual Watermaster Board Meeting

**Meeting Adjourn**

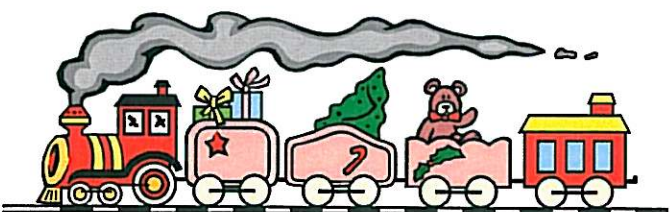


# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### A. MINUTES

1. Joint Appropriative and Non-Agricultural Pool Meeting – November 18, 2008



**Draft Minutes**  
**CHINO BASIN WATERMASTER**  
**JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING**  
November 18, 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 November 18 2008 at 1:00 p.m.

**APPROPRIATIVE POOL MEMBERS PRESENT**

Ken Jeske, Chair	City of Ontario
Robert DeLoach	Cucamonga Valley Water District
Robert Tock	Jurupa Community Services District
Justin Scott-Coe	Monte Vista Water District
Charles Moorrees	San Antonio Water Company
Raul Garibay	City of Pomona
Dave Crosley	City of Chino

**NON-AGRICULTURAL POOL MEMBERS PRESENT**

Kevin Sage	Vulcan Materials Company (Calmat Division)
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**Watermaster Board Members Present**

Bob Bowcock	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
Sherri Lynne Molino	Recording Secretary

**Watermaster Consultants Present**

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

**Others Present**

Rob Vanden Heuvel	Milk Producers
Sandra Rose	Monte Vista Water District
Eunice Ulloa	Chino Basin Water Conservation District
Martha Davis	Inland Empire Utilities Agency
David Penrice	Aqua Capital Management
Mohamad El Amamy	City of Ontario
Marty Zvirbulis	Cucamonga Valley Water District

Chair Jeske called the Joint Appropriative and Non-Agricultural Pool Meeting to order at 1:33 p.m.

**AGENDA - ADDITIONS/REORDER**

Mr. Manning noted the staff report in the meeting packet regarding the budget transfer for the TMDL study has been revised and there is a copy of the revised staff report on the back table.



**I. CONSENT CALENDAR****A. MINUTES**

1. Minutes of the Joint Appropriative & Non-Agricultural Pool Meeting held October 9, 2008

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of October 2008
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2008 through September 30, 2008
4. Treasurer's Report of Financial Affairs for the Period September 1, 2008 through September, 2008
5. Budget vs. Actual July 2008 through September 2008

Item C was pulled for discussion and separate motion

**C. INTERVENTIONS**

1. Consider Approval for the Red Hill Country Club Intervention into the Overlying Non-Agricultural Pool

Mr. Manning explained the Red Hill Country Club intervention would put them into the Overlying Non-Agricultural Pool. Mr. Manning stated they are aware that once recycled water is available they will be using that type of water. Mr. Manning noted this is the first time a condition has been added to an intervention that the party would use recycled water it was made available. A lengthy discussion regarding this intervention, the pool that the Red Hill Country Club should be applying for and their proposed well timing and location ensued.

*Motion by DeLoach, second by Scott-Coe, and by unanimous vote – Non-Ag concurred  
Moved to deny request from the Red Hill Country Club intervention into the Overlying Non-Agricultural Pool and to request them to submit their plans for digging a well prior to a second attempt to intervene into the Judgment, as presented*

2. Consider Approval for the Aqua Capital Management Intervention into the Overlying Non-Agricultural Pool

Mr. Manning stated Aqua Capital Management is purchasing property and water rights from CCG and they are asking to intervene into the Judgment; they do have a transaction in process where they are buying both land and water rights. Aqua Capital Management is requesting to intervene into the Overlying Non-Agricultural Pool. Staff feels this is the appropriate pool and for this entity.

*Motion by Tock, second by DeLoach, and by unanimous vote – Non-Ag concurred  
Moved to approve Consent Calendar Items C2, as presented*

**D. WATER TRANSACTION**

1. **Consider Approval for Notice of Sale or Transfer – Fontana Water Company** ("Company") has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 4,265 acre-feet. Date of Application: October 6, 2008
2. **Consider Approval for Notice of Sale or Transfer – Aqua Capital Management LP** (Aqua) has agreed to purchase from CCG Ontario LLC (CCG) the amount of all of CCG's water in storage as of June 30, 2008, and a permanent transfer of its share of safe yield of 630.274 acre-feet. Date of Application: November 7, 2008

*Motion by DeLoach, second by Moorrees, and by unanimous vote – Non-Ag concurred  
Moved to approve Consent Calendar Items A, B, and D, as presented*

**II. BUSINESS ITEMS****A. 2008/2009 ASSESSMENT PACKAGE**

Mr. Manning stated an Assessment Package is in the meeting packet and a workshop was held on October 30, 2008 on this item. The Assessment Package reflects all the production from last year and production was down and therefore the cost per acre-foot has changed. Ms. Rojo gave the Assessment Package presentation. A discussion regarding storage losses and O&M costs ensued. A question regarding the individual agency breakdown and Ms. Rojo noted the individual sheets are available and they will be provided as handouts at a future meeting. Ms. Rojo stated the recalculation of the over allocation of the of the Agricultural Pool rights is in a new format and has been calculated in a new way based on quantity of water that was potentially available to reallocate per Peace II. The 10% of Non-Agricultural transfer of water is done on a predetermined amount that was included in Peace II. This Assessment Package includes no inflow from the Santa Ana River (SAR) as a credit to offset the desalter production. The desalter production is offset by the remaining 400,000 acre-feet that was transferred into the account last year. A discussion regarding zero SAR inflow to offset desalter production ensued. Mr. Wildermuth stated he can give an update on this at another meeting.

*Motion by Garibay, second by DeLoach, and by unanimous vote – Non-Ag concurred  
Moved to approve the 2008/2009 Assessment Package, as presented*

**B. CONTRACT WITH BLACK & VEATCH**

Mr. Manning stated the proposed contract with Black & Veatch is to perform services on the Recharge Master planning process. This process was discussed at the recent Strategic Planning Conference as well as many other meetings. The work that needs to be performed for this plan is going to be broken up into pieces. This is different than the original plan in having Wildermuth Environmental doing all the work. Staff has looked at the process with the help of Wildermuth Environmental and it has been decided that Black & Veatch can perform some of the tasks at a lower cost and this would also free up some of Wildermuth's time. This break up of task will also allow the Recharge Master Plan to be completed on time. This cost is already in the budget; staff will move funds from one company to another while keeping costs in the same category. A discussion regarding this endeavor and the contamination clause in the standard contract ensued.

*Motion by DeLoach, second by Moorrees, and by unanimous vote – Non-Ag concurred  
Moved to approve the contract with Black & Veatch, as presented*

**C. BUDGET TRANSFERS****1. Budget Transfer from OBMP & Water Quality Committee Expense to Recharge Master Plan and Watermaster Legal Counsel for \$413,750**

Mr. Manning noted staff is seeking approval for two budget transfers this month. When the original budget was developed and approved in June, the Appropriative Pool requested and the Watermaster Board agreed to adopt a budget that was not sufficient based upon the information that was provided at that time. It was asked that the budget be lowered in the category of legal fees and then bring the budget back when the assessment package was being approved with a shored up legal fee number. This actual budget transfer will move money from the OBMP category to the legal category meaning there will not be an increase to assessments associated with this transaction. A discussion regarding pro rata shares ensued.

*Motion by DeLoach, second by Scott-Coe, and by unanimous vote – Non-Ag concurred  
Moved to approve the budget transfer from OBMP & Water Quality Committee Expenses to Recharge Master Plan and Watermaster Legal Counsel for \$413,750, as presented*

2. Funding of the Farming Portion of the Middle Santa Ana Watershed TMDL Study – Budget Transfer Request for \$21,000

Mr. Manning stated this is an Agricultural Pool request for the farming portion of the TMDL Study and administrative fees associated with this study. This item was brought forward at the Agricultural Pool last month and at that meeting it was decided to seek payment for this item through the Watermaster process as a Special Project. This will require Watermaster staff to move monies around to cover the \$21,000 since this was not a budgeted cost. A discussion regarding what a special project is ensued. Mr. Jeske requested a written report be submitted to this committee on the actual TMDL study. A discussion regarding this matter ensued.

*Motion by DeLoach, second by Scott-Coe, and by unanimous vote – Non-Ag concurred  
Moved to deny request to fund the farming portion of the Middle Santa Ana Water shed TMDL Study, to request staff to provide a very explanatory description of what "Special Projects" are, and to bring back a written report on this item at a future meeting, as presented*

D. **DELINQUENT ASSESSMENT POLICY**

Mr. Manning stated when the item regarding delinquent payments/fees was brought through the Watermaster process last month it was noted Watermaster did not have a formal approved delinquent assessment policy to refer to when this type of situation came up. This month staff is bringing a draft delinquent assessment policy through the process to offer staff clear direction in sending out these types of bills. It was noted not only does this draft policy request a 10% per annual fee it also has a 2% administration fee attached to it. This new policy will be enforced as a going forward policy. A discussion regarding lowering the \$1,000 write-off amount and adding fees not paid to next year's assessments ensued.

*Motion by DeLoach, second by Garibay, and by unanimous vote – Non-Ag concurred  
Moved to approve the Delinquent Assessment Policy and to allow Watermaster staff to waive up to \$200.00 only, as presented*

E. **CONDITION SUBSEQUENT NO. 7**

Mr. Manning stated staff is asking for the approval of the Condition Subsequent No. 7 which is outlined in the meeting package. Mr. Manning noted the recommendations for Condition Subsequent No. 7 are on page 149. Mr. Manning stated there was a workshop held on this item recently which allowed for questions and answers. Mr. Wildermuth stated this presentation will give the elements within Condition Subsequent No. 7. Mr. Wildermuth read the court order regarding Condition Subsequent No. 7. Mr. Wildermuth gave the Condition Subsequent No. 7 presentation which included a review of the Initial Corrected Schedule that is in the Peace II Agreement. Mr. Wildermuth reviewed the staff recommendation for reconciliation of new yield from new storm water recharge. A discussion regarding Mr. Wildermuth's presentation ensued. Mr. Manning stated staff is recommending the recommendations presented in Mr. Wildermuth's presentation.

*Motion by Scott-Coe, second by Crosley, and by unanimous vote – Non-Ag concurred  
Moved to approve the corrected initial schedule to account for un-replenished pre-Peace II desalter production from the re-operation water (other than the amount allocated to WMWD) because (a) engaging in physical replenishment will delay the achievement of hydraulic control; and (b) there will be greater yield benefits. To provide the court tables illustrating historical storm water recharge estimates for the period 2000/01 through 2006/07 and a description of the method used by Watermaster to compute new storm water estimates that was adopted by the Watermaster in 2003 and the schedule for the first correction to the new storm water recharge estimate; new prediction and correction will be computed in the summer of 2009, as presented*

**III. REPORTS/UPDATES****A. WATERMASTER GENERAL LEGAL COUNSEL REPORT****1. November 13, 2008 Hearing**

Counsel Fife stated a new judge has been appointed to Chino Basin Watermaster and last week was the first hearing with Judge Wade. There were two very brief hearings in the past with Judge Wade but this was the first one of any length and with dialog. There were two main topics at this hearing; 1) approval of Conditions Subsequents 1 through 6, and 2) the receipt and filing of the Annual Report and the Status Reports. A notice of the hearing has not been sent out because counsel and staff are waiting on the court transcript to come back. Judge Wade did note during the hearing that the status reports that Watermaster has been filing are not helpful and he does not want them written and/or filed with the court any longer. In place of those the judge wants status reports and updates to be given to him verbally. The next hearing has been scheduled for February 2<sup>nd</sup> & 3<sup>rd</sup> where the judge wants to be educated about "all things Chino Basin." Counsel Fife stated the judge wants to hear about the OBMP and how implementation is proceeding, recharge activity, and recharge numbers, all in terms that he can understand easily. Mr. Manning noted staff and counsel will provide an outline in advance of the hearing so that the parties have an idea of what will be discussed at the hearing. Counsel Fife noted the motion regarding the dismissal of the Special Referee was not granted at this time; however, Judge Wade did make himself clear to the Special Referee who was present via a conference call that specific written orders by the judge to her would be the only way she was to perform any tasks. This would be on an as needed basis while Judge Wade gets himself familiar with the ends and outs of Chino Basin Watermaster processes, policies, and endeavors. Counsel Fife stated Judge Wade does want to discuss governance at the next hearing.

**2. February 2 & 3, 2009 Hearing**

Counsel Fife noted this item was discussed under the November 13, 2008 Hearing item.

**3. Sale of Overlying Non-Agricultural Pool Stored Water**

No comment was made regarding this item.

**B. ENGINEERING REPORT****1. Oral Progress Report on Engineering Activities, September – October 2008**

Mr. Wildermuth stated with regard to the Recharge Master Plan Wildermuth Environmental has been working with the Conservation District and their consultant to get their scope of work going and working directly with Black & Veatch to help them interpret what the scope of work is. Water supply and demand and replenishment projections are complete; staff did use those in water supply demands plans in the Dry Year Yield expansion work. Mr. Wildermuth stated he has spent a lot of time in the last few months working on the Dry Year Yield expansion; our role on that is to supply modeling support and to do a material physical injury analysis. Inland Empire Utilities Agency has not submitted a request to Watermaster for that analysis yet. Mr. Wildermuth stated this portion work is out now and has been done in a study by the Dodson Group and should be reviewed. Work has been done on Condition Subsequent No. 7 which included a lot of double checking calibration periods, including work that IEUA has performed. For MZ1 Wildermuth has been working with the state and the City of Chino Hills trying to get that contract signed. Mr. Manning noted all \$250,000 of AB303 grant was awarded to us. Work is being done on basin wide subsidence checking; a report on this will be done shortly. Portions of the monitoring for the Master Plan has begun partially due to loss of Agricultural wells and other various aspects has begun; we are trying to reduce costs and to minimize monitoring in this effort.

**C. CEO/STAFF REPORT**1. Legislative Update

Mr. Manning stated with the elections over that there was a continued resolution that put everything on schedule from last year's budget all the way through January 1<sup>st</sup>. There will be new authorities set with the new administration. The State has new projections on the deficit which is now at \$24-\$25 billion dollars over a two year period. We are all watching both state and federal issues very closely.

2. Recharge Update

Mr. Manning stated there is a copy of the most recent recharge update on the back table. This last month there was some significant recycled water recharge.

3. Replenishment Obligation

Mr. Manning stated Watermaster does have a replenishment obligation of almost 20,000 acre-feet this year. Watermaster does not have a source for that water at this point in time identified. Staff will be making the call to buy water out of storage from producers; similar to what was done last year. The water will be purchased at the MWD replenishment rate.

4. MOU on Accounting Procedures

Mr. Manning stated this item was put on the agenda in case there were any questions because this item was on a recent agenda as an action item. Metropolitan Water District was asking the three municipal water districts, Three Valleys Municipal Water District, Western Municipal Water District, Inland Empire Utilities Agency, and Chino Basin Watermaster to sign an agreement on accounting procedures. Watermaster's position was that it would not sign the MOU because it was merging three documents into one and Watermaster was not signatory on all three documents; signing the MOU on that basis would not be appropriate. The suggestion to MWD was to just submit something on accounting procedures only that could be reviewed.

5. MWD Groundwater Study

Mr. Manning stated the MWD Groundwater Study is still going on through workshops/meetings with consultants and MWD so that they can get a better understanding of what recommendations they are going to make to the State Water Recourse Board in June 2009. Four sessions have already taken place and they are adding a fifth session to further their education and get parties together.

Mr. Manning stated he just received word that the City of Chino Hills has approved the Desalter Agreement which means that Western Municipal Water District will now be allowed to join the Chino Desalter Authority. This has been conveyed to Mr. Thibeault and he was very pleased that this was now concluded and a hearing is scheduled for this Friday.

**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**

November 13, 2008	8:30 a.m.	Chino Basin Watermaster Hearing, San Bernardino
November 18, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
November 18, 2008	1:30 p.m.	Joint Appropriative & Non-Agricultural Pool Meeting
November 20, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
November 20, 2008	9:00 a.m.	Advisory Committee Meeting
November 20, 2008	11:00 a.m.	Watermaster Board Meeting
November 20, 2008	1:30 p.m.	Roundtable Discussion
December 11, 2008	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
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December 18, 2008	11:00 a.m.	Watermaster Board Meeting

The Joint Appropriative and Non-Agricultural Pool meeting was dismissed by Chair Jeske at 3:00 p.m.

Secretary: \_\_\_\_\_

Minutes Approved: \_\_\_\_\_

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# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### A. MINUTES

1. Agricultural Pool Meeting – November 18, 2008





***Draft Minutes***  
**CHINO BASIN WATERMASTER**  
**AGRICULTURAL POOL MEETING**

November 18, 2008

The Agricultural Pool Meeting was held at the offices of the office of Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA, on November 18, 2008 at 9:00 a.m.

**Agricultural Pool Members Present**

Bob Feenstra, Chair	Dairy
Rob Vanden Heuvel	Milk Producers Counsel
Nathan deBoom	Dairy
Jeff Pierson	Crops
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

**Watermaster Board Members Present**

Paul Hofer	Crops
Bob Bowcock	Vulcan Materials Company

**Watermaster Staff Present**

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

**Watermaster Consultants Present**

Mark Wildermuth	Wildermuth Environmental Inc.
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**Others Present**

Steven Lee	Reid & Hellyer
Eunice Ulloa	Chino Basin Water Conservation District
Sandra Rose	Monte Vista Water District
Martha Davis	Inland Empire Utilities Agency
David Penrice	Aqua Capital Management
Dave Crosley	City of Chino

Chair Feenstra called the Agricultural Pool meeting to order at 9:02 a.m.

**AGENDA - ADDITIONS/REORDER**

No additions or reorders were made to the agenda; however, Chair Feenstra stated he would discuss a few extra items.

**I. CONSENT CALENDAR**

**A. MINUTES**

1. Minutes of the Agricultural Pool Meeting held October 22, 2008

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of October 2008
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2008 through September 30, 2008
4. Treasurer's Report of Financial Affairs for the Period September 1, 2008 through September, 2008
5. Budget vs. Actual July 2008 through September 2008

**C. INTERVENTIONS**

1. Consider Approval for the Red Hill Country Club Intervention into the Overlying Non-Agricultural Pool
2. Consider Approval for the Aqua Capital Management Intervention into the Overlying Non-Agricultural Pool

**D. WATER TRANSACTION**

1. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company ("Company") has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 4,265 acre-feet. Date of Application: October 6, 2008
2. **Consider Approval for Notice of Sale or Transfer** – Aqua Capital Management LP (Aqua) has agreed to purchase from CCG Ontario LLC (CCG) the amount of all of CCG's water in storage as of June 30, 2008, and a permanent transfer of its share of safe yield of 630.274 acre-feet. Date of Application: November 7, 2008

*Motion by Novak, second by Durrington, and by unanimous vote*

***Moved to approve Consent Calendar Items A, B, and D1, as presented***

Item C and D2 were pulled for discussion and separate motion

Mr. Manning reviewed the two interventions in detail and there was a brief discussion regarding the two interventions and the Agricultural Pool funds. The committee members asked if Ms. Rojo can give an account of the Agricultural Pool funds at a future meeting. Mr. Manning noted Aqua Capital Management is present and reviewed the water transaction. A brief discussion ensued.

*Motion by deBoom, second by Pierson, and by unanimous vote*

***Moved to approve Consent Calendar Items C and D2, as presented***

**II. BUSINESS ITEMS****A. 2008/2009 ASSESSMENT PACKAGE**

Mr. Manning stated an Assessment Package Workshop was held recently and was well attended. A copy of the Assessment Package is in the meeting packet. Mr. Manning noted the per acre-foot charge has gone up this year because production has gone down significantly this last year. A discussion regarding the assessments ensued.

*Motion by deBoom, second by Pierson, and by unanimous vote*

***Moved to approve the 2008/2009 Assessment Package, as presented***

**B. CONTRACT WITH BLACK & VEATCH**

Mr. Manning stated the proposed contract with Black & Veatch is to perform services on the Recharge Master planning process. This process was discussed at the recent Strategic Planning Conference as well as many other meetings. The work that needs to be performed for this plan is going to be broken up into pieces. This is different than the original plan in having Wildermuth Environmental doing all the work. Staff has looked at the process with the help of Wildermuth Environmental and it has been decided that Black & Veatch can perform some of

the tasks at a lower cost. This division of work will also allow the Recharge Master Plan to be completed on time. This cost is already in the budget; staff will move funds from one company to another while keeping costs in the same category. A discussion regarding this endeavor ensued.

*Motion by deBoom, second by Pierson, and by unanimous vote*

***Moved to approve the contract with Black & Veatch, as presented***

#### **C. BUDGET TRANSFERS**

1. Budget Transfer from OBMP & Water Quality Committee Expense to Recharge Master Plan and Watermaster Legal Counsel for \$413,750.00

Mr. Manning noted staff is seeking approval for two budget transfers this month. When the original budget was developed and approved in June, the Appropriative Pool requested and the Watermaster Board agreed to adopt a budget that was not sufficient based upon the information that was provided at that time. It was asked that the budget be lowered in the category of legal fees and then bring the budget back when the assessment package was being approved with a shored up legal fee number. This actual budget transfer will move money from the OBMP category to the legal category meaning there will not be an increase to assessments associated with this transaction.

2. Funding of the Farming Portion of the Middle Santa Ana Watershed TMDL Study – Budget Transfer Request for \$21,000

Mr. Manning stated this is an Agricultural Pool request for the farming portion of the TMDL Study and administrative fees associated with this study. This was brought forward last month to this committee and it was decided at that meeting to seek payment for this item through the Watermaster process as a special project. This will require Watermaster staff to move monies around to cover the \$21,000 since this was not a budgeted cost. A discussion regarding special projects ensued and Mr. Lee offered comment on what special projects is described as in the Judgment. Mr. Vanden Heuvel offered comment on the TMDL study. A discussion regarding this matter ensued.

*Motion by Novak, second by Vanden Heuvel, and by unanimous vote*

***Moved to approve budget transfer from OPMP & Water Quality Committee Expense to Recharge Master Plan and Watermaster Legal Counsel for \$413,750.00 and the funding of the farming portion of the Middle Santa Ana Watershed TMDL Study for \$21,000.00, as presented***

#### Added Comments:

Mr. Feenstra presented a discussion item regarding a Regional Board issue and introduced three farmers who joined the meeting today to hear what the Agricultural Pool had to say about this issue. Mr. de Boom offered comment on this item. A lengthy discussion regarding this subject ensued.

Mr. Feenstra commented on the waiver requests that were presented last month. A discussion regarding the waivers ensued. Mr. Manning stated the next item regarding the draft delinquent assessment policy is a separate issue from the waiver matter.

#### **D. DELINQUENT ASSESSMENT POLICY**

Mr. Manning stated when the item regarding delinquent payments/fees was brought through the Watermaster process last month it was noted Watermaster did not have a formal approved delinquent assessment policy to refer to when this type of situation came up. This month staff is bringing a draft delinquent assessment policy through the process to offer staff clear direction in sending out these types of bills. It was noted not only does this draft policy request a 10% per annual fee it also has a 2% administration fee attached to it. This new policy will be enforced as a going forward policy. A discussion regarding lowering the \$1,000 write-off amount and the 2% add on to the penalty ensued.

*Motion by Novak, second by Durrington, and by majority vote – Mr. Vanden Heuvel voted no  
**Moved to approve the Delinquent Assessment Policy, as presented***

**E. CONDITION SUBSEQUENT NO. 7**

Mr. Manning stated staff is asking for the approval of the Condition Subsequent No. 7 which is outlined in the meeting package. Mr. Manning noted the recommendations for Condition Subsequent No. 7 are on page 149. Mr. Manning stated there was a workshop held on this item recently which allowed for questions and answers. Mr. Wildermuth stated this presentation will give the elements within Condition Subsequent No. 7. Mr. Wildermuth read the court order regarding Condition Subsequent No. 7. Mr. Wildermuth gave the Condition Subsequent No. 7 presentation which included a review of the Initial Corrected Schedule that is in the Peace II Agreement. Mr. Wildermuth reviewed the staff recommendation for reconciliation of new yield from new storm water recharge. A discussion regarding Mr. Wildermuth's presentation ensued. Mr. Manning stated staff is recommending the recommendations presented in Mr. Wildermuth's presentation.

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

***Moved to approve the corrected initial schedule to account for un-replenished pre-Peace II desalter production from the re-operation water (other than the amount allocated to WMWD) because (a) engaging in physical replenishment will delay the achievement of hydraulic control; and (b) there will be greater yield benefits. The court will be provided tables illustrating historical storm water recharge estimates for the period 2000/01 through 2006/07 and a description of method the used by Watermaster to compute new storm water estimates that was adopted by the Watermaster in 2003 and the schedule for the first correction to the new storm water recharge estimate; new prediction and correction will be computed in the summer of 2009, as presented***

Added Comments:

Mr. Feenstra spoke on the use of recycled water on dairy farms. Mr. Feenstra spoke on salt issues on dairy farms. A lengthy discussion regarding Mr. Feenstra's comments ensued. It was noted a meeting with Mark Wildermuth, Ben Pak, and Bob Feenstra needs to take place regarding issue.

**III. REPORTS/UPDATES**

**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. November 13, 2008 Hearing

Counsel Fife stated a new judge has been appointed to Chino Basin Watermaster and last week was the first hearing with Judge Wade. There were two very brief hearings in the past with Judge Wade but this was the first one of any length with actual dialog. There were two main topics at this hearing; 1) approval of Conditions Subsequents 1 through 6, and 2) the receipt and filing of the Annual Report and the Status Reports. A notice of the hearing has not been sent out because counsel and staff are waiting on the court transcript to come back. Judge Wade did note during the hearing that the status reports that Watermaster has been filing are not helpful and he does not want them written and/or filed with the court any longer. In place of those the judge wants status reports and updates to be given to him verbally. The next hearing has been scheduled for February 2<sup>nd</sup> & 3<sup>rd</sup> where the judge wants to be educated about "all things Chino Basin." Counsel Fife stated the judge wants to hear about the OBMP and how implementation is proceeding, recharge activity, and recharge numbers, all in terms that he can understand easily. A discussion regarding the November 13<sup>th</sup> and the upcoming hearing ensued. Mr. Manning noted staff and counsel will provide an outline in advance of the hearing so that the parties have an idea of what will be discussed at the hearing. Counsel Fife noted the motion regarding the dismissal of the Special Referee was not granted at this time; however, Judge Wade did make himself clear to the Special Referee who was present via a conference call that specific written orders by

the judge to her would be the only way she was to perform any tasks. This would be on an as needed basis while Judge Wade gets himself familiar with Chino Basin Watermaster processes, policies, and endeavors.

2. February 2 & 3, 2009 Hearing

Counsel Fife noted this item was discussed under the November 13, 2008 Hearing item.

**B. ENGINEERING REPORT**

1. Oral Progress Report on Engineering Activities, September – October 2008

No comment was made regarding this item.

**C. CEO/STAFF REPORT**

1. Legislative Update

Mr. Manning stated with the elections over there that was a continued resolution that put everything on schedule from last year's budget all the way through January 1<sup>st</sup>. There will be new authorities set with the new administration. The State has new projections on the deficit which is now at \$24-\$25 billion dollars over a two year period. We are all watching both state and federal issues very closely.

2. Recharge Update

Mr. Manning stated there is a copy of the most recent recharge update on the back table. This last month there was some significant recycled water recharge.

3. Replenishment Obligation

Mr. Manning stated Watermaster does have a replenishment obligation of almost 20,000 acre-feet this year. Watermaster does not have a source for that water at this point in time identified. Staff will be making the call to buy water out of storage from producers; similar to what was done last year. The water will be purchased at the MWD replenishment rate.

4. MOU on Accounting Procedures

Mr. Manning stated this item was put on the agenda in case there were any questions because this item was on a recent agenda as an action item. Metropolitan Water District was asking the three municipal water districts, Three Valleys Municipal Water District, Western Municipal Water District, Inland Empire Utilities Agency, and Chino Basin Watermaster to sign an agreement on accounting procedures. Watermaster's position was that it would not sign the MOU because it was merging three documents into one and Watermaster was not signatory on all three documents; signing the MOU on that basis would not be appropriate. The suggestion to MWD was to just submit something on accounting procedures only that could be reviewed.

5. MWD Groundwater Study

Mr. Manning stated the MWD Groundwater Study is still going on through workshops/meetings with consultants and MWD so that they can get a better understanding of what recommendations they are going to make to the State Water Recourse Board in June 2009. Four sessions have already taken place and they are adding a fifth session to further their education and get parties together.

Mr. Manning stated he just received word that the City of Chino Hills just approved the Desalter Agreement which means that Western Municipal Water District will now be allowed to join the Chino Desalter Authority. This has been conveyed to Mr. Thibeault and he was very pleased that this was now concluded and a hearing is scheduled for this Friday.

**IV. INFORMATION**

1. Newspaper Articles

No comment was made regarding this item.

**V. POOL MEMBER COMMENTS**

Chair Feenstra asked that Ms. Davis take the podium to answer some questions. Chair Feenstra inquired about compost and drought related issues. Ms. Davis stated we are in a very serious drought presently and in terms of integrated supplies that southern California has is a mix of imported water through the State Water Project through MWD and then all the local water suppliers. A discussion regarding the drought ensued.

**VI. OTHER BUSINESS**

No comment was made regarding this item.

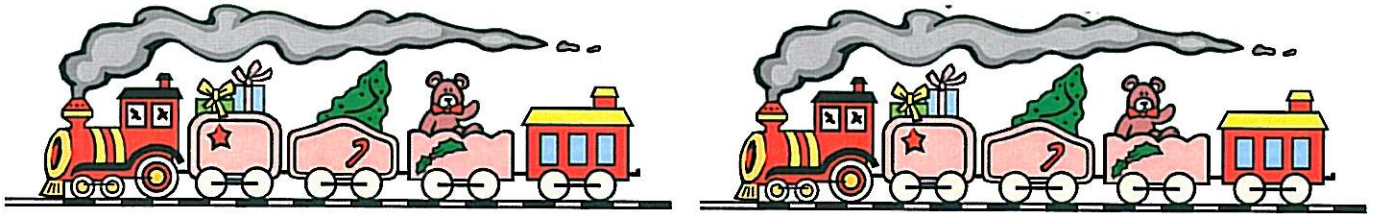
**VII. FUTURE MEETINGS**

November 13, 2008	8:30 a.m.	Chino Basin Watermaster Hearing, San Bernardino
November 18, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
November 18, 2008	1:30 p.m.	Joint Appropriative & Non-Agricultural Pool Meeting
November 20, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
November 20, 2008	9:00 a.m.	Advisory Committee Meeting
November 20, 2008	11:00 a.m.	Watermaster Board Meeting
November 20, 2008	1:30 p.m.	Roundtable Discussion
December 11, 2008	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
December 16, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
December 18, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
December 18, 2008	9:00 a.m.	Advisory Committee Meeting
December 18, 2008	11:00 a.m.	Watermaster Board Meeting

The Agricultural Pool meeting was dismissed by Chair Feenstra at 11:15 a.m.

Secretary: \_\_\_\_\_

Minutes Approved: \_\_\_\_\_

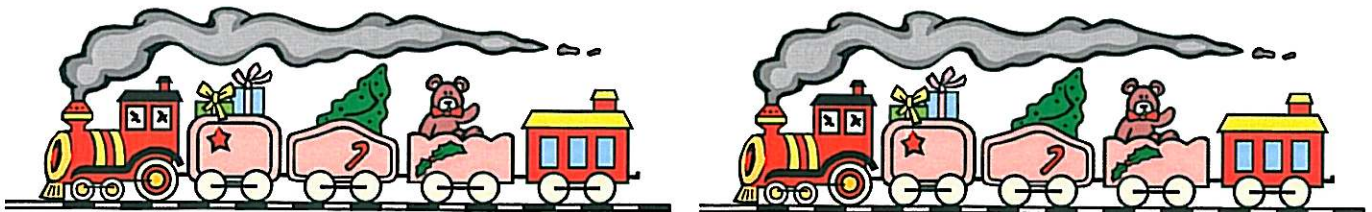


# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### B. FINANCIAL REPORTS

1. Cash Disbursements for the month of November 2008
2. Watermaster Visa Check Detail
3. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2008 through October 31, 2008
4. Treasurer's Report of Financial Affairs for the Period October 1, 2008 through October 31, 2008
5. Profit & Loss Budget vs. Actual July 2008 through October 2008





# CHINO BASIN WATERMASTER

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

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**KENNETH R. MANNING**  
Chief Executive Officer

## STAFF REPORT

**DATE:** December 11, 2008  
December 16, 2008  
December 18, 2008

**TO:** Committee Members  
Watermaster Board Members

**SUBJECT:** Cash Disbursement Report

### SUMMARY

**Issue** – Record of cash disbursements for the month of November 2008.

**Recommendation** – Staff recommends the Cash Disbursements for November 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 November 2008 were \$520,637.66. The most significant expenditures during the month were Wildermuth Environmental Inc. in the amount of \$285,885.67, Brownstein, Hyatt, Farber & Schreck in the amount of \$42,287.04, and MWH Laboratories in the amount of \$34,726.00.



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**CHINO BASIN WATERMASTER**  
**Cash Disbursement Detail Report**  
**November 2008**

Type	Date	Num	Name	Amount
Nov 08				
General Journal	11/1/2008	08/11/03	PAYROLL	-7,709.20
General Journal	11/1/2008	08/11/03	PAYROLL	-26,915.19
Bill Pmt -Check	11/4/2008	12767	APPLIED COMPUTER TECHNOLOGIES	-3,879.60
Bill Pmt -Check	11/4/2008	12768	ARROWHEAD MOUNTAIN SPRING WATER	-44.83
Bill Pmt -Check	11/4/2008	12769	AUTOMATED GATE SERVICES, INC.	-331.50
Bill Pmt -Check	11/4/2008	12770	BOWCOCK, ROBERT	-125.00
Bill Pmt -Check	11/4/2008	12771	BOWMAN, JIM	-125.00
Bill Pmt -Check	11/4/2008	12772	CALPERS	-3,906.43
Bill Pmt -Check	11/4/2008	12773	DIRECTV	-76.98
Bill Pmt -Check	11/4/2008	12774	EXECUTRAIN OF THE INLAND EMPIRE	-250.00
Bill Pmt -Check	11/4/2008	12775	FISH WINDOW CLEANING	-95.00
Bill Pmt -Check	11/4/2008	12776	HSBC BUSINESS SOLUTIONS	-313.19
Bill Pmt -Check	11/4/2008	12777	JAMES JOHNSTON	-900.00
Bill Pmt -Check	11/4/2008	12778	KONICA MINOLTA BUSINESS SOLUTIONS	-589.75
Bill Pmt -Check	11/4/2008	12779	KUHN, BOB	-375.00
Bill Pmt -Check	11/4/2008	12780	LAKE ARROWHEAD RESORT	-3,611.33
Bill Pmt -Check	11/4/2008	12781	PARK PLACE COMPUTER SOLUTIONS, I...	-3,750.00
Bill Pmt -Check	11/4/2008	12782	PAYCHEX	-211.20
Bill Pmt -Check	11/4/2008	12783	PETTY CASH	-478.00
Bill Pmt -Check	11/4/2008	12784	PREMIERE GLOBAL SERVICES	-309.36
Bill Pmt -Check	11/4/2008	12785	SAFETY CLEAN JANITORIAL SERVICES	-590.00
Bill Pmt -Check	11/4/2008	12786	STANDARD INSURANCE CO.	-575.76
Bill Pmt -Check	11/4/2008	12787	TLC STAFFING	-896.00
Bill Pmt -Check	11/4/2008	12788	VANDEN HEUVEL, GEOFFREY	-250.00
Bill Pmt -Check	11/4/2008	12789	VERIZON	-422.52
Bill Pmt -Check	11/4/2008	12790	VISION SERVICE PLAN	-52.16
Bill Pmt -Check	11/4/2008	12791	W.C. DISCOUNT MOBILE AUTO DETAILI...	-75.00
Bill Pmt -Check	11/4/2008	12792	WHEELER METER MAINTENANCE	-400.00
Bill Pmt -Check	11/4/2008	12793	WILLIS, KENNETH	-125.00
Bill Pmt -Check	11/4/2008	12794	YUKON DISPOSAL SERVICE	-142.88
Bill Pmt -Check	11/4/2008	12795	COMPUTER NETWORK	-350.19
Bill Pmt -Check	11/4/2008	12796	STATE COMPENSATION INSURANCE FU...	-726.76
General Journal	11/15/2008	08/11/05	PAYROLL	-7,559.20
General Journal	11/15/2008	08/11/05	PAYROLL	-27,065.19
Bill Pmt -Check	11/17/2008	12797	ACWA SERVICES CORPORATION	-209.95
Bill Pmt -Check	11/17/2008	12798	BANC OF AMERICA LEASING	-3,186.17
Bill Pmt -Check	11/17/2008	12799	BANK OF AMERICA	-1,718.23
Bill Pmt -Check	11/17/2008	12800	BROWNSTEIN HYATT FARBER SCHRECK	-42,287.04
Bill Pmt -Check	11/17/2008	12801	COMPUTER NETWORK	-2,661.60
Bill Pmt -Check	11/17/2008	12802	ELLISON, SCHNEIDER & HARRIS, LLP	-4,733.22
Bill Pmt -Check	11/17/2008	12803	FIRST AMERICAN REAL ESTATE SOLUTI...	-125.00
Bill Pmt -Check	11/17/2008	12804	MWH LABORATORIES	-34,726.00
Bill Pmt -Check	11/17/2008	12805	PUMP CHECK	-5,473.25
Bill Pmt -Check	11/17/2008	12806	REID & HELLYER	-3,815.24
Bill Pmt -Check	11/17/2008	12807	SAFEGUARD DENTAL & VISION	-57.68
Bill Pmt -Check	11/17/2008	12808	SANTA ANA WATERSHED PROJECT AU...	-3,031.50
Bill Pmt -Check	11/17/2008	12809	STAULA, MARY L	-136.61
Bill Pmt -Check	11/17/2008	12810	THE STANDARD INSURANCE COMPANY	-156.56
Bill Pmt -Check	11/17/2008	12811	TLC STAFFING	-384.00
Bill Pmt -Check	11/17/2008	12812	UNION 76	-151.27
Bill Pmt -Check	11/17/2008	12813	UNITED PARCEL SERVICE	-68.00
Bill Pmt -Check	11/17/2008	12814	VERIZON WIRELESS	-536.38
Bill Pmt -Check	11/17/2008	12815	WESTERN DENTAL SERVICES, INC.	-26.50
Bill Pmt -Check	11/17/2008	12816	WILDERMUTH ENVIRONMENTAL INC	-285,885.67
Bill Pmt -Check	11/17/2008	12817	CITISTREET	-2,595.66
Bill Pmt -Check	11/17/2008	12818	PUBLIC EMPLOYEES' RETIREMENT SYS...	-5,903.50
Bill Pmt -Check	11/17/2008	12819	STATE WATER RESOURCES CONTROL ...	-909.70
Bill Pmt -Check	11/17/2008	12820	CITISTREET	-2,595.66
Bill Pmt -Check	11/17/2008	12821	PUBLIC EMPLOYEES' RETIREMENT SYS...	-5,903.50
Bill Pmt -Check	11/17/2008	12822	STATE WATER RESOURCES CONTROL ...	-2,154.70
Bill Pmt -Check	11/17/2008	12823	CITISTREET	-2,595.66
Bill Pmt -Check	11/17/2008	12824	PUBLIC EMPLOYEES' RETIREMENT SYS...	-5,903.50
Bill Pmt -Check	11/17/2008	12825	STATE WATER RESOURCES CONTROL ...	-549.70
Bill Pmt -Check	11/17/2008	12826	BETTY J. KELLEY, C.S.R.	-70.00
Bill Pmt -Check	11/19/2008	12827	ALL PURPOSE SAFETY TRAINING SOLU...	-492.00
Bill Pmt -Check	11/19/2008	12828	CUCAMONGA VALLEY WATER DISTRICT	-5,495.00
Bill Pmt -Check	11/19/2008	12829	INLAND EMPIRE UTILITIES AGENCY	-250.50
Bill Pmt -Check	11/19/2008	12830	MCI	-1,169.95

CHINO BASIN WATERMASTER  
Cash Disbursement Detail Report  
November 2008

Type	Date	Num	Name	Amount
Bill Pmt -Check	11/19/2008	12831	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	11/19/2008	12832	RICOH BUSINESS SYSTEMS-Lease	-888.94
Bill Pmt -Check	11/19/2008	12833	TLC STAFFING	-384.00
Bill Pmt -Check	11/19/2008		W.C. DISCOUNT MOBILE AUTO DETAILI...	-75.00
<b>Nov 08</b>				<b><u>-520,637.66</u></b>

1:07 PM  
12/01/08

CHINO BASIN WATERMASTER  
Check Detail  
November 2008

Type	Num	Date	Name	Account	Paid Amount
Bill Pmt -Check	12799	11/17/2008	BANK OF AMER...	1012 · Bank of America Gen'l Ckg	
Bill	4024...	10/31/2008		6112 · Subscriptions/Publications	-414.06
				6212 · Meeting Expense	-20.25
				6312 · Meeting Expenses	-20.26
				6191 · Conferences	-1,121.52
				6909.1 · OBMP Meetings	-142.14
TOTAL					-1,718.23

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

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL APPROPRIATE	POOL AGRICULTURAL NON-AGRIC.	POOL REPLENISHMENT	GROUNDWATER OPERATIONS SB222	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2008-2009
Administrative Revenues									
Administrative Assessments									\$7,841,054
Interest Revenue		33,136	3,265	841			9	37,251	174,368
Mutual Agency Project Revenue									148,410
Grant Income									0
Miscellaneous Income									0
Total Revenues	-	33,136	3,265	841	-	-	9	37,251	8,163,832
Administrative & Project Expenditures									
Watermaster Administration	254,567							254,567	619,960
Watermaster Board-Advisory Committee	19,262							19,262	61,201
Pool Administration		7,671	39,393	1,562				48,626	166,523
Optimum Basin Mgmt Administration		421,955						421,955	1,913,484
OBMP Project Costs		1,875,338						1,875,338	5,392,289
Education Funds Use									375
Mutual Agency Project Costs									10,000
Total Administrative/OBMP Expenses	273,829	2,297,293	39,393	1,562				2,619,748	8,163,832
Net Administrative/OBMP Income	(273,829)	(2,297,293)							
Allocate Net Admin Income To Pools	273,829		59,552	5,380					
Allocate Net OBMP Income To Pools		2,297,293	499,610	45,132					
Agricultural Expense Transfer		596,830	(596,830)						
Total Expenses	2,565,949	1,725	1,540	52,074			9	2,619,748	8,163,832
Net Administrative Income	(2,532,813)			(51,233)				(2,582,497)	
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			1,540	(51,233)			9	(2,582,497)	

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

<b>DEPOSITORIES:</b>			
Cash on Hand - Petty Cash		\$	500
Bank of America			
Governmental Checking-Demand Deposits		\$	126,280
Zero Balance Account - Payroll			
Local Agency Investment Fund - Sacramento			<u>3,340,455</u>
		\$	<u>3,467,235</u>
			4,555,197
		\$	<u><u>(1,087,962)</u></u>

TOTAL CASH IN BANKS AND ON HAND 10/31/2008  
 TOTAL CASH IN BANKS AND ON HAND 9/30/2008

PERIOD INCREASE (DECREASE)

**CHANGE IN CASH POSITION DUE TO:**

Decrease/(Increase) in Assets: Accounts Receivable	\$	25,000
Assessments Receivable	-	(7,067)
Prepaid Expenses, Deposits & Other Current Assets		(587,518)
Accounts Payable		20,211
Accrued Payroll, Payroll Taxes & Other Current Liabilities		(538,588)
Transfer to/(from) Reserves		
<b>PERIOD INCREASE (DECREASE)</b>	\$	<u><u>(1,087,962)</u></u>

**SUMMARY OF FINANCIAL TRANSACTIONS:**

	Petty Cash	Gov't'l Checking Demand	Zero Balance Account Payroll	Local Agency Investment Funds	Totals
Balances as of 9/30/2008	\$ 500	\$ 64,242	\$ -	\$ 4,490,455	\$ 4,555,197
Deposits	-	25,975	-		25,975
Transfers	-	1,080,751	69,249	(1,150,000)	-
Withdrawals/Checks	-	(1,044,688)	(69,249)		(1,113,937)
Balances as of 10/31/2008	\$ 500	\$ 126,280	\$ -	\$ 3,340,455	\$ 3,467,235
<b>PERIOD INCREASE OR (DECREASE)</b>	\$ -	\$ 62,038	\$ -	\$ (1,150,000)	\$ (1,087,962)

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

**INVESTMENT TRANSACTIONS**

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
10/20/2008	Withdrawal	L.A.I.F.	\$ (700,000)				
10/23/2008	Withdrawal	L.A.I.F.	\$ (400,000)				
<b>TOTAL INVESTMENT TRANSACTIONS</b>			<b>\$ (1,100,000)</b>				

\* The earnings rate for L.A.I.F. is a daily variable rate; 2.77% was the effective yield rate at the Quarter ended September 30, 2008.

**INVESTMENT STATUS  
October 31, 2008**

Financial Institution	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	\$ 3,340,455			
<b>TOTAL INVESTMENTS</b>	<b>\$ 3,340,455</b>			

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



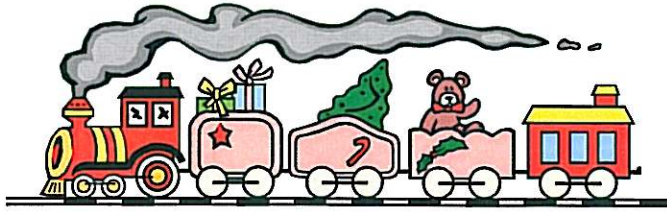
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CHINO BASIN WATERMASTER  
 Profit & Loss Budget vs. Actual  
 July through October 2008

	<u>Jul - Oct 08</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies		148,410	-148,410	
4110 · Admin Asmnts-Approp Pool		7,708,817	-7,708,817	
4120 · Admin Asmnts-Non-Agri Pool		132,237	-132,237	
4700 · Non Operating Revenues	37,250	174,368	-137,118	21.36%
Total Income	<u>37,250</u>	<u>8,163,832</u>	<u>-8,126,582</u>	<u>0.46%</u>
Gross Profit	37,250	8,163,832	-8,126,582	0.46%
Expense				
6010 · Salary Costs	203,076	484,302	-281,226	41.93%
6020 · Office Building Expense	26,979	102,000	-75,021	26.45%
6030 · Office Supplies & Equip.	8,175	46,500	-38,325	17.58%
6040 · Postage & Printing Costs	22,509	87,380	-64,871	25.76%
6050 · Information Services	50,375	144,000	-93,625	34.98%
6060 · Contract Services	30,256	98,000	-67,745	30.87%
6080 · Insurance	15,706	17,730	-2,024	88.58%
6110 · Dues and Subscriptions	9,331	16,750	-7,419	55.71%
6140 · WM Admin Expenses	410	4,000	-3,590	10.25%
6150 · Field Supplies	864	2,500	-1,636	34.54%
6170 · Travel & Transportation	9,907	39,200	-29,293	25.27%
6190 · Conferences & Seminars	16,241	26,500	-10,259	61.29%
6200 · Advisory Comm - WM Board	4,583	19,181	-14,598	23.89%
6300 · Watermaster Board Expenses	14,680	42,020	-27,341	34.94%
8300 · Appr PI-WM & Pool Admin	7,671	24,008	-16,337	31.95%
8400 · Agri Pool-WM & Pool Admin	5,940	24,820	-18,880	23.93%
8467 · Ag Legal & Technical Services	31,728	98,000	-66,272	32.38%
8470 · Ag Meeting Attend -Special	1,725	12,000	-10,275	14.38%
8500 · Non-Ag PI-WM & Pool Admin	1,562	7,695	-6,133	20.3%
6500 · Education Funds Use Expens		375	-375	0.0%
9500 · Allocated G&A Expenditures	<u>-139,261</u>	<u>-448,902</u>	<u>309,641</u>	<u>31.02%</u>
	322,455	848,059	-525,604	38.02%
6900 · Optimum Basin Mgmt Plan	385,594	1,775,525	-1,389,931	21.72%
6950 · Mutual Agency Projects		10,000	-10,000	0.0%
9501 · G&A Expenses Allocated-OBMP	<u>36,361</u>	<u>137,959</u>	<u>-101,598</u>	<u>26.36%</u>
	421,955	1,923,484	-1,501,529	21.94%
7101 · Production Monitoring	51,962	107,515	-55,553	48.33%
7102 · In-line Meter Installation	9,137	87,931	-78,794	10.39%
7103 · Grdwtr Quality Monitoring	79,337	210,458	-131,121	37.7%
7104 · Gdwtr Level Monitoring	145,876	342,538	-196,662	42.59%
7105 · Sur Wtr Qual Monitoring	255	46,717	-46,462	0.55%

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

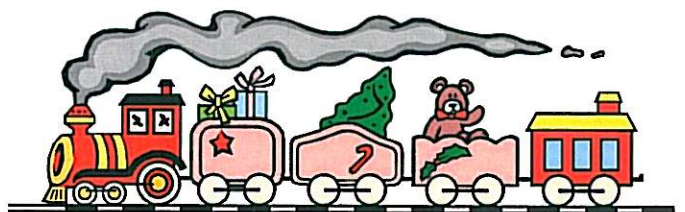
	<u>Jul - Oct 08</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7107 · Ground Level Monitoring	62,626	651,468	-588,842	9.61%
7108 · Hydraulic Control Monitoring	158,781	743,476	-584,695	21.36%
7200 · PE2- Comp Recharge Pgm	261,698	1,115,883	-854,185	23.45%
7300 · PE3&5-Water Supply/Desalte	50,821	148,477	-97,656	34.23%
7400 · PE4- Mgmt Plan	95,336	217,371	-122,035	43.86%
7500 · PE6&7-CoopEfforts/SaltMgmt	14,716	216,307	-201,591	6.8%
7600 · PE8&9-StorageMgmt/Conj Use	329,998	76,909	253,089	429.08%
7690 · Recharge Improvement Debt Pymt	511,894	1,110,000	-598,106	46.12%
7700 · Inactive Well Protection Prgm		6,296	-6,296	0.0%
9502 · G&A Expenses Allocated-Projects	102,900	310,943	-208,043	33.09%
	<u>1,875,338</u>	<u>5,392,289</u>	<u>-3,516,951</u>	<u>34.78%</u>
<b>Total Expense</b>	<u>2,619,747</u>	<u>8,163,832</u>	<u>-5,544,085</u>	<u>32.09%</u>
<b>Net Ordinary Income</b>	-2,582,497	0	-2,582,497	100.0%
<b>Other Income/Expense</b>				
<b>Other Expense</b>				
9999 · To/(From) Reserves	-2,582,497			
<b>Total Other Expense</b>	<u>-2,582,497</u>			
<b>Net Other Income</b>	<u>2,582,497</u>			
<b>Net Income</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>



# CHINO BASIN WATERMASTER

## II. BUSINESS ITEMS

- A. **MOU COOPERATIVE EFFORTS FOR MONITORING PROGRAMS BETWEEN THE INLAND EMPIRE UTILITIES AGENCY AND THE CHINO BASIN WATERMASTER – BRIGHT LINE APPROACH**





# CHINO BASIN WATERMASTER

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

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**KENNETH R. MANNING**  
Chief Executive Officer

## STAFF REPORT

**DATE:** December 11, 2008  
December 16, 2008  
December 18, 2008

**TO:** Committee Members  
Watermaster Board Members

**SUBJECT:** "Bright Line" Monitoring MOU with Inland Empire Utilities Agency

### SUMMARY

**Issue** - Consider Approval of "Bright Line" Monitoring MOU with IEUA

**Recommendation** – Staff recommends that the Pools approve the Memorandum of Understanding

**Financial Impact** - Potential redistribution of cost associated with monitoring efforts through Chino Basin. Net result for Watermaster cannot be determined at this time.

### Background

Chino Basin Watermaster and Inland Empire Utilities Agency ("IEUA") work together cooperatively on a number of monitoring programs in the Chino Basin that is in addition to the monitoring that occurs under the Optimum Basin Management Program. These monitoring efforts pertain to surface water monitoring relating to the Basin Plan, Maximum Benefit and the Hydraulic Control Monitoring Program, as well as the Recycled Water Groundwater Recharge Monitoring Program.

Historically Watermaster and IEUA have shared the responsibility for these programs by splitting the cost as appropriate for each program. This has often resulted in accounting difficulties. In order to prevent such difficulties from arising in the future, Watermaster and IEUA have proposed a new procedure embodied in the *Memorandum of Understanding – Cooperative Efforts for Monitoring Programs Between the Inland Empire Utilities Agency and the Chino Basin Watermaster – Bright Line Approach*.

Under this agreement, the past complexities associated with cost sharing are hoped to be avoided. Instead, each agency will assume full responsibility for discrete tasks. In general, Watermaster will assume full responsibility for monitoring associated with surface water monitoring relating to the Basin

Plan, Maximum Benefit and the Hydraulic Control Monitoring Program. IEUA will assume full responsibility for monitoring associated with the Recycled Water Groundwater Recharge Monitoring Program.

Under the agreement, Watermaster and IEUA will continue the previous structure of sharing costs equally for the capital construction component of the Hydraulic Control Monitoring Program.

Staff recommends approval of the Memorandum of Understanding.

**MEMORANDUM OF UNDERSTANDING**  
**COOPERATIVE EFFORTS FOR MONITORING PROGRAMS BETWEEN**  
**THE INLAND EMPIRE UTILITIES AGENCY AND THE CHINO BASIN WATERMASTER**  
**Bright Line Approach**  
**DECEMBER 17, 2008**

**Whereas**, the Inland Empire Utilities Agency ("IEUA") and the Chino Basin Watermaster ("Watermaster") (each individually "Party" and collectively "the Parties") share common goals and objectives regarding the reasonable and beneficial use of water within the Inland Empire and more specifically the Chino Basin;

**Whereas**, both Parties share responsibility for meeting certain monitoring and reporting requirements detailed in the Basin Plan amendment approved by the Santa Ana Regional Water Quality Control Board (RWQCB) in 2004 (R8-2004-0001);

**Whereas**, both Parties have made commitments to the RWQCB to obtain Maximum Benefit Groundwater Quality Objectives (Quarterly Surface Water Monitoring and Reporting, Annual Hydraulic Control Monitoring Program (HCMP) Monitoring and Reporting);

**Whereas**, the Parties are co-permittees for the Recycled Water Groundwater Recharge Program and share responsibility for meeting certain monitoring and reporting requirements of the RWQCB, Santa Ana Region Order No. R8-2007-0039 (Order) and the Monitoring and Reporting Program (M&RP) No. R8-2007-0039;

**Whereas**, the Parties desire to precisely allocate responsibilities for conducting the monitoring and reporting required in the aforementioned programs (Bright Line approach), and employing staff, consultants, and other resources in carrying out the Parties' individual and joint responsibilities to establish clear lines of communication, avoid duplication of effort, and to efficiently implement approved plans and programs in furtherance of their individual and joint objectives;

**Now therefore, it is agreed and resolved that:**

**I. GENERAL DIVISION OF RESPONSIBILITY.**

(A) ***Groundwater and Surface Water Monitoring Related to the Basin Plan, Maximum Benefit, and the HCMP.*** Unless otherwise expressly agreed in writing, Watermaster will bear responsibility for groundwater and surface water quality monitoring and groundwater level monitoring and surface water discharge measurements as required by the Basin Plan, Maximum Benefit Commitments and the HCMP Work Plan.

- (1) Watermaster will collect groundwater samples and measure groundwater levels from private wells in the Key Well Program.
- (2) Watermaster will measure discharge and collect grab surface water samples at surface water stations specified in the Basin Plan amendment.
- (3) Watermaster will collect groundwater level and groundwater quality data from Appropriators, the USGS, DTSC, the County of San Bernardino, and other cooperators who collect and maintain surface water and groundwater data in the Chino and Cucamonga groundwater basins.
- (4) Watermaster will measure groundwater levels associated with the Groundwater Level Monitoring program. These measurements will be of sufficient areal and temporal density to meet the requirements of both the Basin Plan and the HCMP.

- 
- (5) Watermaster will collect groundwater samples and measure groundwater levels from HCMP wells in the Key Well Program.
  - (6) Watermaster will collect POTW discharge and water quality data as mandated in the Basin Plan amendment. Watermaster will collect and analyze samples from the POTWs specified in the Basin Plan, with the exception of IEUA's discharges. IEUA will collect and analyze the requisite samples from their own POTWs and transmit these data to Watermaster quarterly.
  - (7) Watermaster will maintain these data in a relational database. These data will be reported to the Santa Ana Watershed Project Authority (SAWPA) for the triennial Ambient Water Quality update (2009, 2012, 2015, etc.) as required of both Parties in the Basin Plan.
  - (8) Watermaster will submit the Quarterly Reports for the Surface Water Monitoring Program. These Quarterly Reports are required of both Parties in support of the Maximum Benefit commitments in the Chino Basin.
  - (9) Watermaster will prepare the annual HCMP report. These Annual Reports are required of both Parties in support of the Maximum Benefit commitments in the Chino Basin. IEUA will write the portion of the report dealing with vegetative mapping of the riparian habitat in the Prado Basin Management Zone (PBMZ). This portion of the work is being managed by IEUA.
  - (10) Watermaster will submit an internal draft of all regulatory-required reports to IEUA three weeks prior to the regulatory due date and allow IEUA 10 calendar days for review and comment. The cost associated with the review will be borne by IEUA.
  - (11) Watermaster will assume all other costs attributable to these groundwater and surface water monitoring and reporting programs and will not seek any cost-sharing with IEUA.
- (B) **Recycled Water Groundwater Recharge Monitoring Program (RWGRMP).** Unless otherwise expressly agreed in writing, IEUA will bear responsibility for groundwater and lysimeter monitoring as required by RWQCB Order No. R8-2007-0039 and the M&RP No. R8-2007-0039.
- (1) IEUA will collect groundwater samples and make groundwater level measurements from wells associated with the recycled water recharge basins.
  - (2) IEUA will collect vadose zone samples from lysimeters associated with the recycled water recharge basins.
  - (3) IEUA will maintain these data in a relational database.
  - (4) IEUA will be responsible for all reporting associated with the RWGRMP, including Quarterly Reports, Annual Reports, Protocol Plans, Start-Up Period Reports, and First Year Recycled Water Recharge Operations Reports.
  - (5) IEUA will submit an internal draft of all regulatory-required reports to Watermaster three weeks prior to the regulatory due date and allow Watermaster 10 calendar days for review and comment. The cost associated with the review will be borne by Watermaster.
  - (6) IEUA will assume all other costs attributable to the RWGRMP and will not seek any cost-sharing with Watermaster.
-



## II. DATA SHARING:

- (A) Both parties shall agree to share the data freely – with the exception of groundwater quality data for private wells. Watermaster is bound by agreement to hold these data confidential. They are released in a “sanitized” form to the RWQCB and SAWPA for the AWQ and to other parties through the RWQCB for other investigations. Data will be exchanged by the Parties on a quarterly basis. The data will be in the form of an Electronic Data Deliverable (EDD) with a specified format and data dictionary.

## III. CAPITAL PROJECT CONTRACTS AND OTHER RELATED WORK

- (A) Watermaster will fund and be responsible for developing the HCMP well master plan [for new wells].
- (B) IEUA and Watermaster, following mutual written agreement as to scope and cost, will fund the drilling, construction, and development of test wells and monitoring wells related to the HCMP on a 50 percent cost-share basis.
- (C) The Parties shall seek outside grant assistance for these capital projects. Watermaster will prepare the technical portion of the grant applications. IEUA will prepare all other portions of the grant application and will be responsible for administering the grant.
- (D) All contracts for the construction of capital projects shall be let according to the protocols set forth in the IEUA Ordinance Number 81 regarding procurements, as that Ordinance may be amended from time to time.
- (E) Watermaster will be responsible for the on-going monitoring of the new HCMP wells as part of the HCMP.

## IV. OTHER OPERATIONAL PROTOCOLS

- (A) Both Parties will alert the other if there are any significant changes to the proposed scope of work outlined in this MOU.
- (B) Both Parties will alert the other if there are any regulatory issues that may arise concerning the HCMP, the RWGRMP, or the triennial AWQ recalculation.
- (C) The Parties will meet quarterly to discuss the monitoring programs, review programmatic efficiencies, and to coordinate efforts and collaborate on strategies concerning future work.

IEUA and CBWM concur with the above Bright Line approach for described cooperative monitoring efforts.

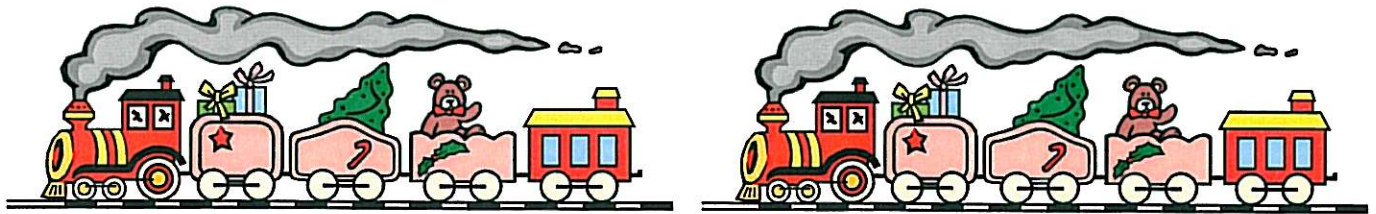
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Rich Atwater  
General Manager/CEO IEUA

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Kenneth R. Manning  
CEO Chino Basin Watermaster

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# CHINO BASIN WATERMASTER

## II. BUSINESS ITEMS

- B. PUBLIC INFORMATION COST SHARING AGREEMENT WITH INLAND EMPIRE UTILITIES AGENCY FOR 2009 COMMUNITY OUTREACH CAMPAIGN





# CHINO BASIN WATERMASTER

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

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**KENNETH R. MANNING**  
Chief Executive Officer

## STAFF REPORT

**DATE:** December 11, 2008  
December 16, 2008  
December 18, 2008

**TO:** Committee Members  
Watermaster Board Members

**SUBJECT:** Participation with the Chino Basin Public Outreach Campaign

### Summary

**Issue – Informing the public about water issues facing the Region and State**

**Fiscal Impact – This item is a budgeted expense. Cost \$10,000**

### Background

Starting in 2005 Watermaster, in cooperation with Inland Empire Utilities Agency, Three Valley's MWD, Western MWD and the Chino Basin Conservation District have cosponsored the Public Outreach Campaign through the Inland Valley Daily Bulletin. This year IEUA has negotiated a campaign that has an increase in cost of 5%, but includes more copy space in the actual newspaper as well as increased space on the newspaper's web site. The total cost for this year's program will be \$137,368. This change in strategy will assist the group in reaching more constituents.

IEUA will coordinate the campaign with representatives from the other contributing agencies providing input. The first publication that will be a part of this year's campaign will be seen in late January. It will be an eight page insert that highlights the agencies with a general message of cooperation threaded throughout. As we have done in past years, it will have at least one page dedicated to our federal and state representatives highlighting the work they are doing to assist us in meeting the infrastructure needs of our communities and one page dedicated to each agency participating in the outreach campaign.

### Recommendation

**Approve the expenditure of \$10,000 for participation in the joint Chino Basin Public Outreach Campaign for 2007**

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**Inland Empire Utilities Agency**  
A MUNICIPAL WATER DISTRICT

6075 Kimball Ave. • Chino, CA 91708  
P.O. Box 9020 • Chino Hills, CA 91709  
TEL (909) 993-1606 • FAX (909) 597-8875  
www.ieua.org



November 18, 2008

Mr. Ken Manning  
Chief Executive Manager  
Chino Basin Watermaster  
9641 San Bernardino Road  
Rancho Cucamonga, California 91730

Dear Ken:

On December 17, 2008, the Inland Empire Utilities Agency's Board of Directors will consider approving a 12-month advertising agreement with the Los Angeles Newspaper Group (Inland Valley Daily Bulletin) for a 2009 community outreach campaign.

Since 2005, with the assistance of Mr. Christopher Lancaster, Government Relations Directors for the Los Angeles Newspaper Group, IEUA, in corporation with the Chino Basin Watermaster, Western Municipal Water District, Three Valleys Municipal Water District, and Chino Basin Water Conservation District, ran full page ads as well as a few editorials in the Inland Valley Daily Bulletin. In 2008, we ran 29 in full color and 16 eighth-of-a-page black and white ads (which we used for our *water conservation tip of the month*).

IEUA staff is proposing that we continue our community outreach with another 12-month advertising campaign with the Inland Valley Daily Bulletin. Attached is a copy of the advertising agreement that is being considered. The Inland Empire Utilities Agency is hoping that Chino Basin Watermaster will participate in this year's program by again contributing \$10,000.

Thank you for your consideration. If you have any questions, please don't hesitate to call.

Sincerely,

INLAND EMPIRE UTILITIES AGENCY

Richard W. Atwater  
Chief Executive Officer  
General Manager

Attachment

Printed on Recycled Paper

*Fifty-Five Years of Excellence in Water Resources & Quality Management*

Wyatt Troxel  
President

Terry Catlin  
Vice President

Gene Koopman  
Secretary/Treasurer

Angel Santiago  
Director

John L. Anderson  
Director

Richard W. Atwater  
Chief Executive Officer  
General Manager

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# Inland Valley Daily Bulletin

## PUBLIC OUTREACH AGREEMENT

This agreement is between the Inland Empire Utilities Agency and the Los Angeles Newspaper Group (*Inland Valley Daily Bulletin*). This agreement confirms the Inland Empire Utilities Agency's purchase of:

<u>Publication</u>	<u>Cost</u>	<u>Value</u>	<u>Publication Date</u>
1. Education Week Two-pages	\$7,219	\$16,191	February 2009
2. Civic Leadership One-page	\$4,969	\$8,095	March 2009
3. Earth Day Two-pages	\$7,219	\$16,191	April 2009
4. Water Awareness Month Two-page	\$7,219	\$16,191	May 2009
5. LA County Fair One-page (Full-color)	\$4,950	\$4,950	September 2009
6. Think Environment Week Two-pages	\$7,219	\$16,191	September 2009
7. Eleven (11) Full-page ROP Ads (Full-Color)	\$69,525	\$89,050	Dates of your choice
8. Eight-Page Section (Tab.) (Full-Color)	\$29,048	\$32,382	February 2009
9. Sixteen (16) eighth-of-a- page (Black and White ads)	\$0.00	\$16,191	Dates of your choice
10. Banner Ad (IVDB Website) (700,000 Impressions)	\$0.00	\$14,160	59,000 Impressions per Month
<b>Grand Total</b>	<b>\$137,368</b>	<b>\$232,592</b>	



**Distribution**

All public outreach/educational advertisements are distributed in the Inland Valley Daily Bulletin newspaper property only.

**Production**

All prices include design, layout, printing and distribution.

**Added Value**

- (Total value \$232,592)-(Total costs \$137,368) = *Added value \$95,224*

The Los Angeles Newspaper Group agrees to provide all services listed in this agreement, and the Inland Empire Utilities Agency agrees to pay the Los Angeles Newspaper Group (Inland Valley Daily Bulletin) a total of \$137,368

*All terms of this agreement must be fulfilled by December 31, 2009.*

\_\_\_\_\_  
Los Angeles Newspaper Group

\_\_\_\_\_  
Date

\_\_\_\_\_  
Inland Empire Utilities Agency

\_\_\_\_\_  
Date

# Inland Valley Daily Bulletin

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**Added Value**

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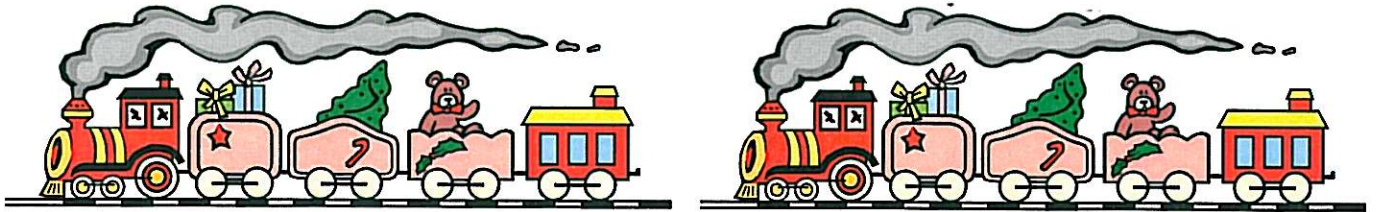
*All terms of this agreement must be fulfilled by December 31, 2009.*

\_\_\_\_\_  
Los Angeles Newspaper Group

\_\_\_\_\_  
Date

\_\_\_\_\_  
Inland Empire Utilities Agency

\_\_\_\_\_  
Date



# CHINO BASIN WATERMASTER

## II. BUSINESS ITEMS

### C. CONDITION SUBSEQUENT NO. 5





# CHINO BASIN WATERMASTER

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

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**KENNETH R. MANNING**  
Chief Executive Officer

## STAFF REPORT

**DATE:** December 11, 2008  
December 16, 2008  
December 18, 2008

**TO:** Committee Members  
Watermaster Board Members

**SUBJECT:** Approval of January 1, 2009 Progress Report on Watermaster's Recharge Master Plan Update pursuant to Condition Subsequent 5

### SUMMARY

**Issue** – On December 21, 2007, the Honorable Judge Michael Gunn issued a court order authorizing the Peace II Agreement. In that order there were nine time-specific conditions subsequent. Condition Subsequent No. 5 states "By July 1, 2008, Watermaster shall prepare and submit to the Court a detailed outline of the scope and content of its first Recharge Master Plan update, and shall report it progress by January 1, 2009 and July 1, 2009." Watermaster is being asked herein to approve the July 1, 2009 Progress Report and direct Watermaster counsel to file the progress report to the Court.

### DISCUSSION

The following text and attached table will be included in a report filed by Watermaster counsel prior to January 1, 2009.

Watermaster staff assembled stakeholders in the Spring of 2008 to develop the detailed outline required by Condition Subsequent No. 5. The resulting outline was vetted in the Watermaster process and was approved in June and subsequently filed with Court. After July 1, 2008 Watermaster staff has worked diligently with its consultant Wildermuth Environmental, Inc. (WEI), to develop a detailed list of tasks (scope) that must be accomplished to complete the Recharge Master Plan (RMP) update by the July 1, 2010 required in Condition Subsequent No. 8. The scope was presented and reviewed at the Watermaster Strategic Planning Conference in September 2008. The detailed list of tasks is attached. Watermaster staff has been working with the Chino Basin Water Conservation District (CBWCD), Inland

Empire Utilities Agency (IEUA), and WEI to implement the scope. WEI, under the direction of the Watermaster CEO is functioning as the program manager for the RMP update and is responsible for designing the RMP update scope and supervising its execution. The CBWCD is taking the lead in the storm water recharge component of the RMP update. The consulting firm of Black and Veatch has been assigned the lead in developing alternative supplemental water recharge alternatives. The IEUA has been tasked with developing updated water supply plans, coordinating with the Metropolitan Water District, and developing supplemental water supply alternatives for recharge.

In December 2008, WEI, Watermaster, the CBWVD and Black and Veatch refined these assignments and revised the RMP update schedule. The schedule and assignments are included on the attached task list. IEUA has completed the water supply plan update and the projected future replenishment obligations have been estimated. WEI and the CBWCD initiated their technical assignments. Black and Veatch will begin their work in January 2009. The work is on schedule,

**Recommendation** – Approve the July 1, 2009 Progress Report and direct Watermaster Counsel to file the progress report to the Court.



# CHINO BASIN WATERMASTER

## II. BUSINESS ITEMS

### D. AGRICULTURAL POOL REALLOCATION PROCEDURE





# CHINO BASIN WATERMASTER

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

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**KENNETH R. MANNING**  
Chief Executive Officer

## STAFF REPORT

**DATE:** December 11, 2008  
December 16, 2008  
December 18, 2008

**TO:** Committee Members  
Watermaster Board Members

**SUBJECT:** Reallocation of Surplus Agricultural Pool Water

### SUMMARY

**Issue:** Adoption of procedures regarding the re-allocation of surplus Agricultural Pool water in the event of a decline in Safe Yield

**Fiscal Impact:** No impact to the Watermaster budget

### Background

Pursuant to its stipulation with Monte Vista Water District dated April 25, 2008, Watermaster committed to, "... include in its submittal in compliance to Condition Subsequent Eight, a comprehensive analysis and explanation of how and whether Watermaster will ... calculate replenishment obligations, in light of the model's predicted safe yield decline over time ... " (Stipulation, paragraph 1.)

The Stipulation further required Watermaster to produce certain information regarding an expected future range of Agricultural Pool production prior to July 1, 2008. Watermaster produced this information and at the June 26, 2008 Appropriative Pool meeting, the Appropriative Pool decided to convene a subcommittee to discuss the development of a procedure to respond to this information.

This subcommittee was formed and met. At the August 6, 2008 meeting of this subcommittee, staff and legal counsel were asked to put together information for consideration by the subcommittee members. Staff and legal counsel were asked to memorialize a proposed resolution of the method of allocation of

water in the event of a reduction in Safe Yield, and to create spreadsheets that document the results of a range of other methods.



On September 8, 2008, Watermaster distributed these materials to the subcommittee and requested comments. On November 10, 2008, Monte Vista Water District submitted comments on the proposed policy. No other party has submitted comments to date. Monte Vista's comments have been incorporated into the draft included in the agenda package.

**Proposed Procedure**

The memorandum describes the provisions of the Peace Agreement, Peace II Agreement and the Rules and Regulations that create the need for the proposed procedure in light of a potential decline in Safe Yield.

The procedure as proposed in the memorandum specifies that in the event that Operating Safe Yield is reduced because of a reduction in Safe Yield, Watermaster will follow the Judgment, Exhibit "H", by first applying the unallocated Agricultural Pool water to compensate for the reduction in Safe Yield. If there is unallocated water left, Watermaster will then follow the remainder of the hierarchy according to the guidance provided by Peace Agreement I & II and the Rules and Regulations, as amended.

**Recommendation** - Adopt the procedures as described in the attached memorandum and instruct counsel to include a description of these procedures in the filing to be made in compliance with Condition Subsequent Number 8.

## Memorandum

**Michael Fife**  
805.882.1453 tel  
805.965.4333 fax  
mfife@bhfs.com

**DATE:** December 4, 2008  
**TO:** Appropriative Pool  
**FROM:** Michael Fife  
Watermaster General Counsel  
**RE:** Proposed Accounting Procedures re Potential Decline in Safe Yield

---

### Background

At the August 6, 2008 Agricultural Pool Reallocation Subcommittee meeting, a proposal was made concerning the manner in which Watermaster should address the reallocation of surplus Agricultural Pool water to account for a decline in Safe Yield, should such a decline happen. Watermaster was requested to memorialize this proposal and to produce spreadsheets showing the numerical consequences of a range of different allocation proposals.

Below is our attempt to summarize the proposal articulated at the August 6 meeting.

### Proposal Description

Pursuant to its stipulation with Monte Vista Water District dated April 25, 2008, Watermaster committed to, ". . . include in its submittal in compliance to Condition Subsequent Eight, a comprehensive analysis and explanation of how and whether Watermaster will . . . calculate replenishment obligations, in light of the model's predicted safe yield decline over time . . . ." (Stipulation, paragraph 1.)

Watermaster will include the following explanation in its submittal in compliance with Condition Subsequent Number Eight:

Exhibit "H," paragraph 10 sets out a hierarchy for the allocation of unallocated Agricultural Pool water. This hierarchy specifies that such water will first be used to satisfy reductions in Operating Safe Yield ("OSY") to compensate for any reduction in the Safe Yield ("SY"). Following this, the water will be used to satisfy conversion claims. Following this, it will be used as a supplement to OSY.

Paragraph 5.3(g) of the Peace Agreement requires that Watermaster approve an "Early Transfer" of water in an amount of ". . . not less than 32,800 per year. . . ." If Agricultural Pool Production is less than 50,000 acre-feet, so that there is more than 32,800 acre-feet available, then Watermaster will only apply that amount to OSY if all land use conversions have been satisfied, pursuant to Exhibit "H."

Paragraph 5.3(g) is somewhat ambiguous about how the Early Transfer relates to the hierarchy described in Exhibit "H." Section 6.3 of the Rules and Regulations was created to specify the hierarchy as between land use conversion and the Early Transfer. This section had re-opener provisions and was reconsidered in the Peace II process. This reconsideration resulted in a revision to Watermaster Rules and Regulations section 6.3(c) and the addition of a section 6.3(d). (See Watermaster Resolution 2007-05, Attachment "F" (Discretionary Actions to Amend Watermaster Rules and Regulations).)

Specifically, section 6.3 (c), as amended, specifies that when the actual combined production from the Safe Yield made available to the Agricultural Pool, which includes overlying agricultural pool uses combined with land use conversions and the Early Transfer, exceeds 82,800 in any year, the amount of water available to members of the Appropriative Pool shall be reduced pro rata in proportion to the benefits received according to the following procedure:

- (1) All the land use conversions and the Early Transfer will be added together, and shall be the "Potential Acre-Feet Available for Reallocation."
- (2) Each Appropriative Pool member's share of the Potential Acre-Feet Available for Reallocation shall be determined and expressed as a percentage share of the Potential Acre-Feet Available for Reallocation (i.e. a member's land use conversion plus its share of the Early Transfer, divided by the total Potential Acre-Feet Available for Reallocation.)
- (3) Each Appropriate Pool member's share of the Potential Acre-Feet Available for Reallocation shall then be reduced pro rata according to the percentage determined in #2 above.

Even with the Peace II revision, the Watermaster Rules and Regulations did not specifically address the way in which unallocated Agricultural Pool water will be allocated in the event of a reduction in SY, which also reduces the OSY.

Absent additional guidance from the parties, in the event that OSY is reduced because of a reduction in SY, Watermaster will follow the Judgment, Exhibit "H", by first applying the unallocated Agricultural Pool water to compensate for the reduction in SY. If there is unallocated water left, Watermaster will then follow the remainder of the hierarchy according to the guidance provided by Peace Agreement I & II and the Rules and Regulations, as amended. (Table 3A, attached here, evidences how this allocation will be calculated based on maximum overlying agricultural pool production at build-out of 11,000 acre-feet.)

**Table 3C**  
**Projected Appropriator Production Rights at Build-Out**  
**Based on Maximum Overlying Agricultural Pool Production at Build-Out of 11,000 AF**

(1) Appropriator	(2) Share of Safe Yield per Judgment (%)	(3) 49,834,000 (acre-ft/yr)	(4) Land Use Conversions as of 06-07 (acre-ft/yr)		(5) Potential Future Conversions (acre-ft/yr)	(6) = (3)+(4)+(5)	(7) "New" OSY %	(8) Early Transfer Potential for Reallocation (acre-ft/yr)	(9) = (8)	(10) Difference: Potential "New" OSY (acre-ft/yr)	(11) = (9)+(10)	(12) New Yield (acre-ft/yr)	(13) = (6)+(11)+(12) Total Production Right (acre-ft/yr)
			Conversions as of 06-07 (acre-ft/yr)	Potential Future Conversions (acre-ft/yr)									
Arrowhead Mountain Spring Water Company	0.000%	0.000	0.000	0.000	0.000	0.000	0.000%	0.000	0.000	0.000	0.000	0.000	0.000
Chino Desalter Authority	0.000%	0.000	0.000	0.000	0.000	0.000	0.000%	0.000	0.000	0.000	0.000	7,000,000	7,000,000
City of Chino	3.851%	3,666,287	6,408,700	7,447,318	17,522,305	17,522,305	17.482%	2,413,096	2,413,096	-5,481,728	-3,068,632	0.000	14,453,674
City of Chino Hills	3.351%	1,919,107	987,346	561,408	3,467,861	3,467,861	3.452%	1,263,128	1,263,128	-1,084,896	178,232	0.000	3,646,094
City of Norco	0.368%	183,389	0.000	0.000	183,389	183,389	0.183%	120,704	120,704	-57,372	63,332	0.000	246,721
City of Ontario	20.742%	10,336,568	1,395,471	15,206,088	26,939,127	26,939,127	26.893%	6,803,376	6,803,376	-8,427,713	-1,624,337	0.000	25,314,790
City of Pomona	20.454%	10,193,046	0.000	0.000	10,193,046	10,193,046	10.176%	6,708,912	6,708,912	-3,186,822	3,520,090	0.000	13,713,137
City of Upland	5.202%	2,592,365	0.000	0.000	2,592,365	2,592,365	2.588%	1,706,256	1,706,256	-811,003	895,253	0.000	3,487,618
Cucamonga Valley Water District	6.601%	3,289,542	598,364	0.000	3,887,906	3,887,906	3.881%	2,165,128	2,165,128	-1,216,304	948,824	0.000	4,836,731
Fontana Union Water Company	11.657%	5,809,149	0.000	0.000	5,809,149	5,809,149	5.799%	3,823,496	3,823,496	-1,817,351	2,006,145	0.000	7,815,295
Fontana Water Company	0.002%	0.997	834,000	0.000	834,997	834,997	0.834%	0.656	0.656	-261,223	-260,567	0.000	574,430
Jurupa Community Services District	3.759%	1,873,260	11,878,336	4,952,450	18,704,046	18,704,046	18.672%	1,232,952	1,232,952	-5,851,427	-4,618,475	0.000	14,085,571
Inland Empire Utilities Agency	0.000%	0.000	0.000	0.000	0.000	0.000	0.000%	0.000	0.000	0.000	0.000	0.000	0.000
Manygold Mutual Water Company	1.195%	595,516	0.000	0.000	595,516	595,516	0.594%	391,960	391,960	-186,303	205,657	0.000	801,173
Metropolitan Water District of Southern California	0.000%	0.000	0.000	0.000	0.000	0.000	0.000%	0.000	0.000	0.000	0.000	0.000	0.000
Monte Vista Irrigation Company	1.234%	614,952	0.000	0.000	614,952	614,952	0.614%	404,752	404,752	-192,383	212,369	0.000	827,320
Monte Vista Water District	8.797%	4,383,897	55,075	12,580	4,451,552	4,451,552	4.444%	2,885,416	2,885,416	-1,392,636	1,492,780	0.000	5,944,332
Mutual Water Company of Glen Avon Heights	0.000%	0.000	0.000	0.000	0.000	0.000	0.000%	0.000	0.000	0.000	0.000	0.000	0.000
Niagara	0.000%	0.000	0.000	0.000	0.000	0.000	0.000%	0.000	0.000	0.000	0.000	0.000	0.000
Nicholson Trust	0.007%	3,488	0.000	0.000	3,488	3,488	0.003%	2,296	2,296	-1,091	1,205	0.000	4,693
San Antonio Water Company	2.748%	1,369,438	0.000	0.000	1,369,438	1,369,438	1.367%	901,344	901,344	-428,419	472,925	0.000	1,842,363
San Bernardino County (Olympic Facility)	0.000%	0.000	0.000	0.000	0.000	0.000	0.000%	0.000	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	2.373%	1,182,561	0.000	0.000	1,182,561	1,182,561	1.181%	778,344	778,344	-369,956	408,388	0.000	1,590,949
Golden State Water Company	0.750%	373,755	0.000	0.000	373,755	373,755	0.373%	246,000	246,000	-116,927	129,073	0.000	502,828
West End Consolidated Water Company	1.728%	861,132	0.000	0.000	861,132	861,132	0.860%	566,784	566,784	-269,399	297,385	0.000	1,158,517
West Valley Water District	1.175%	585,550	0.000	0.000	585,550	585,550	0.585%	385,400	385,400	-183,185	202,215	0.000	787,765
Totals	100.000%	49,834,000	22,158,292	28,179,844	100,172,136	100,172,136	100.000%	32,800,000	32,800,000	-31,338,136	1,461,864	7,000,000	108,634,000
Aggregate Ag Pool Right		82,800,000									0.00		
Aggregate Ag Pool Production		11,000,000											
Less Land Use Conversions		50,338,136											
Projected Safe Yield Reduction		20,000,000											
Production to be Allocated		1,461,864											
Less Potential for Reallocation		32,800,000											
Required Adjustment = Potential vs. Net		-31,338,136											



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# CHINO BASIN WATERMASTER

## II. BUSINESS ITEMS

### E. WATERMASTER PURCHASE AND SALE AGREEMENT – PROPOSED PRICE FLOOR AUCTION





# CHINO BASIN WATERMASTER

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

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**KENNETH R. MANNING**  
Chief Executive Officer

## STAFF REPORT

**DATE:** December 11, 2008  
December 16, 2008  
December 18, 2008

**TO:** Committee Members  
Watermaster Board Members

**SUBJECT:** Watermaster Purchase and Sale Agreement – Proposed Price Floor Auction

### SUMMARY

#### Background:

Watermaster holds a Court approved purchase and sale agreement to purchase approximately 40,000 acre-feet of water for: (a) desalter replenishment or (b) a storage and recovery project. Watermaster has been pursuing potential purchaser partners for the storage and recovery opportunity for more than three years. Multiple parties have expressed interest in storage and recovery generally, and the Metropolitan Water District ("MWD") is exploring an expansion of the existing Dry Year Yield Program by up to 50,000 acre-feet. The 40,000 acre-feet presently held within an existing storage account would not be competitive with the expansion of the MWD Program as it is already within a lawfully authorized storage account.

Previous staff reports have generally described the Price Floor Auction concept and the subject has been presented to the Appropriative Pool and Overlying (Non-Agricultural Pool) in September of 2008. Meetings with members of the Appropriative Pool have also taken place in an effort to better explain the concept and to obtain feedback.

The Western Municipal Water District ("WMWD") has expressed an interest purchasing the water and providing the base bid under terms generally discussed previously with the members of the Appropriative and Overlying (Non-Agricultural) Pools. Although all terms are not yet agreed, the deal points proposed by Watermaster and subject to further input are set forth below.

Should Watermaster fail to issue the required notice to purchase the water in connection with a storage and recovery project or for desalter replenishment, the purchase and sale agreement would terminate and the water would be made available to Watermaster and the members of the Appropriative

Pool (Purchase and Sale Agreement H) that are current in assessments and in compliance with the OBMP (Judgment Amendment to Exhibit G, 9(g)).

**Summary of Proposed Deal Points:**

1. Quantity: 40,000 acre-feet less 10% dedication to Desalter Replenishment.
2. Price: \$600 per acre-foot, subject to increased bid under the auction process.
3. 40,000 acre-foot Storage Account.
  - (a) Storage Agreement required
  - (b) Uniform Losses (2%)
  - (c) \$25 per acre-foot
  - (d) Subject to a five-year credit against the storage fee in an amount equal to the quantity of water initially purchased from Watermaster in the initial purchase and sale agreement and then held in storage.

Example: Assume that 36,000 acre-feet is purchased through the purchase and sale agreement by WMWD or another buyer. Assume further that no water is extracted in Year One and 6,000 acre-feet is withdrawn from storage in Year Two. Accordingly, in year one, the buyer would pay \$25 per acre-foot for all 40,000 acre-feet of storage, less a complete credit for the 36,000 acre-feet of water purchased. The net obligation would be  $\$25 \times 4,000$  acre-feet or \$100,000. Similarly, in Year Two, buyer would pay \$25 per acre-foot of storage, less a credit equal to the quantity of water initially purchased that still remained in storage (30,000 acre-feet). Therefore, the fee due would be  $\$25 \times 10,000 = \$250,000$ . After the first five-year period, no further credit would be available.

**Broad Mutual Benefit Test**

If Watermaster intends to proceed with the purchase and sale agreement in connection with a storage and recovery project, as is proposed in the price floor auction concept, Watermaster must give first priority to Storage and Recovery Programs that provide "broad mutual benefits." (Peace Agreement 5.2 (c)(iv)(b).)

Watermaster has taken no position on the subject or approach toward the subject of broad mutual benefits. However, staff has suggested that the broad mutual benefits test may be met by earmarking funds for the recharge master plan efforts, or to capital projects required hereunder. This is permitted by the Peace Agreement. (See 5.2 ( c)(vi) and 5.2( c)(ix).)

Regardless of the approach selected, the members of the Appropriative Pool and the Overlying (Non-Agricultural) Pool are entitled to the exclusive benefit. (PA Section 5.2 (c )(v).) Given that in the instant case, the Overlying (Non-Ag) obtain the revenue from the underlying option price, the balance of the proceeds may be properly earmarked to Watermaster for the benefit of the Appropriative Pool.



**Timing.**

1. November 18, 2008: Distribute draft agreement to Western, TVMWD and IEUA.
2. December 11, 2008. Obtain WMWD approval of distribution draft.
3. December 11, 2008: Attain Appropriative Pool conceptual approval of key terms and price auction process.
4. December 2008 - January 2009: Presentation of "discussion of final draft of agreement": Pool, Advisory Committee, and Board meetings.
5. January 15: Determination of broad benefits by Appropriative Pool and Overlying (Non-Agricultural) Pool.
6. January 29, 2009: Final approval of proposed agreement.
7. February 1-2, 2008: Conceptual presentation of storage agreement.
8. March 1 – April 30, 2009: Marketing.
9. March 1 – April 30, 2009: Final Court approval of storage agreement.
10. May 15, 2009: Auction.

**Recommendations**

1. Proceed with the price floor auction process and complete negotiation and documentation of base bid with WMWD on a schedule acceptable to the Pools and Watermaster but no later than January 20, 2009.
2. Proceed to schedule a process for making a recommendation to Watermaster as to the proposed "broad mutual benefit" to be received by the storage and recovery project no later than January 20, 2009.

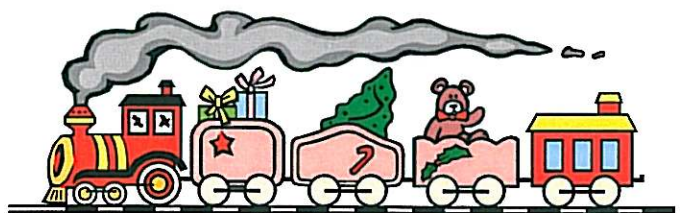
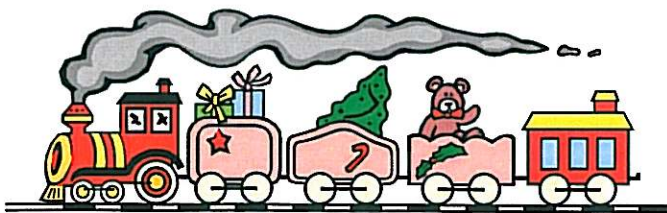
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# CHINO BASIN WATERMASTER

## IV. INFORMATION

1. Newspaper Articles



dailybulletin.com

## Rancho council incumbents do well, but water district elects new members

By Wendy Leung, Staff Writer

Article Created: 11/06/2008 01:20:23 AM PST

RANCHO CUCAMONGA - Incumbents hung on strong in the city races but the water district will see a new face after the final results were tabulated Wednesday in an election dominated by the presidential race.

Councilmen Dennis Michael and Sam Spagnolo were clear winners in a campaign absent of the rancor that marked previous elections. Michael took 29 percent and Spagnolo captured 26 percent of the vote.

"What it means to me is that our community and its residents are very happy with the way the city has been going," Michael said. "I believe it's a demonstration of their confidence and that's very gratifying."

In the race for city treasurer, longtime incumbent Jim Frost had the largest margin of victory in the local races with 78 percent of the vote. His only challenger was Ryan Orr.

Jan Reynolds also had a clear victory in the city clerk's race against Ron Stark. Reynolds, with 75 percent of the vote, will replace Debra Adams,

who retired earlier this year.

At the Cucamonga Valley Water District, where four seats were at stake, newcomer Oscar Gonzalez and former board member Hank Stoy will join the board.

Incumbents Randall Reed, with 18 percent of the vote, and Jim Curatalo, with 15 percent, will return. Incumbents, Ron Sakala and Floyd Clark, will not.

Stoy came in third place in the race for a full-term seat with 14 percent of the vote.

Gonzalez, with 59 percent of the vote, beat Sakala in the race to fill a partial-term seat.

Results in the local races trickled in during the late hours of Tuesday. By Wednesday, Michael had started taking down his smaller political signs. Other winners fielded congratulatory calls with little sleep.

"My take on this election is that it was one of the cleanest campaigns all around," Spagnolo said.

Up to Election Day, Spagnolo answered phone calls from voters with last-minute questions. Spagnolo announced his cell phone number during a televised candidate's forum and published the number in his mailers. He said he had no regrets, especially since he convinced one voter, who didn't support Spagnolo at the beginning of a conversation, to support him.

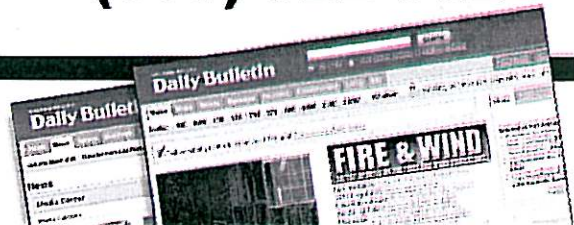
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"The community believed I was true to my word and stayed true to my campaign issues," said Spagnolo.

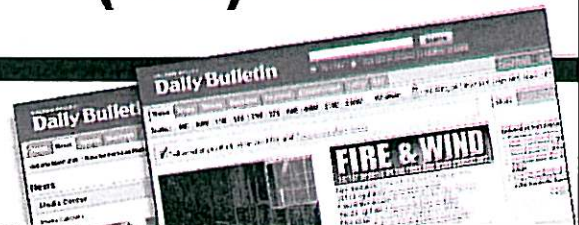
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## Ken R. Manning

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**From:** communications@bhfs.com  
**Sent:** Monday, December 01, 2008 2:27 PM  
**To:** Ken R. Manning  
**Subject:** Cadiz Inc. selects Scott Slater to serve as General Counsel; Slater will also maintain his practice at the firm

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**Brownstein | Hyatt  
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announcement

**Cadiz Inc. selects Scott Slater to serve as General Counsel; Slater will also maintain his practice at the firm**

**Scott S. Slater**

**Scott S. Slater**  
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### **FOR IMMEDIATE RELEASE**

Los Angeles (December 1, 2008) - Cadiz Inc. (NASDAQ:CDZI) today named **Scott Slater**, one of the nation's foremost experts in water policy, groundwater and environmental law, to serve as the Company's general counsel. With 24 years of experience in the sustainable development and management of water resources, Slater will be the firm's lead liaison with customer agencies and oversee the company's environmental and resource management efforts. Under the terms of the agreement with Cadiz, Slater will also continue his practice as a shareholder in the law firm of Brownstein Hyatt Farber Schreck, LLP.

"This is a once-in-a-career opportunity," said Slater. "The Cadiz Valley Dry Year Supply

Project is not only the most important renewable water resource effort in Southern California; it represents the new mindset we have to adopt across the West. With an ongoing drought, the growing reality of climate change and impending cutbacks to local water agencies, we have no choice but to make smarter use of local resources and to conserve every drop we can. Sustainable water deliveries from the Cadiz Project can help local agencies avert severe and worsening supply shortages in the future.”

“Scott’s appointment represents a major strengthening of our team,” said Cadiz Real Estate LLC CEO Richard Stoddard. “Scott has helped design some of the most significant water transactions in California history, and he will be a key strategist in planning the future of our water project. This guy literally wrote the book on water policy and he is already on a first name basis with California’s key customers, decision-makers and stakeholders. At Cadiz, he will take the lead both in strengthening these relationships and in working to maximize the environmental benefits of the project.”

An accomplished negotiator and litigator with Brownstein, Slater has played a major role in a number of California’s most important water transactions, including the negotiation of the largest conservation-based water transfer in United States history on behalf of the San Diego County Water Authority. Slater has worked extensively with California water agencies, utilities and municipalities, including the Chino Basin Watermaster, El Dorado County Water and Power Authority, American States Water Company, the San Diego County Water Authority and the cities of Beverly Hills and Burbank.

Slater is an internationally recognized expert in water resource and environmental law and is the author of California Water Law and Policy, a two volume treatise on the subject. He has taught law and graduate policy courses at Pepperdine University, the University of California, Santa Barbara and the University of West Australia and has served in a variety of key water policy positions, including as chair of the Natural Resources Subsection of the California State Bar, as a member of the Board of Directors of the American Ground Water Trust, as a member of the Board of Directors of the California Groundwater Resources Association, as chair of the Legislative Committee, and as a member of the Groundwater Committee of the Association of California Water Agencies.

The need for the Cadiz Project has never been greater. Citing the impacts of global warming and deteriorating conditions on the San Francisco Bay Delta, the California Department of Water Resources announced on October 30, 2008 that it would provide just 15 percent of expected water deliveries to local agencies.

With the capacity to store more than one million acre-feet of water in its natural underground reservoir system in eastern San Bernardino County, the Cadiz Valley Dry Year Supply Project will be the largest water conservation effort of its kind in California. Moreover, the indigenous groundwater in the aquifer system that underlies the Project area represents an immediate and renewable resource that can reliably deliver up to 150,000 acre-feet (49 billion gallons) of safe, clean and high quality water to California customers in dry years.

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*Founded in 1983, Cadiz Inc. is a publicly held land, organic farming and sustainable water resource development firm. The Company owns*

more than 45,000 acres of land with substantial water resources in eastern San Bernardino County, California. Further information on the Company can be obtained by visiting our web site at [www.cadizinc.com](http://www.cadizinc.com).

*This release contains forward-looking statements that are subject to significant risks and uncertainties, including statements related to the future operating and financial performance of the Company and the financing activities of the Company. Although the Company believes that the expectations reflected in our forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. Factors that could cause actual results or events to differ materially from those reflected in the Company's forward-looking statements include the Company's ability to maximize value for Cadiz land and water resources, the Company's ability to obtain new financing as needed, and other factors and considerations detailed in the Company's Securities and Exchange Commission filings.*

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**Schwarzenegger declares fiscal emergency in Calif.**

Monday December 1, 5:03 pm ET

By Juliet Williams, Associated Press Writer

**Schwarzenegger declares fiscal emergency, calls lawmakers into special budget session**

SACRAMENTO, Calif. (AP) -- Gov. Arnold Schwarzenegger declared a fiscal emergency Monday and called lawmakers into a special session to address California's \$11.2 billion deficit.

The state's revenue gap is expected to hit \$28 billion over the next 19 months without bold action. The emergency declaration authorizes the governor and lawmakers to change the existing budget within 45 days.

The state is likely to run out of cash in February.

"Without immediate action, our state is headed for a fiscal disaster, and that is why ... I am wasting no time in calling a fiscal emergency special session," Schwarzenegger said in prepared remarks.

The Republican governor and Democratic lawmakers have proposed a combination of tax increases and spending cuts, but Republican lawmakers steadfastly refuse to raise taxes.

No compromise could be reached during a special session last month, which pushed the problem to a new Legislature being sworn in Monday. But there appeared to be little reason to believe that Republican lawmakers would budge.

"If anything, I think our resolve (against raising taxes) is deeper than it has ever been because of the economic realities," Senate Minority Leader Dave Cogdill said Monday.

Democrats don't have the two-thirds majority in either the Assembly or Senate that is required to pass tax increases or a state budget.

During last month's session, Democrats proposed \$8.2 billion in spending cuts and \$8.2 billion in tax increases. Republicans rejected it and instead sought an economic stimulus program.

Schwarzenegger asked for both, offering essentially the same plan rejected last month.

His proposal includes raising the state sales tax by 1.5 percentage points -- or 1 1/2 pennies on the dollar -- for three years, generating \$3.5 billion in the current fiscal year. He also seeks to increase the annual fee for registering vehicles.

The stimulus would focus on loan modifications to prevent more home foreclosures and saving an unemployment insurance fund from insolvency by raising taxes employers pay into the pool and slightly reducing benefits.

Schwarzenegger enacted the fiscal emergency under a voter-approved initiative. If the Legislature fails to address the current-year budget deficit within 45 days, the initiative prevents them from acting on any other bills until it's resolved.

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# Garden of Learning

## Cucamonga Valley Water District opens new center

**By Wendy Leung**  
Staff Writer

**RANCHO CUCAMONGA** — Field trips just got more fun for hundreds of children in the city.

The Cucamonga Valley Water District, which has always welcomed students to its Environmental Learning Center, recently opened its Environmental Learning Garden in the backyard of its popular field trip destination.

The garden — a small area adorned by drought-tolerant plants and hands-on learning stations — is geared for students who learn by getting their hands dirty.

Students can see squirmy worms work their way through kitchen scrap at a booth where the virtues of vermicomposting, the use of worm compost to enrich the soil, is demonstrated.

There's also a vegetable garden to promote healthy eating. Once the pesky rabbit that recently raided the garden goes away and the vegetables begin to thrive, water district officials want to make salad and salsa using the fruits of the gardening project.

"We want to remind them that vegetables don't come from the grocery store," said Kristeen Ramirez, water district spokeswoman.

In one part of the garden, students go on a scavenger hunt, looking for ladybugs and different kinds of leaves. For the older students, there is an irrigation demonstration area where they learn how to put together a drip system.

Officials hope these are ways to not only teach students water conservation, but encourage them to bring the lessons back to their families.



**TOP:** Ken Brown, left, of Rancho Cucamonga, and Henry Stoy, of Rancho Cucamonga and retired water manager, observe the new vegetable garden at the Cucamonga Valley Water District during an open house for their new learning garden

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Marked by multiple rows of solar panels on 5815 Etiwanda Ave., the Learning Center has a goal of teaching students not just water-saving tips, but an overall awareness of the role water plays in every aspect of life.

About 2,000 students, mostly from school districts in the city, visit the Learning Center every year. With the addition of the garden, which is suitable for students kindergarten to 12th grade, district officials hope youth groups, Boy and Girl Scouts and home school students will visit, too.

Field trips are booked through December. For more information, call (909) 987-2591.

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(909) 483-9376



**TOP:** Ken Brown, left, of Rancho Cucamonga, and Henry Stoy, of Rancho Cucamonga and retired water manager, observe the new vegetable garden at the Cucamonga Valley Water District held during an open house for their new learning garden.

**LEFT:** Alta Loma Elementary School teachers Amy Culler, left, with her granddaughter Mia Cerecerez, 5 months, and Bonnie Scott, of Rancho Cucamonga walk on the new grounds of the new garden center.

**ON THE COVER:** Culler, right, and Bonnie Scott, center, of Rancho Cucamonga read learning material regarding gardens with the help of Evette Ounanian, an administrative assistant at the Cucamonga Valley Water District during, an open house for their new learning garden.

Photos by David Pardo/Correspondent

For Release: Immediate

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## Western set to join Chino Desalter Authority Partnership is crucial to diversifying local water supply

RIVERSIDE, CA – November 25, 2008 – Southern California faces drought conditions that threaten the Inland Empire’s economic vitality and environmental health. In response to this challenge, a partnership of cities and water agencies are joining forces to create new local water supplies.

As a first step, the Chino Basin Desalter Authority (CDA) approved Western’s membership into the partnership with Jurupa Community Services District, the Santa Ana River Water Company, Inland Empire Utilities Agency, and the cities of Chino, Chino Hills, Norco and Ontario. Working cooperatively, these agencies built and operate the Chino Desalter facility that creates clean drinking water by removing salts and nitrate from otherwise non-useable groundwater.

Western’s participation will accelerate creation of new water supplies at the Chino Desalter as part of a Phase 3 expansion. This \$110 million project involves construction of new wells, groundwater treatment and water distribution facilities in the lower Chino Basin. Once complete in 2013, the expanded facility will allow for the additional delivery of 10,000 acre-feet of water annually to Western and other CDA members.



Reverse osmosis equipment used in desalting facilities.

“One of the biggest challenges we face as a region is securing new sources of water as imported supplies diminish. We applaud the CDA decision to add Western to the Authority, and the subsequent expansion of the Chino Desalter facilities. Both fit together as critical elements to diversifying our local water supply,” said Western General Manager John V. Rossi.

The vote to bring Western into the CDA is part of a remarkable collaborative effort among dozens of municipalities and water users in the Chino Basin. Their goal is to achieve local sustainability by cleaning up and recharging the local aquifer. “If we want to sustain America’s economic growth and provide for a rapidly increasing population, we must ensure our communities have efficient and reliable access to water resources by encouraging the use of innovative technologies through water recycling and desalination,” said Congressman Gary Miller. Congressman Miller sponsored the “Santa Ana River Water Supply Enhancement Act of 2008” legislation authorizing up to \$26 million in federal funding under the Bureau of Reclamation to increase groundwater desalination in the Chino Basin. The Senate Energy Committee unanimously approved the legislation in September and the bill awaits further action on the Senate floor.

The federal funding represents about 20 percent of the cost to expand the Chino I and II desalters. In addition, the bill authorizes \$10 million, from the Bureau of Reclamation, and in cooperation with Orange County Water District, to create wetlands along the Santa Ana River providing an expanded natural treatment system to purify the River before it replenishes Orange County’s groundwater supply.

- more -

**Western set to join Chino Desalter Authority**  
**From page 1**

“As imported water supplies from the Colorado River and State Water Project are reduced, we have been actively seeking additional water sources. By joining the CDA, Western is taking the action necessary to expand our local water supply, and we are deeply grateful to the members who have admitted us to the CDA,” said Charles D. Field, Western board director, who also represents Western on the Chino Basin Watermaster Board.

“Western's responsible leadership in regional water resource management will help ensure our community continues to be blessed with clean, reliable water supplies for generations to come,” said Donald D. Galleano, Western board director, representing the Division 4 service area that is adjacent to Chino Basin.

In addition to expanding new water supplies, benefits of the Chino Desalter operation include: achieving hydraulic control of the Chino Groundwater Basin outflow to the Santa Ana River; increasing desalter groundwater pumping from the lower Chino Groundwater Basin to 40,000 acre-feet per year; removing salts and other impurities from the groundwater basin; and a minimum of 10 million gallons a day of additional water to Ontario, Jurupa and Western.

*Western Municipal Water District provides water supply, wastewater disposal and water resource management to the public in a safe, reliable, environmentally sensitive and financially responsible manner.*

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