



CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Thursday, January 22, 2009

9:00 a.m. – Annual Advisory Committee Meeting
11:00 a.m. – Annual Watermaster Board Meeting

(Lunch will be served)

AT THE CHINO BASIN WATERMASTER OFFICES

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





CHINO BASIN WATERMASTER

Thursday, January 22, 2009

9:00 a.m. – Annual Advisory Committee Meeting
11:00 a.m. – Annual Watermaster Board Meeting

AGENDA PACKAGE



**CHINO BASIN WATERMASTER
ANNUAL ADVISORY COMMITTEE MEETING**

9:00 a.m. – January 22, 2009

At The Offices Of

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

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

I. INTRODUCTIONS OF THE ADVISORY COMMITTEE OFFICERS, CALENDAR YEAR 2009

<u>Unknown</u>	Chair	(Agricultural Pool)
<u>Robert DeLoach</u>	Vice-Chair	(Appropriative Pool)
<u>Bob Bowcock</u>	Second Vice-Chair	(Non-Agricultural Pool)
<u>Ken Manning</u>	Secretary/Treasurer	(Chief Executive Officer)

INTRODUCTIONS OF THE NEW BOARD MEMBERS, CALENDAR YEAR 2009

Calendar Year 2008 Pool Representation on the Watermaster Board

Based on the Court-adopted Rotation Schedule for Representatives to the Watermaster, during calendar year 2009, the following will represent the Appropriative Pool on the Watermaster Board.

Fontana Water Company 2009-2011	New Member:	<u>Michael L. Whitehead</u>
	Alternate:	<u>Robert K. Young</u>

Returning:

Cucamonga Valley Water District 2009-2010	Member:	Jim Curatalo
	Alternate:	Kathy Tiegs

City of Upland 2009-2010	Member:	Ken Willis
	Alternate:	Tom Thomas
	Alternate:	Anthony La

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 Advisory Committee Meeting held December 18, 2008 (*Page 1*)

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of December 2008 *(Page 15)*
2. Watermaster Visa Check Detail *(Page 19)*
3. Combining Schedule for the Period July 1, 2008 through November 30, 2008 *(Page 21)*
4. Treasurer's Report of Financial Affairs for the Period October 1, 2008 through November 30, 2008 *(Page 23)*
5. Budget vs. Actual July 2008 through November 2008 *(Page 25)*

C. LOCAL AGENCY INVESTMENT FUND

Resolution 09-02 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF) *(Page 27)*

D. LEVYING REPLENISHMENT & ADMINISTRATIVE ASSESSMENTS

Resolution 09-03 – Resolution of the Chino Basin Watermaster Levying Replenishment and Administrative Assessments for Fiscal Year 2008-2009 *(Page 29)*

E. NOTICE OF INTENT

Annual Filing of Notice of Intent Regarding the Determination of Operating Safe Yield *(Page 33)*

F. INDEPENDENT FINANCIAL AUDIT

Mayer Hoffman McCann P.C. Independent Watermaster Financial Audit *(Page 35)*

G. ALLOCATION OF VOLUME VOTE

Advisory Committee Allocation of Volume Vote effective Calendar Year 2009 *(Page 65)*

II. BUSINESS ITEM

A. BUDGET TRANSFER

Funding of the Farming Portion of the Middle Santa Ana Watershed TMDL Study – Budget Transfer Request for \$21,000 *(Page 69)*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. February 2, 2009 Hearing
2. Hanson Aggregates Litigation
3. Sale/Auction of Overlying Non-Agricultural Water

B. ENGINEERING UPDATES

1. Progress Report on Recharge Master Plan
2. Background and Conceptual Scoping of the Pumping Optimization Investigation
3. Oral Progress Report on other Wildermuth Environmental Activities

C. CEO/STAFF REPORT

1. Legislative Update
2. Recharge Update

D. INLAND EMPIRE UTILITIES AGENCY

1. MWD Drought Update - Oral
2. MWD Proposed 2010 Rate Increase – Oral
3. State/ MWD Conservation Requirements for Grant Funds - Oral
4. MWD Board Letter, 2009 Water Supply Allocation Plan Status *(Page 75)*
5. MWD Board Letter, Water Revenue Requirements, Calendar Year 2010 Rates *(Page 83)*
6. Summary State/MWD Conservation Requirements for Grand Funds *(Page 113)*
7. Monthly Water Conservation Programs and Imported Water Deliveries/DYY Report *(Page 121)*
8. Recycled Water Newsletter *(Page 147)*
9. State and Federal Legislative Report *(Page 151)*

10. Community Outreach/Public Relations Report *(Page 169)*

11. Peace II EIR Timeline *(Page 171)*

E. OTHER METROPOLITAN MEMBER AGENCY REPORTS

IV. INFORMATION

1. Newspaper Articles *(Page 173)*

V. COMMITTEE MEMBER COMMENTS

VI. OTHER BUSINESS

VII. FUTURE MEETINGS

January 22, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
January 22, 2009	9:00 a.m.	Annual Advisory Committee Meeting
January 22, 2009	11:00 a.m.	Annual Watermaster Board Meeting
January 29, 2009	9:00 a.m.	GRCC Meeting
February 2 & 3, 2009		CBWM Hearing – San Bernardino Court
February 12, 2009	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
February 17, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA
February 26, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
February 26, 2009	9:00 a.m.	Advisory Committee Meeting
February 26, 2009	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn

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**CHINO BASIN WATERMASTER
ANNUAL WATERMASTER BOARD MEETING**

11:00 a.m. – January 22, 2009

At The Offices Of

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

AGENDA

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

PUBLIC COMMENTS

INTRODUCTIONS - CALENDAR YEAR 2009 WATERMASTER BOARD MEMBERS

Bob Bowcock	Non-Agricultural Pool
Michael Camacho	Inland Empire Utilities Agency
James Curatalo	Cucamonga Valley Water District
Charles Field	Western Municipal Water District
Paul Hofer	Agricultural Pool (Crops)
Bob Kuhn	Three Valleys Municipal Water District
Geoffrey Vanden Heuvel	Agricultural Pool (Dairy)
Michael Whitehead	Fontana Water Company
Ken Willis	City of Upland

RECOGNITION OF OUTGOING WATERMASTER BOARD MEMBERS

1. Mr. Jim Bowman

I. CALENDAR YEAR 2008 OFFICERS – Action

A. ELECTION OF OFFICERS

1. Nominations will be heard for Watermaster Board Chair
2. Nominations will be heard for Watermaster Board Vice-Chair
3. Nominations will be heard for Watermaster Board Secretary/Treasurer

II. 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.

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1. Legislative Update
2. Recharge Update

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February 26, 2009	9:00 a.m.	Advisory Committee Meeting
February 26, 2009	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn



CHINO BASIN WATERMASTER

II. CONSENT CALENDAR

A. MINUTES

1. Advisory Committee Meeting – December 18, 2008



Draft Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING

December 18, 2008

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on December 18, 2008 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Appropriative Pool

Robert DeLoach, Chair	Cucamonga Valley Water District
Mark Kinsey	Monte Vista Water District
Ken Jeske	City of Ontario
Robert Tock	Jurupa Community Services District
Ron Craig	City of Chino Hills
Anthony La	City of Upland
Dave Crosley	City of Chino
Charles Moorrees	San Antonio Water Company
Raul Garibay	City of Pomona
Mike McGraw	Fontana Water Company

Non-Agricultural Pool

Bob Bowcock via teleconference	Vulcan Materials Company (Calmat Division)
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Agricultural Pool

Jennifer Novak	State of California Dept. of Justice, CIM
Bob Feenstra	Ag Pool – Dairy
Jeff Pierson	Ag Pool – Crops
Rob Vanden Heuvel	Milk Producers Counsel

Watermaster Board Members Present

Charles Field	Western Municipal Water District
Ken Willis	City of Upland
Terry Catlin	Inland Empire Utilities Agency

Watermaster Staff Present

Ken Manning	CEO
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
Tom McCarthy	Wildermuth Environmental Inc.

Others Present

Marty Zvirbulis	Cucamonga Valley Water District
Bill Kruger	City of Chino Hills
Dave Penrice	Aqua Capital Management
Gary Meyerhofer	Carollo Engineers
Sandra Rose	Monte Vista Water District
Rich Atwater	Inland Empire Utilities Agency
Martha Davis	Inland Empire Utilities Agency

David DeJesus
Steven Lee
Michael Camacho
Eunice Ulloa

Three Valleys Municipal Water District
Reid & Hellyer
Visitos
Chino Basin Water Conservation District

Chair DeLoach called the Advisory Committee meeting to order at 9:06 a.m.

AGENDA - ADDITIONS/REORDER

No additions or reorders were made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Advisory Committee Meeting held November 20, 2008

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of November 2008
2. Watermaster Visa Check Detail
3. Combining Schedule 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. Budget vs. Actual July 2008 through October 2008

C. 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 Kinsey, second by La, and by unanimous vote – Bowcock abstained on C2
Moved to approve Consent Calendar Items A through C, as presented*

II. BUSINESS ITEMS

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

Mr. Manning stated the concept of this item has been discussed in great detail at past meetings. There is a previous agreement for monitoring with Inland Empire Utilities Agency and in 2007 there was some disparity regarding what some costs should be and how those numbers were determined. In the discussions over those costs it was decided among Watermaster and IEUA staff to adopt an approach which was referred to as the Bright Line Approach. The concept is that IEUA and Watermaster would divide the monitor work and the information gathered from that monitoring will be cooperatively shared. That particular agreement has been performed based on a handshake since January, 2008, and it has been working well for both parties, however, it now needs to be formalized in writing. This agreement has gone through the Pool process and was approved unanimously.

*Motion by La, second by Garibay, and by unanimous vote
Moved to approve the MOU Cooperative Efforts for Monitoring Programs between the Inland Empire Utilities Agency and the Chino Basin Watermaster – Bright Line Approach, as presented*

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

Mr. Manning stated this is an item Watermaster has been working on with Inland Empire Utilities Agency since 2005. In 2005, IEUA and Watermaster had discussions with the Daily Bulletin regarding developing a public information program that assists our agencies in dealing with water issues; a proactive approach on recycled water, water reliability issues, scarcity outages, and other water related topics. The idea was to purchase a volume of ad space within the newspaper at a reduced cost. This ad campaign was very successful past years. Watermaster has been a contributor of \$10,000 and this is the amount staff is recommending at this time for another 12-month ad campaign. This will also include an on-line campaign. This agreement has gone through the Pool process and was approved unanimously.

Motion by Garibay, second by McGraw, and by unanimous vote

Moved to approve the Public Information Cost Sharing Agreement with Inland Empire Utilities Agency for 2009 for a 12-month Community Outreach Campaign, as presented

C. CONDITION SUBSEQUENT NO. 5

Mr. Manning stated this item is a follow up to the second phase of Condition Subsequent No. 5. Included on the back table is a draft legal document that would be filed with the court and a copy of a new schedule that WEI has put together. Watermaster is required to update Condition Subsequent No. 5, and to submit update along with the new schedule. At the upcoming hearing on February 2nd and 3rd the court has asked that Watermaster make a presentation on the physical solution. Counsel Fife stated there is a draft pleading on the back table in order to begin receiving comments from the parties. This is only on Condition Subsequent No. 5 and it will be revised prior to filing it with the court by January 1, 2009. WEI been replaced with Black & Veatch and the Conservation District for some of the tasks. Other dates have been trued up after discussions with Black & Veatch and the Conservation District. This agreement has gone through the Pool process and was approved unanimously.

Motion by Garibay, second by Kinsey, and by unanimous vote

Moved to approve the January 1, 2009 Progress Report on Watermaster's Recharge Master Plan Update pursuant to Condition Subsequent No. 5 to be filed with the court, as presented

D. AGRICULTURAL POOL REALLOCATION PROCEDURE

Mr. Manning stated this item retains to a proposed accounting procedure should there be a potential decline in safe yield. Mr. Manning stated pursuant to a stipulation with Monte Vista Water District dated April 25, 2008, Watermaster committed to include in Condition Subsequent No. 8, 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. The Stipulation further required Watermaster to produce information regarding an expected 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. 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 reallocating Agricultural pool 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. Mr. Manning stated the recommendation provided comes from the sub-committees decision and it was noted two parties were in opposition to the sub-committees recommendation; the City of Chino and Jurupa Community Services District. Mr. Manning noted at the recent Agricultural Pool meeting that committee elected to take no position in this matter. A discussion regarding this matter ensued.

Motion by Kinsey, second by La, and by majority vote – Agricultural Pool abstained, Jurupa Community Services District, and the City of Chino voted no

Moved to adopt the procedures for the Agricultural Pool reallocation procedure and instruct counsel to include a description of the procedures in the filing made in of with Condition Subsequent No. 8, as presented

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

Counsel Fife stated Peace II allowed for a Purchase and Sale Agreement for the Non-Agricultural Pool water that is in storage. There are various requirements in the Purchase and Sale Agreement and one of them is to establish a process to use this water as part of a Storage and Recovery Program with a deadline to do that by January 20, 2009. The Appropriators met and discussed how to deal with the water and eventually came up with a proposal for how to use the water in connection with the Storage and Recovery Program through what is being called a Price Floor Auction. There is a detailed staff report provided in the meeting packet that describes the terms of this agreement that would be with Western Municipal Water District acting as the minimum floor bidder. There are different procedures for how the auction would proceed and those are outlined in the staff report. The recommendation that staff is asking for are the approval of the recommendations in the staff report, primarily to proceed with the auction process and complete the auction agreement with WMWD by the deadline. Mr. Manning stated this agreement has gone through the Pool process and was approved unanimously. Chair DeLoach noted a letter written by Monte Vista Water District which further articulates some of their comments made at the Appropriative Pool meeting and is available on the back table. Mr. Kinsey offered comment and further clarification on the letter and a discussion regarding this item ensued. Mr. Manning stated this will come back to this committee in a formal contract after it has been discussed with WMWD. Counsel Fife stated the Agreement that is provided in the meeting packet is a draft proposed agreement and the action that is being requested is not to approve this draft agreement but to approve going forward with the process to complete the agreement and then that agreement will be brought back through the Watermaster process. A discussion regarding this matter ensued.

Motion by Jeske, second by Kinsey, and by unanimous vote

Moved to proceed with the price floor auction process including negotiations and to begin to draft documentation of the base bid with Western Municipal Water District and 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 and bring it back to the Appropriative Pool for final approval, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. February 2, 2009 Hearing

Counsel Fife stated a rough draft outline will be distributed to the parties prior to it going to the court and it is available on the back table for review. This draft is open for comments and Counsel Fife noted that not all parties that are listed as witnesses have been contacted prior to them being placed on the list. A discussion regarding the draft outline ensued. It was noted after comments are received a second draft will be presented prior to it going to the court. A discussion regarding the witness list and witness court process ensued.

2. Condition Subsequent No. 7 Pleading

Counsel Fife stated this pleading is regarding Wildermuth's report on Condition Subsequent No. 7 and an update on Condition Subsequent No. 5. The pleading will be filed next week along with the recent interventions.

Added Comment:

Mr. Feenstra inquired about the status of the request made by the Agricultural Pool regarding the special project TMDL Study. Counsel Fife stated no response has been formulated at this point in time; however, it is being looked into with regard to the history of special projects and special project assessments within the Chino Basin. A discussion regarding this matter ensued.

B. ENGINEERING REPORT

1. Oral Progress Report on Engineering Activities November 2008
No comment was made regarding this item.
2. Progress Report on the AB303 Grant ASR Pilot Project in MZ3
No comment was made regarding this item.

C. FINANCIAL REPORT

1. Agricultural Pool Fund Analysis

Ms. Rojo stated this item is being presented at the request of the Advisory Committee last month to give an update of the history as to where the Agricultural Pool funds came from. At the Ag Pool meeting of June 16, 1988, the pool members ratified an agreement with the Appropriative Pool whereby the Appropriators will assume all future Ag Pool administrative expenses, including special project expenses, in return for which the Appropriators will receive an early transfer of the Ag Pools unpumped water rights. The Ag Pool transferred all pool administrative reserves at June 30, 1988, in the amount of \$59,852 to the Appropriative Pool effective July 1, 1988. In June, 1988, the Ag Pool sold 2,000 acre-feet of water in storage to Cucamonga County Water District. "Funds from this sale are to be held and invested by the Watermaster for future use as determined by the Ag Pool members in the amount of \$246,000." The 2,000 acre-feet of water was purchased in 1978 by the Ag Pool, in anticipation of having a future replenishment obligation. The \$246,000 has earned interest for the past 19 years. The Ag Pool "extra compensation" was taken from these funds beginning in 2001. Various "Mutual Agency Project Costs" have been paid out of the Ag pool funds on six different occasions since 1998 in amounts ranging from \$3,000-\$20,000 per year. The Ag Pool fund balance is approximately \$475,604 as of June 30, 2008. Mr. Feenstra stated one of the large checks distributed from the Ag Pool fund balance was a request from the Regional Water Quality Control Board, having nothing to do with agricultural, which was allowing the RWQCB to finish a report on the perchlorate plume at the Ontario Airport. A discussion regarding Mr. Feenstra's comment ensued and it was noted the funds he is referring to was actually paid from the appropriators. Ms. Rojo stated she would verify this.

Mr. Feenstra stated he is once again inquiring about the funds to be paid at the request of the Agricultural Pool. Mr. Feenstra stated Mr. Rob Vanden Heuvel who is a member of the Agricultural Pool is here to offer comment on this matter. Mr. Feenstra stated he also has some questions of staff and legal counsel regarding special projects. Mr. Vanden Heuvel stated he made a presentation on the TMDL Study recently and gave an updated presentation to the committee members. A lengthy discussion regarding this matter ensued. It was noted the Advisory Committee needs more information on the details of this study prior to making a decision. Mr. Feenstra stated the subject at hand is that the Agricultural Pool has made the determination this is a special project; therefore requesting the Appropriative Pool honor that request per the Peace Agreement/Judgment and pay the monies needed to fund the TMDL study. Mr. Lee offered comment on his findings regarding this matter including what the Peace Agreement/Rules and Regulations/Judgment defines as a special project. A discussion regarding what a special project is ensued.

D. CEO/STAFF REPORT1. Legislative Update

Mr. Manning stated on page 131 of the meeting packet is Inland Empire Utilities Agency Legislative Report which a comprehensive and up-to-date report on both state and federal issues for your review on this item.

2. Recharge Update

Mr. Pak stated an updated handout on the recent recharge activities is available on the back table. Mr. Pak gave a presentation on the current state of the Watermaster recharge basins. Mr. Pak noted in November the storm water recharge as 677 acre-feet and the recycled water recharge was 229 acre-feet. On December 15, there was 1,380 acre-feet of storm water recharge and 600 acre-feet of recycled water recharge and the December numbers will be recalculated at the end of the month. Mr. Manning noted that the 1,380 acre-feet of capture that was the single largest day capture recorded for the Watermaster basins.

3. California Groundwater Coalition (CGC)

Mr. Manning stated Chris Frahm from Brownstein, Hyatt, Farber & Schreck was to be here to make this presentation, however, due to weather conditions she was not able to be here in time. This presentation will be given by Mr. Manning at the Watermaster Board meeting later today.

E. INLAND EMPIRE UTILITIES AGENCY1. Dry Year Yield Expansion Program Oral

Mr. Atwater stated the recent Dry Year Yield Expansion Program was a good meeting and the board did approve the CEQA documentation and thanked all the parties involved in this process.

2. MWD Water Supply Allocation Plan Update Oral

Mr. Atwater stated there will not be any substitutive information available until early January. The storms that we had this week are good news for the Chino Basin including the much needed snow packs that we can see on the mountains this morning. It is understood it looks like there are a few more storms still headed this way this month.

3. IEUA Draft "Strawman" Drought Plan Oral

No comment was made regarding this item.

4. Recycled Water Newsletter

No comment was made regarding this item.

5. Monthly Water Conservation Programs Report

No comment was made regarding this item.

6. State and Federal Legislative Report

No comment was made regarding this item.

7. Community Outreach/Public Relations Report

No comment was made regarding this item.

8. IEUA Regional Conservation Programs

No comment was made regarding this item.

9. Annual Water Use Report for IEUA Service Area

No comment was made regarding this item.

F. OTHER METROPOLITAN MEMBER AGENCY REPORTS

No comment was made regarding this item.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. COMMITTEE MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

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	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	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
January 22, 2009	9:00 a.m.	Annual Advisory Committee Meeting
January 22, 2009	11:00 a.m.	Annual Watermaster Board Meeting

The Advisory Committee meeting was dismissed by Chair DeLoach at 10:40 a.m.

Secretary: _____

Minutes Approved: _____

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CHINO BASIN WATERMASTER

II. CONSENT CALENDAR

A. MINUTES

1. Watermaster Board Meeting – December 18, 2008



Draft Minutes
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING

December 18, 2008

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on December 18, 2008 at 11:00 a.m.

WATERMASTER BOARD MEMBERS PRESENT

Ken Willis, Chair	City of Upland
Bob Kuhn	Three Valleys Municipal Water District
Charles Field	Western Municipal Water District
Kathy Tiegs	Cucamonga Valley Water District
Jim Bowman	City of Ontario
Terry Catlin	Inland Empire Utilities Agency
Bob Bowcock	Vulcan Materials Company
Jeff Pierson	Agricultural Pool
Geoffrey Vanden Heuvel	Agricultural Pool

Watermaster Staff Present

Ken Manning	CEO
Sheri Rojo	CFO/Asst. General Manager
Ben Pak	Senior Project Engineer
Danielle Maurizio	Senior Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

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

Others Present

Jennifer Novak	Department of Justice/CIM
Bob Feenstra	Ag Pool Dairy
Rob Vanden Heuvel	Milk Producers Counsel
Steven Lee	Reid & Hellyer
Dave Crosley	City of Chino
Jack Safely	Western Municipal Water District
Mark Kinsey	Monte Vista Water District
Sandra Rose	Monte Vista Water District
Raul Garibay	City of Pomona
Robert Tock	Jurupa Community Services District
Dave Penrice	Aqua Capital Management
Pat Shields	Inland Empire Utilities Agency
Henry Pepper	City of Pomona
Robert Tock	Jurupa Community Services District
Michael Camacho	Visitor
Marty Zvirbulis	Cucamonga Valley Water District
Ken Jeske	City of Ontario
David DeJesus	Three Valleys Municipal Water District
Ron Craig	RBF Consulting/Chino Hills
Eunice Ulloa	Chino Basin Water Conservation District

The Watermaster Board Meeting was called to order by acting Chair Willis at 11:00 a.m.

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

No additions or reorders were made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Watermaster Board Meeting held November 20, 2008

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of November 2008
2. Watermaster Visa Check Detail
3. Combining Schedule 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. Budget vs. Actual July 2008 through October 2008

C. 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 Catlin, second by Pierson, and by unanimous vote – Bowcock abstained on C2
Moved to approve Consent Calendar Items A through C, as presented*

II. BUSINESS ITEMS

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

Mr. Manning stated the concept of this item has been discussed in great detail at past meetings. There is a previous agreement for monitoring with Inland Empire Utilities Agency and in 2007 there was some disparity regarding what some costs should be and how those numbers were determined. In the discussions over those costs it was decided among Watermaster and IEUA staff to adopt an approach which was referred to as the Bright Line Approach. The concept is that IEUA and Watermaster would divide the monitoring work and the information gathered from that monitoring will be cooperatively shared. That particular agreement has been performed based on a handshake since January, 2008, and it has been working well for both parties, however, it now needs to be formalized in writing. This agreement has gone to the Pools and Advisory Committee and was approved unanimously.

*Motion by Catlin, second by Bowcock, and by unanimous vote
Moved to approve the MOU Cooperative Efforts for Monitoring Programs between the Inland Empire Utilities Agency and the Chino Basin Watermaster – Bright Line Approach, as presented*

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

Mr. Manning stated this is an item Watermaster has been working on with Inland Empire Utilities Agency since 2005. In 2005, IEUA and Watermaster had discussions with the Daily Bulletin regarding developing a public information program that assists our agencies in dealing with water issues; a proactive approach on recycled water, water reliability issues, scarcity outages, and other water related topics. The idea was to purchase a volume of ad space within the newspaper at a reduced cost. This ad campaign was very successful over the past years. Watermaster has been a contributor of \$10,000 per year and this is the amount staff is recommending at this time for another 12-month ad campaign. This will also include an on-line campaign. This agreement has gone to the Pools and Advisory Committee and was approved unanimously.

Motion by Kuhn, second by Catlin, and by unanimous vote

Moved to approve the Public Information Cost Sharing Agreement with Inland Empire Utilities Agency for 2009 for a 12-month Community Outreach Campaign, as presented

C. CONDITION SUBSEQUENT NO. 5

Mr. Manning stated this item is a follow up to the second phase of Condition Subsequent No. 5. Included on the back table is a draft legal document that would be filed with the court along with a copy of a new schedule that WEI has put together. Watermaster is required to update Condition Subsequent No. 5, and to submit the update along with the new schedule. At the upcoming hearing on February 2nd and 3rd the court has asked that Watermaster make a presentation on the physical solution. It was noted there is a draft pleading on the back table for review on this item. This only pertains to Condition Subsequent No. 5 and it will be revised prior to filing it with the court by January 1, 2009. WEI has been replaced with Black & Veatch and the Conservation District for some of the budgeted tasks. Other dates have been trued up after discussions with Black & Veatch and the Conservation District. This item has gone to the Pools and Advisory Committee and was approved unanimously.

Motion by Bowman, second by Catlin, and by unanimous vote

Moved to approve the January 1, 2009 Progress Report on Watermaster's Recharge Master Plan Update pursuant to Condition Subsequent No. 5 to be filed with the court, as presented

D. AGRICULTURAL POOL REALLOCATION PROCEDURE

Mr. Manning stated this item relates to a proposed accounting procedure should there ever be a potential decline in Operating Safe Yield. Mr. Manning stated pursuant to a stipulation with Monte Vista Water District dated April 25, 2008, Watermaster committed to include in Condition Subsequent No. 8, 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. The Stipulation further required Watermaster to produce information regarding an expected 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. 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 reallocating Agricultural Pool water in the event of a reduction in Operating 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. Mr. Manning stated the recommendation provided comes from the sub-committees decision and it was noted two parties were in opposition to the sub-committees recommendation; the City of Chino and Jurupa Community Services District. Mr. Manning noted at the recent Agricultural Pool meeting that committee elected to take no position in this matter and at the Advisory

Committee meeting this morning the City of Chino and Jurupa Community Services District voted no. Mr. Geoffrey Vanden Heuvel stated he needed more information on this subject. Mr. Manning stated he did not attend the meetings. Mr. Manning stated 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 predicted decline in Operating 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 Operating 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. A lengthy discussion regarding this issue ensued. Mr. Vanden Heuvel noted his concern over this approach. Counsel Slater stated in response to the discussion and Mr. Vanden Heuvel's concerns, counsel, and staff executed a stipulation with Monte Vista Water District wherein staff agreed to publish data about what the potential might be for the decline in safe yield and how it might be responded to. Mr. Kinsey and Mr. Crosley offered comment on their views on the issue. A discussion regarding the comments received ensued.

Motion by Bowman, second by Catlin, and by unanimous vote

Moved to adopt the procedures for the Agricultural Pool reallocation procedure and instruct counsel to include a description of the procedures in the filing made in of with Condition Subsequent No. 8, as presented

Added Comment:

Mr. Feenstra stated he had a request for an agenda item for next month and asked Agricultural Pool legal counsel, Mr. Lee, to state the request. Mr. Lee stated there was a discussion that came up at the Pool and Board meetings last month regarding a budget transfer item on the funding of the farming portion of a TMDL Study that the Agricultural Pool deemed as a special project. It was requested at those meetings that Counsel Fife do an analysis on behalf of the Watermaster as to the term "Special Projects" and whether this TMDL Study meets the qualifications to become a special project. It is requested this item be placed on the agenda next month for consideration. Counsel Slater stated this counsel does not represent the Advisory Committee; we represent the Board and Watermaster and if there is a request for opinions, that request needs to come from the board. Mr. Manning stated, based upon the Board's direction, staff will have report on the issue of special projects, and then the item of the budget transfer issue will also be brought back if directed to do so. It was noted this item needs to be on the January, 2009, agenda. Mr. Geoffrey Vanden Heuvel offered comment on the TMDL Study. A discussion regarding this study being a part of SAWPA ensued. Counsel Slater stated with as much discussion that is being taken on this item it seems it should be officially added to the agenda.

Motion by Kuhn, second by Bowcock, and by unanimous vote

Moved add this item to the agenda for purposes of discussion, as presented

It was noted what needs to be discussed is that the Agricultural Pool deemed this as a special project which should be paid by the Appropriative Pool as agreed to in the Peace Agreement and to define what is a special project. Counsel Slater reiterated the direction on this matter needs to come from the Board. A discussion regarding asking legal to define a special project ensued. It was noted this item will be placed on the agenda next month and legal counsel will provide the assistance needed to define special projects.

III. REPORTS/UPDATES

1. February 2, 2009 Hearing

Counsel Slater stated a rough draft outline will be distributed to the parties prior to it going to the court and one is available on the back table for review. This draft is open for comments and Counsel Fife noted that not all parties that are listed as witnesses have been contacted

prior to them being placed on the list. It was noted after comments are received, a second draft will be presented prior to it going to the court.

2. Condition Subsequent No. 7 Pleading

Counsel Slater stated the pleading on this is available on the back table; this is regarding Wildermuth's report on Condition Subsequent No. 7 and an update on Condition Subsequent No. 5. The pleading will be filed next week along with the recent interventions.

Motion by Catlin, second by Field, and by unanimous vote

Moved to approve the Condition Subsequent No. 7 pleading for filing with the court, as presented

B. ENGINEERING REPORT

1. Oral Progress Report on Engineering Activities November 2008

Mr. McCarthy stated with regard to the Recharge Master Plan Wildermuth Environmental has been working with the Conservation District and their consultant to get their 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. McCarthy stated he has spent a lot of time in the last few months working on compiling data for 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. McCarthy stated this portion work 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.

2. Progress Report on the AB303 Grant ASR Pilot Project in MZ1

Mr. McCarthy stated 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 have begun.

C. FINANCIAL REPORT

1. Agricultural Pool Fund Analysis

Ms. Rojo stated this item is being presented at the request of the Advisory Committee last month to give an update of the history as to where the Agricultural Pool funds came from. At the Ag Pool meeting of June 16, 1988, the pool members ratified an agreement with the Appropriative Pool whereby the appropriators will assume all future Ag Pool administrative expenses, including special project expenses, in return for which the appropriators will receive an early transfer of the Ag Pools unpumped water rights. The Ag Pool transferred all pool administrative reserves at June 30, 1988, in the amount of \$59,852 to the Appropriative Pool effective July 1, 1988. In June, 1988, the Ag Pool sold 2,000 acre-feet of water in storage to Cucamonga County Water District. "Funds from this sale are to be held and invested by the Watermaster for future use as determined by the Ag Pool members in the amount of \$246,000." The 2,000 acre-feet of water was purchased in 1978 by the Ag Pool, in anticipation of having a future replenishment obligation. The \$246,000 has earned interest for the past 19 years. The Ag Pool "extra compensation" was taken from these funds beginning in 2001. Various "Mutual Agency Project Costs" have been paid out of the Ag pool funds on six different occasions since 1998 in amounts ranging from \$3,000-\$20,000 per year. The Ag Pool fund balance is approximately \$475,604 as of June 30, 2008.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated on page 131 of the meeting packet is Inland Empire Utilities Agency Legislative Report which a comprehensive and up-to-date report on both state and federal issues for your review on this item.

2. Recharge Update

Mr. Pak stated an updated handout on the recent recharge activities is available on the back table. Mr. Pak gave a presentation on the current state of the Watermaster recharge basins. Mr. Pak noted in November the storm water recharge as 677 acre-feet and the recycled water recharge was 229 acre-feet. On December 15, there was 1,380 acre-feet of storm water recharge and 600 acre-feet of recycled water recharge and the December numbers will be recalculated at the end of the month. Mr. Manning noted that the 1,380 acre-feet of capture that was the single largest day capture recorded for the Watermaster basins.

3. California Groundwater Coalition (CGC)

Mr. Manning stated Chris Frahm from Brownstein, Hyatt, Farber & Schreck was to be here to make this presentation, however, due to weather conditions she was not able to be here in time. This presentation will be given at future meeting.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. BOARD MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

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	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	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
January 22, 2009	9:00 a.m.	Annual Advisory Committee Meeting
January 22, 2009	11:00 a.m.	Annual Watermaster Board Meeting

The Watermaster Board meeting was dismissed by Chair Willis at 12:20 p.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

II. CONSENT CALENDAR

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of December 2008
2. Watermaster Visa Check Detail
3. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2008 through November 30, 2008
4. Treasurer's Report of Financial Affairs for the Period November 1, 2008 through November 30, 2008
5. Profit & Loss Budget vs. Actual July 2008 through November 2008





CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: January 8, 2009
January 20, 2009
January 22, 2009

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report

SUMMARY

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

Recommendation – Staff recommends the Cash Disbursements for December 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 December 2008 were \$393,600.38. The most significant expenditures during the month were Wildermuth Environmental Inc. in the amount of \$146,164.55, Brownstein, Hyatt, Farber & Schreck in the amount of \$71,222.27, and Reid & Hellyer in the amount of 12,507.93.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
December 2008

Type	Date	Num	Name	Amount
Dec 08				
Bill Pmt -Check	12/2/2008	12834	W.C. DISCOUNT MOBILE AUTO DETAILI...	-75.00
Bill Pmt -Check	12/2/2008	12836	APPLIED COMPUTER TECHNOLOGIES	-3,066.05
Bill Pmt -Check	12/2/2008	12837	ARROWHEAD MOUNTAIN SPRING WATER	-62.72
Bill Pmt -Check	12/2/2008	12838	BOWCOCK, ROBERT	-375.00
Bill Pmt -Check	12/2/2008	12839	BOWMAN, JIM	-125.00
Bill Pmt -Check	12/2/2008	12840	CALPERS	-3,935.96
Bill Pmt -Check	12/2/2008	12841	CITISTREET	-2,595.66
Bill Pmt -Check	12/2/2008	12842	CLE INTERNATIONAL	-10.00
Bill Pmt -Check	12/2/2008	12843	DIRECTV	-76.98
Bill Pmt -Check	12/2/2008	12844	JAMES JOHNSTON	-885.00
Bill Pmt -Check	12/2/2008	12845	KONICA MINOLTA BUSINESS SOLUTIONS	-752.27
Bill Pmt -Check	12/2/2008	12846	KUHN, BOB	-125.00
Bill Pmt -Check	12/2/2008	12847	MWH LABORATORIES	-260.00
Bill Pmt -Check	12/2/2008	12848	OFFICE DEPOT	-336.56
Bill Pmt -Check	12/2/2008	12849	PARK PLACE COMPUTER SOLUTIONS, I...	-4,125.00
Bill Pmt -Check	12/2/2008	12850	PIERSON, JEFFREY	-125.00
Bill Pmt -Check	12/2/2008	12851	PUBLIC EMPLOYEES' RETIREMENT SYS...	-5,903.50
Bill Pmt -Check	12/2/2008	12852	PUMP CHECK	-4,065.00
Bill Pmt -Check	12/2/2008	12853	PURCHASE POWER	-21.91
Bill Pmt -Check	12/2/2008	12854	R&D PEST SERVICES	-85.00
Bill Pmt -Check	12/2/2008	12855	RAUCH COMMUNICATION CONSULTAN...	-1,233.75
Bill Pmt -Check	12/2/2008	12856	SAFETY CLEAN JANITORIAL SERVICES	-590.00
Bill Pmt -Check	12/2/2008	12857	STANDARD INSURANCE CO.	-575.76
Bill Pmt -Check	12/2/2008	12858	STATE COMPENSATION INSURANCE FU...	-747.84
Bill Pmt -Check	12/2/2008	12859	SWRCB FEES	-1,452.00
Bill Pmt -Check	12/2/2008	12860	TLC STAFFING	-848.00
Bill Pmt -Check	12/2/2008	12861	VANDEN HEUVEL, GEOFFREY	-375.00
Bill Pmt -Check	12/2/2008	12862	VERIZON	-410.86
Bill Pmt -Check	12/2/2008	12863	VISION SERVICE PLAN	-62.19
Bill Pmt -Check	12/2/2008	12864	WHEELER METER MAINTENANCE	-4,400.00
Bill Pmt -Check	12/2/2008	12865	WILLIS, KENNETH	-250.00
General Journal	12/3/2008	08/11/08	PAYROLL	-11,021.09
General Journal	12/3/2008	08/11/08	PAYROLL	-44,572.02
Bill Pmt -Check	12/10/2008	12866	BROWNSTEIN HYATT FARBER SCHRECK	-71,222.27
Bill Pmt -Check	12/10/2008	12867	COMPUTER NETWORK	-1,266.06
Bill Pmt -Check	12/10/2008	12868	HSBC BUSINESS SOLUTIONS	-333.88
Bill Pmt -Check	12/10/2008	12869	MATHIS & ASSOCIATES	-1,468.56
Bill Pmt -Check	12/10/2008	12870	PAYCHEX	-202.70
Bill Pmt -Check	12/10/2008	12871	PUMP CHECK	-2,660.00
Bill Pmt -Check	12/10/2008	12872	SAFEGUARD DENTAL & VISION	-57.68
Bill Pmt -Check	12/10/2008	12873	TELECOM SERVICES	-105.00
Bill Pmt -Check	12/10/2008	12874	UNION 76	-105.81
Bill Pmt -Check	12/10/2008	12875	W.C. DISCOUNT MOBILE AUTO DETAILI...	-75.00
Bill Pmt -Check	12/10/2008	12876	WATER EDUCATION FOUNDATION	-760.00
Bill Pmt -Check	12/10/2008	12877	YUKON DISPOSAL SERVICE	-142.88
General Journal	12/13/2008	08/12/06	PAYROLL	-7,559.20
General Journal	12/13/2008	08/12/06	PAYROLL	-27,065.19
Bill Pmt -Check	12/17/2008	12878	WILDERMUTH ENVIRONMENTAL INC	-146,164.55
Bill Pmt -Check	12/17/2008	12879	ACWA SERVICES CORPORATION	-209.95
Bill Pmt -Check	12/17/2008	12880	BANC OF AMERICA LEASING	-3,186.17
Bill Pmt -Check	12/17/2008	12881	BANK OF AMERICA	-946.86
Bill Pmt -Check	12/17/2008	12882	CUCAMONGA VALLEY WATER DISTRICT	-5,495.00
Bill Pmt -Check	12/17/2008	12883	FIRST AMERICAN REAL ESTATE SOLUTI...	-125.00
Bill Pmt -Check	12/17/2008	12884	LOS ANGELES TIMES	-46.40
Bill Pmt -Check	12/17/2008	12885	MWH LABORATORIES	-8,496.00
Bill Pmt -Check	12/17/2008	12886	PREMIERE GLOBAL SERVICES	-417.90
Bill Pmt -Check	12/17/2008	12887	RAUCH COMMUNICATION CONSULTAN...	-1,576.87
Bill Pmt -Check	12/17/2008	12888	REID & HELLYER	-12,507.93
Bill Pmt -Check	12/17/2008	12889	RICOH BUSINESS SYSTEMS-Lease	-888.94
Bill Pmt -Check	12/17/2008	12890	STAULA, MARY L	-136.61
Bill Pmt -Check	12/17/2008	12891	THE STANDARD INSURANCE COMPANY	-156.56
Bill Pmt -Check	12/17/2008	12892	TLC STAFFING	-768.00
Bill Pmt -Check	12/17/2008	12893	UNITED PARCEL SERVICE	-174.68
Bill Pmt -Check	12/17/2008	12894	VERIZON WIRELESS	-538.40
Bill Pmt -Check	12/17/2008	12895	W.C. DISCOUNT MOBILE AUTO DETAILI...	-50.00
Bill Pmt -Check	12/17/2008	12896	WESTERN DENTAL SERVICES, INC.	-26.50
Bill Pmt -Check	12/23/2008	12897	CALPERS	-4,014.77
Bill Pmt -Check	12/23/2008	12898	DELUXE BUSINESS FORMS & SUPPLIES	-176.05

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
December 2008

Type	Date	Num	Name	Amount
Bill Pmt -Check	12/23/2008	12899	INLAND EMPIRE UTILITIES AGENCY	-250.50
Bill Pmt -Check	12/23/2008	12900	OFFICE DEPOT	-197.39
Bill Pmt -Check	12/23/2008	12901	TLC STAFFING	-480.00
Dec 08				<u>-393,600.38</u>

11:31 AM
12/24/08

CHINO BASIN WATERMASTER
Check Detail
December 2008

Type	Num	Date	Name	Account	Paid Amount
Bill Pmt -Ch...	12881	12/17/2008	BANK OF AMERICA	1012 · Bank of America Gen'l Ckg	
Bill	4024...	11/30/2008		6112 · Subscriptions/Publications	-49.00
				6212 · Meeting Expense	-164.32
				6312 · Meeting Expenses	-164.32
				6191 · Conferences	-342.94
				6909.1 · OBMP Meetings	-87.32
				6141.3 · Admin Meetings	-106.96
				6313 · Board Member Expenses	-32.00
TOTAL					-946.86

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

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL APPROPRIATIVE	POOL AGRICULTURAL NON-AGRIC.	POOL REPLENISHMENT	GROUNDWATER SB222	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2008-2009
Administrative Revenues									
Administrative Assessments		7,993,307			172,817			8,166,124	\$7,841,054
Interest Revenue		32,366			841		9	36,481	174,368
Mutual Agency Project Revenue			3,265					-	148,410
Grant Income								-	0
Miscellaneous Income								-	0
Total Revenues	-	8,025,673	3,265		173,658	-	9	8,202,605	8,163,832
Administrative & Project Expenditures									
Watermaster Administration	308,191							308,191	619,960
Watermaster Board-Advisory Committee	24,969							24,969	61,201
Pool Administration		9,134	53,558	1,604				64,296	166,523
Optimum Basin Mgmt Administration		559,798						559,798	1,913,484
OBMP Project Costs		2,062,918						2,062,918	5,392,289
Education Funds Use								-	375
Mutual Agency Project Costs								-	10,000
Total Administrative/OBMP Expenses	333,160	2,622,716	53,558	1,604				3,020,172	8,163,832
Net Administrative/OBMP Income	(333,160)	(2,622,716)						-	-
Allocate Net Admin Income To Pools	333,160		254,160	72,455	6,545			-	-
Allocate Net OBMP Income To Pools		2,000,808	570,382	51,525				-	-
Agricultural Expense Transfer		678,164	(678,164)					-	-
Total Expenses	2,942,266	18,231	59,675					3,020,172	8,163,832
Net Administrative Income	5,083,407	(14,966)		113,983			9	5,182,433	-
Other Income/(Expense)									
Replenishment Water Assessments		6,427,596		10,047				6,437,643	0
MZ1 Supplemental Water Assessments								-	0
Water Purchases								-	0
Balance Adjustment								-	0
Groundwater Replenishment								-	0
Net Other Income		6,427,596		10,047				6,437,643	0
Net Transfers To/(From) Reserves		11,511,003	(14,966)	124,030			9	11,620,076	-

Q:\Financial Statements\09-09\10_08\Combining October_A3\Sheet1

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

DEPOSITORIES:			
Cash on Hand - Petty Cash		\$	500
Bank of America			
Governmental Checking-Demand Deposits		\$	133,564
Zero Balance Account - Payroll			133,564
Local Agency Investment Fund - Sacramento			2,840,455
TOTAL CASH IN BANKS AND ON HAND	11/30/2008	\$	2,974,519
TOTAL CASH IN BANKS AND ON HAND	10/31/2008		3,467,235
PERIOD INCREASE (DECREASE)		\$	(492,716)

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets:	Accounts Receivable	\$	-
	Assessments Receivable		(14,575,144)
	Prepaid Expenses, Deposits & Other Current Assets		-
(Decrease)/Increase in Liabilities	Accounts Payable		(142,032)
	Accrued Payroll, Payroll Taxes & Other Current Liabilities		21,887
	Transfer to/(from) Reserves		14,202,573
PERIOD INCREASE (DECREASE)		\$	(492,716)

	Zero Balance	Gov't'l Checking	Local Agency	Totals
	Account	Demand	Investment Funds	
	Payroll			
Petty Cash				
\$ 500	\$ -	\$ 126,280	\$ 3,340,455	\$ 3,467,235
-	-	27,854		27,854
-	69,249	430,751	(500,000)	-
-	(69,249)	(451,321)	-	(520,570)
\$ 500	\$ -	\$ 133,564	\$ 2,840,455	\$ 2,974,519
PERIOD INCREASE OR (DECREASE)		\$ 7,284	\$ (500,000)	\$ (492,716)

SUMMARY OF FINANCIAL TRANSACTIONS:

Balances as of 10/31/2008	
Deposits	
Transfers	
Withdrawals/Checks	
Balances as of 11/30/2008	
PERIOD INCREASE OR (DECREASE)	

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

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
11/19/2008	Withdrawal	L.A.I.F.	\$ (500,000)				
TOTAL INVESTMENT TRANSACTIONS				\$ (500,000)			

* 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
November 30, 2008**

Financial Institution	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	\$ 2,840,455			
TOTAL INVESTMENTS	\$ 2,840,455			

Funds on hand are sufficient to meet all foreseen and planned Administrative and project expenditures during the next six months.

All investment transactions have been executed in accordance with the criteria stated in Chino Basin Watermaster's Investment Policy.

Respectfully submitted,



Sheri M. Rojo, CPA
Chief Financial Officer & Assistant General Manager
Chino Basin Watermaster

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

	<u>Jul - Nov 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	7,993,307	7,708,817	284,490	103.69%
4120 · Admin Asmnts-Non-Agri Pool	172,817	132,237	40,580	130.69%
4700 · Non Operating Revenues	36,481	174,368	-137,887	20.92%
Total Income	<u>8,202,605</u>	<u>8,163,832</u>	<u>38,773</u>	<u>100.48%</u>
Gross Profit	8,202,605	8,163,832	38,773	100.48%
Expense				
6010 · Salary Costs	258,516	484,302	-225,786	53.38%
6020 · Office Building Expense	34,568	102,000	-67,432	33.89%
6030 · Office Supplies & Equip.	8,992	46,500	-37,508	19.34%
6040 · Postage & Printing Costs	27,533	87,380	-59,847	31.51%
6050 · Information Services	55,496	144,000	-88,504	38.54%
6060 · Contract Services	38,660	98,000	-59,340	39.45%
6080 · Insurance	15,706	17,730	-2,024	88.58%
6110 · Dues and Subscriptions	9,380	16,750	-7,370	56.0%
6140 · WM Admin Expenses	517	4,000	-3,483	12.93%
6150 · Field Supplies	864	2,500	-1,636	34.54%
6170 · Travel & Transportation	12,038	39,200	-27,162	30.71%
6190 · Conferences & Seminars	17,086	26,500	-9,414	64.48%
6200 · Advisory Comm - WM Board	6,001	19,181	-13,180	31.29%
6300 · Watermaster Board Expenses	18,968	42,020	-23,052	45.14%
8300 · Appr PI-WM & Pool Admin	9,134	24,008	-14,874	38.05%
8400 · Agri Pool-WM & Pool Admin	7,598	24,820	-17,222	30.61%
8467 · Ag Legal & Technical Services	44,236	98,000	-53,764	45.14%
8470 · Ag Meeting Attend -Special	1,725	12,000	-10,275	14.38%
8500 · Non-Ag PI-WM & Pool Admin	1,604	7,695	-6,091	20.84%
6500 · Education Funds Use Expens	0	375	-375	0.0%
9500 · Allocated G&A Expenditures	<u>-171,163</u>	<u>-448,902</u>	<u>277,739</u>	<u>38.13%</u>
Subtotal G&A Expenditures	397,456	848,059	-450,603	46.87%
6900 · Optimum Basin Mgmt Plan	512,353	1,845,421	-1,333,068	27.76%
6950 · Mutual Agency Projects	0	10,000	-10,000	
9501 · G&A Expenses Allocated-OBMP	<u>47,444</u>	<u>137,959</u>	<u>-90,515</u>	<u>34.39%</u>
Subtotal OBMP Expenditures	559,798	1,993,380	-1,433,582	28.08%
7101 · Production Monitoring	57,414	107,515	-50,101	53.4%
7102 · In-line Meter Installation	20,787	87,931	-67,144	23.64%
7103 · Grdwtr Quality Monitoring	84,181	210,458	-126,277	40.0%
7104 · Gdwtr Level Monitoring	181,428	342,538	-161,110	52.97%
7105 · Sur Wtr Qual Monitoring	1,053	46,717	-45,664	2.25%

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

	<u>Jul - Nov 08</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7107 · Ground Level Monitoring	73,279	651,468	-578,189	11.25%
7108 · Hydraulic Control Monitoring	192,427	743,476	-551,049	25.88%
7200 · PE2- Comp Recharge Pgm	309,219	1,185,883	-876,664	26.08%
7300 · PE3&5-Water Supply/Desalte	53,953	148,477	-94,524	36.34%
7400 · PE4- Mgmt Plan	98,764	217,371	-118,607	45.44%
7500 · PE6&7-CoopEfforts/SaltMgmt	16,538	76,411	-59,873	21.64%
7600 · PE8&9-StorageMgmt/Conj Use	338,262	76,909	261,353	439.82%
7690 · Recharge Improvement Debt Pymt	511,894	1,110,000	-598,106	46.12%
7700 · Inactive Well Protection Prgm	0	6,296	-6,296	0.0%
9502 · G&A Expenses Allocated-Projects	123,719	310,943	-187,224	39.79%
Subtotal Special Project Expenditures	<u>2,062,918</u>	<u>5,322,393</u>	<u>-3,259,475</u>	<u>38.76%</u>
Total Expense	<u>3,020,172</u>	<u>8,163,832</u>	<u>-5,143,660</u>	<u>37.0%</u>
Net Ordinary Income	5,182,433	0	5,182,433	100.0%
Other Income/Expense				
Other Income				
4210 · Approp Pool-Replenishment	6,427,596			
4220 · Non-Ag Pool-Replenishment	<u>10,047</u>			
Total Other Income	<u>6,437,643</u>			
Other Expense				
9999 · To/(From) Reserves	<u>11,620,076</u>			
Total Other Expense	<u>11,620,076</u>			
Net Other Income	<u>-5,182,433</u>			
Net Income	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0.0%</u></u>



CHINO BASIN WATERMASTER

II. CONSENT CALENDAR

C. LOCAL AGENCY INVESTMENT FUND



RESOLUTION 09-02 OF CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730

PHONE: 909-484-3888

**AUTHORIZING INVESTMENT OF MONIES
IN THE LOCAL AGENCY INVESTMENT FUND**

WHEREAS, Pursuant to Chapter 730 of the statutes of 1976 Section 16429.1 was added to the California Government Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the Chino Basin Watermaster was appointed on January 27, 1978, under San Bernardino Superior Court Case No. WCV51010 (formerly Case No. SCV164327) entitled Chino Basin Municipal Water District V. City of Chino, et al., with powers to authorize the investment or deposit of surplus funds pursuant to the California Government Code, Section 53600; and

WHEREAS, upon filing of an appropriate resolution, local agencies are permitted to remit money to the State Treasurer for deposit in the fund for the purpose of investment; and pursuant to Section 16429.3 of said Government Code, such monies are not subject to impoundment of seizure by any state official or state agency.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby authorize the deposit and withdrawal of Chino Basin Watermaster monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer's Office of all banking information provided in that record.

BE IT FURTHER RESOLVED, that the following Chino Basin Watermaster officers and designated employees or their successors in office/position shall be authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund.

_____	<u>Chairman of the Board</u>	_____
(NAME)	(TITLE)	(SIGNATURE)
_____	<u>Vice-Chair</u>	_____
(NAME)	(TITLE)	(SIGNATURE)
_____	<u>Board Secretary/Treasurer</u>	_____
(NAME)	(TITLE)	(SIGNATURE)
<u>Kenneth R. Manning</u>	<u>Chief Executive Officer/Secretary</u>	_____
(NAME)	(TITLE)	(SIGNATURE)
<u>Sheri Rojo</u>	<u>C.F.O./Asst. G.M.</u>	_____
(NAME)	(TITLE)	(SIGNATURE)

APPROVED by the Advisory Committee this 22nd day of January 2009.
ADOPTED by the Watermaster Board on this 22nd day of January 2009.

By: _____
Chairman, Watermaster Board

APPROVED:

Chairman, Advisory Committee

ATTEST:

Board Secretary
Chino Basin Watermaster

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN BERNARDINO)

I, Ken Manning, Secretary of the Chino Basin Watermaster, DO HEREBY CERTIFY that the foregoing Resolution being No. 09-02, was adopted at a regular meeting of the Chino Basin Watermaster Board by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

CHINO BASIN WATERMASTER

Secretary

Date: _____



CHINO BASIN WATERMASTER

II. CONSENT CALENDAR

D. LEVYING REPLENISHMENT & ADMINISTRATIVE ASSESSMENTS



RESOLUTION 09-03

A RESOLUTION OF THE CHINO BASIN WATERMASTER LEVYING REPLENISHMENT AND ADMINISTRATIVE ASSESSMENTS FOR FISCAL YEAR 2008 - 2009

WHEREAS, the Chino Basin Watermaster was appointed on January 27, 1978, under Case No. RCV 51010 (formerly case No. SCV 164327) entitled Chino Basin Municipal Water District v. City of Chino, et al., with powers to levy and collect administrative and replenishment assessments necessary to maintain water levels and to cover the cost of administering the Chino Basin Judgment; and

WHEREAS, the Watermaster Advisory Committee approved and the Watermaster Board adopted the Fiscal Year 2007-2008 Budget on June 28, 2007 to carry out the necessary Watermaster functions under the Judgment; and

WHEREAS, the parties named in this Judgment have pumped 13,238.88 acre-feet of water in excess of the operating safe yield, which is required to be replaced at the expense of the parties in accordance with the assessment formulas for the respective pools.

NOW, THEREFORE, BE IT RESOLVED that the Chino Basin Watermaster levies the respective assessments for each pool effective January 22, 2009 as showed on Exhibit "A" attached hereto.

BE IT FURTHER RESOLVED, that pursuant to the Judgment, each party has thirty-days from the date of invoice to remit the amount of payment for assessments due. After that date, interest will accrue on that portion which was due as provided for in Section 55 (c) of the Judgment.

THE FOREGOING RESOLUTION was

APPROVED by the Advisory Committee on the 22nd day of January 2009.

ADOPTED by the Watermaster Board on the 22nd day of January 2009.

By: _____
Chairman, Watermaster Board

APPROVED:

Chairman, Advisory Committee

ATTEST:

Secretary, Watermaster Board

Exhibit "A"
Resolution 09-03

Summary
of
Assessments
Fiscal Year 2008-2009
Production Year 2007-2008

1. OVERLYING (NON-AGRICULTURAL) POOL

a.	2007-2008 Budget	\$ <u>6.17</u> Per AF - Admin.
		\$ <u>44.07</u> Per - OBMP
b.	Replenishment	\$ <u>309.00</u> Per AF

2. APPROPRIATIVE POOL

a.	Administration	
	1. 2007-2008 Budget	\$ <u>6.17</u> Per AF - Admin.
		\$ <u>44.07</u> Per - OBMP
	2. Ag Pool Reallocated	
		\$ <u>3.68</u> Per AF - Admin.
		\$ <u>26.25</u> Per AF - OBMP
b.	100% Net Replenishment	\$ <u>309.00</u> Per AF
c.	15/85 Water Activity	
	15% Replenishment Assessments	<u>\$893,722.37</u>
	15% Water Transaction Activity	<u>\$73,772.93</u>
d.	Recharge Debt Payment	<u>\$1,261,594.00</u>

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN BERNARDINO)

I, Ken Manning, Secretary of the Chino Basin Watermaster, DO HEREBY CERTIFY that the foregoing Resolution being No. 09-03, was adopted at a regular meeting of the Chino Basin Watermaster Board by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

CHINO BASIN WATERMASTER

Secretary

Date: _____

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CHINO BASIN WATERMASTER

II. CONSENT CALENDAR

E. NOTICE OF INTENT



Watermaster's "Notice of Intent" to Change the Operating Safe Yield of the Chino Groundwater Basin

PLEASE TAKE NOTICE that on this 22nd day of January 2009, Chino Basin Watermaster hereby files this 'NOTICE OF INTENT' to change the operating safe yield of the Chino Groundwater Basin Pursuant to the Judgment entered in Chino Basin Municipal Water District v. City of Chino, et al., San Bernardino Superior Court, Case No. RCV 51010 (formerly Case No. 164327) (Exhibit I, Paragraph 2b, Page 80).

Approved by
**CHINO BASIN WATERMASTER
ADVISORY COMMITTEE**

**CHINO BASIN WATERMASTER
BOARD OF DIRECTORS**

By: _____
Chair

By: _____
Chair

ATTEST:

By: _____
Secretary

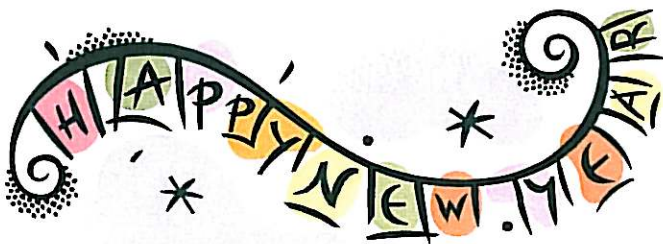
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CHINO BASIN WATERMASTER

II. CONSENT CALENDAR

F. INDEPENDENT FINANCIAL AUDIT





Mayer Hoffman McCann P.C.

An Independent CPA Firm

Conrad Government Services Division

2301 Dupont Drive, Suite 200

Irvine, California 92612

949-474-2020 ph

949-263-5520 fx

www.mhm-pc.com

Board of Directors
Chino Basin Watermaster
Rancho Cucamonga, California

We have audited the financial statements of the Chino Basin Watermaster (the "Watermaster") for the year ended June 30, 2008, and have issued our report thereon dated December 8, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 11, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

Audit fieldwork was substantially completed by August 15, 2008. As communicated to the Board of Directors during our meeting held on August 7, 2008, significant risks of material misstatement addressed by our auditing procedures included:

- Risk of material fraud or misstatement associated with cash receipts and disbursements.
- Risk of improper classification of expenses.
- Risk of improper timing in recording revenues.
- Risk of error associated with the identification of capital asset additions and deletions.

Significant Audit Findings

We did not identify any deficiencies in internal control we consider to be material weaknesses.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Watermaster are described in note one to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2008. We noted no transactions entered into by the Watermaster during the year for which there is a lack of authoritative guidance or consensus. There are no



Board of Directors
Chino Basin Watermaster
Rancho Cucamonga, California
Page 2 of 3

material transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Examples of significant judgments and estimates reflected in the Watermaster's financial statements and disclosures include:

- Judgments associated with the collection of receivables
- Estimates involving revenues and expenses to be accrued as of year end.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not identify any adjustments that were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting and auditing matter, whether or not resolved to our satisfaction, which could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 8, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Watermaster's financial statements or a determination of the type of auditor's opinion that may be expressed on those



Board of Directors
Chino Basin Watermaster
Rancho Cucamonga, California
Page 3 of 3

statements, our professional standards require that the consulting accountant contact us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants during the 2008 audit.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to retention as the Watermaster's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

* * * * *

This information is intended solely for the use of the Board of Directors and the management of the Watermaster and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McCann P.C.

Irvine, California
December 8, 2008

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CHINO BASIN WATERMASTER
Basic Financial Statements and Supplemental Data
Year ended June 30, 2008
(With Independent Auditors' Report Thereon)

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CHINO BASIN WATERMASTER
Basic Financial Statements and Supplemental Data
Year ended June 30, 2008

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Mayer Hoffman McCann P.C.

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2301 Dupont Drive, Suite 200

Irvine, California 92612

949-474-2020 ph

949-263-5520 fx

www.mhm-pc.com

Board of Directors
Chino Basin Watermaster
Rancho Cucamonga, California

Independent Auditors' Report

We have audited the accompanying basic financial statements of the Chino Basin Watermaster as of and for the year ended June 30, 2008, as listed in the table of contents. These basic financial statements are the responsibility of the management of Chino Basin Watermaster. Our responsibility is to express an opinion on these basic financial statements based on our audit. The prior year partial comparative information has been derived from the Chino Basin Watermaster's basic financial statements for the year ended June 30, 2007 and, in our report dated January 23, 2008, we expressed an unqualified opinion on those financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chino Basin Watermaster as of June 30, 2008, and respective changes in financial position and cash flows of the Chino Basin Watermaster for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

Mayer Hoffman McCann P.C.

Irvine, California
December 8, 2008



CHINO BASIN WATERMASTER

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

BACKGROUND

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

This section of the Watermaster's annual financial report presents our analysis of the Watermaster's financial performance during the fiscal year ended on June 30, 2008. Please read it in conjunction with the basic financial statements that follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the Watermaster's basic financial statements, which are comprised of two components: Financial Statements (pages 6-8) and Notes to the Financial Statements (pages 9-19). This report also contains other supplementary information in addition to the basic financial statements (pages 20-22).

Required Financial Statements

The financial statements of the Watermaster report information using the accrual basis of accounting; accordingly, all of the current year's revenues and expenses are accounted for regardless of when the cash is received or paid. This accounting treatment is similar to the methods used by private sector companies and aids in answering the question of whether the Watermaster, as a whole, has improved or deteriorated as a result of this year's activities.

The Statement of Net Assets (page 6) includes all of the Watermaster's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for evaluating the capital structure of the Watermaster and assessing the liquidity and financial flexibility of the Watermaster.

The Statement of Revenues, Expenses and Changes in Net Assets (page 7) includes all of the current year revenues and expenses. This statement measures the success of the Watermaster's operations over the past year and can be used to determine whether the Watermaster has successfully recovered all of its costs through assessments and other charges.

The Statement of Cash Flows (page 8) reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. This statement demonstrates where the cash came from, how the cash was used, and how much the change in cash was during the fiscal year.

These statements are one of many different ways to measure the Watermaster's financial health, or financial position. Over time, increases or decreases in the Watermaster's net assets are one of the indicators of whether its financial position is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Watermaster's, assessment income, cost sharing agreements, and other operational measures to help assess the overall financial position of the Watermaster.

SUMMARY OF FINANCIAL INFORMATION

Statement of Net Assets

June 30, 2008
(With comparative totals for June 30, 2007)

	2008	2007	Difference	% Change
Assets				
Current	\$ 7,080,314	\$ 8,026,597	\$ (946,283)	-12%
Capital	59,223	84,354	(25,131)	-30%
Total Assets	7,139,537	8,110,951	(971,414)	-12%
Liabilities				
Current	798,580	2,686,624	(1,888,044)	-70%
Non current	142,995	115,030	27,965	24%
Total Liabilities	941,575	2,801,654	(1,860,079)	-66%
Net Assets				
Invested in capital assets	59,223	84,354	(25,131)	-30%
Unrestricted	6,138,739	5,224,943	913,796	17%
Total Net Assets	\$6,197,962	\$5,309,297	\$ 888,665	17%

For the year ended June 30, 2008 and June 30, 2007, Watermaster's Total Net Assets was \$6,197,962 and \$5,309,297 respectively.

Current Assets decreased by \$946,283 in FY 2008, which was a combination of a \$2.3 million decrease in Prepaid Expenses netted with an increase of Cash and Investments of approximately \$1.4 million. The reduction in Prepaid Expenses was due to a prepayment in 2007 for water purchases which was used in FY 2008. Cash and Investment balances increased in FY 2008 due to an excess of revenues over expenses. These balances include funds set aside for specific use such as the Agricultural Pool fund.

Net Capital Assets decreased by \$25,131 in FY 2008 due to depreciation expense for the year.

Total Liabilities decreased by \$1,860,179 in FY 2008 primarily due to the timing of payments for water purchases which were accrued in FY 2007 and paid in FY 2008.

Statement of Revenues, Expenses, and Changes in Net Assets

June 30, 2008
(With comparative totals for June 30, 2007)

	2008	2007	Difference	% Change
Operating Revenues				
Administrative assessments	\$ 7,602,975	\$ 7,923,502	\$ (320,527)	-4%
Mutual agency project revenue	237,370	142,149	95,221	67%
Replenishment water	3,402,393	2,690,983	711,410	26%
Miscellaneous revenue	35,054	-	35,054	100%
Total Operating Revenues	11,277,792	10,756,634	521,158	5%
Operating Expenses				
Watermaster administration	510,175	752,865	(242,690)	-32%
Depreciation	25,131	29,118	(3,987)	-14%
Pool, Advisory and Board	219,545	169,967	49,578	29%
Optimum Basin Management Plan	6,485,337	7,607,905	(1,122,568)	-15%
Mutual agency project costs	10,000	10,000	-	0%
Groundwater replenishment	3,325,123	3,536,201	(211,078)	-6%
Total Operating Expenses	10,575,311	12,106,056	(1,530,745)	-13%
Income from operations	702,481	(1,349,422)	2,051,903	152%
Non-Operating Revenues				
Interest	186,184	256,311	(70,127)	-27%
Total Non-Operating Revenues	186,184	256,311	(70,127)	-27%
Change in net assets	888,665	(1,093,111)	1,981,776	181%
Net assets at beginning of year	5,309,297	6,402,408	(1,093,111)	-17%
Total net assets at end of year	\$ 6,197,962	\$ 5,309,297	\$ 888,665	17%

REVIEW OF REVENUES AND EXPENSES

Annual assessments are determined by dividing the adopted budget by the assessable production. Administrative assessment revenue decreased \$320,527 in FY 2008, or 4% from the previous year due to budgeted decreases in OBMP expenses and recharge basin operations and maintenance expenses.

Replenishment assessment revenue increased by \$711,410 in FY 2008 or 26% due to increases in production in excess of rights.

Overall operating expenses (excluding replenishment activities) decreased over the prior year from \$8,569,855 to \$7,250,188, down by 15% from the prior year. Specifically, administrative expenses decreased by \$242,690 in FY 2008, or 32%, due to a concerted effort by Watermaster staff to control costs and operate efficiently as well as a change in the methodology of labor overhead allocations. Additionally, the Optimal Basin Management Plan decreased by \$1,122,568 in FY 2008 or 15% due to less legal and other expenditures in 2008 than in 2007.

Non-operating revenue represented interest income of \$186,184 and \$256,311 for the years ending June 30, 2008 and June 30, 2007, which decreased due to falling interest rates.

CONTACTING THE WATERMASTER

This financial report is designed to provide a general overview of the Watermaster's finances and to demonstrate the Watermaster's accountability for the resources it receives. If you have any questions about this report, or need additional information, please contact Sheri Rojo, Assistant General Manager/Chief Financial Officer at (909) 484-3888.

CHINO BASIN WATERMASTER

Statement of Net Assets

June 30, 2008

(with comparative totals for June 30, 2007)

<u>Assets</u>	<u>2008</u>	<u>2007</u>
Current assets:		
Cash and investments (note 2)	\$ 6,146,595	4,834,960
Accounts receivable (note 9)	910,462	840,426
Prepaid expenses	<u>23,257</u>	<u>2,351,211</u>
Total current assets	<u>7,080,314</u>	<u>8,026,597</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation (note 3)	<u>59,223</u>	<u>84,354</u>
Total noncurrent assets	<u>59,223</u>	<u>84,354</u>
Total assets	<u>7,139,537</u>	<u>8,110,951</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	793,256	2,629,876
Accrued salaries and benefits	<u>5,324</u>	<u>56,748</u>
Total current liabilities	<u>798,580</u>	<u>2,686,624</u>
Noncurrent liabilities:		
Compensated absences (note 4)	<u>142,995</u>	<u>115,030</u>
Total noncurrent liabilities	<u>142,995</u>	<u>115,030</u>
Total liabilities	<u>941,575</u>	<u>2,801,654</u>
<u>Net Assets</u>		
Net assets:		
Invested in capital assets	59,223	84,354
Unrestricted	<u>6,138,739</u>	<u>5,224,943</u>
Total net assets	<u>\$ 6,197,962</u>	<u>5,309,297</u>

See accompanying notes to the basic financial statements.

CHINO BASIN WATERMASTER

Statement of Revenues, Expenses and Changes in Net Assets

Year ended June 30, 2008

(with comparative totals for June 30, 2007)

	<u>2008</u>	<u>2007</u>
Operating revenues:		
Administrative assessments (note 1)	\$ 7,602,975	7,923,502
Mutual agency project revenue	237,370	142,149
Replenishment water	3,402,393	2,690,983
Miscellaneous revenue	<u>35,054</u>	<u>-</u>
Total operating revenues	<u>11,277,792</u>	<u>10,756,634</u>
Operating expenses:		
Watermaster administration	510,175	752,865
Depreciation	25,131	29,118
Pool, advisory and Board administration	219,545	169,967
Optimum Basin Management Plan	6,485,337	7,607,905
Mutual agency project costs	10,000	10,000
Groundwater replenishment	<u>3,325,123</u>	<u>3,536,201</u>
Total operating expenses	<u>10,575,311</u>	<u>12,106,056</u>
Income (loss) from operations	<u>702,481</u>	<u>(1,349,422)</u>
Nonoperating revenues:		
Interest income	<u>186,184</u>	<u>256,311</u>
Total nonoperating revenues	<u>186,184</u>	<u>256,311</u>
Change in net assets	888,665	(1,093,111)
Net assets at beginning of year	<u>5,309,297</u>	<u>6,402,408</u>
Total net assets at end of year	<u>\$ 6,197,962</u>	<u>\$ 5,309,297</u>

See accompanying notes to the basic financial statements.

CHINO BASIN WATERMASTER

Statement of Cash Flows

Year ended June 30, 2008

(with comparative totals for June 30, 2007)

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Cash received from customers	\$ 10,970,386	10,858,726
Cash received from other agencies	237,370	142,149
Cash paid to employees for services	(1,217,790)	(1,159,406)
Cash paid to suppliers of goods and services	<u>(8,864,515)</u>	<u>(12,400,436)</u>
Net cash provided by (used for) operating activities	<u>1,125,451</u>	<u>(2,558,967)</u>
Cash flows from investing activities:		
Interest received	<u>186,184</u>	<u>256,311</u>
Net cash provided by (used for) investing activities	<u>186,184</u>	<u>256,311</u>
Net increase (decrease) in cash	1,311,635	(2,302,656)
Cash and investments at the beginning of year	<u>4,834,960</u>	<u>7,137,616</u>
Cash and investments at the end of year	<u>\$ 6,146,595</u>	<u>\$ 4,834,960</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 702,481	(1,349,422)
Adjustments to reconcile operating income (loss) to net cash used for operating activities:		
Depreciation	25,131	29,118
(Increase) decrease in accounts receivable	(70,036)	244,241
(Increase) decrease in prepaid expenses	2,327,954	(2,322,143)
Increase (decrease) in account payable	(1,836,620)	804,715
Increase (decrease) in accrued salaries and benefits	(51,424)	4,094
Increase (decrease) in compensated absences	<u>27,965</u>	<u>30,430</u>
Net cash provided by (used for) operating activities	<u>\$ 1,125,451</u>	<u>\$ (2,558,967)</u>

Noncash investing, capital and financing activities:

There were no significant noncash investing, capital or financing activities during the fiscal year ended June 30, 2008.

See accompanying notes to the basic financial statements.

CHINO BASIN WATERMASTER
Notes to the Basic Financial Statements
Year ended June 30, 2008

(1) Reporting Entity and Summary of Significant Accounting Policies

Description of Reporting Entity

The Chino Basin Watermaster (“Watermaster”) was established under a judgment entered in Superior Court of the State of California for the County of San Bernardino as a result of Case No. RCV 51010 (formerly Case No. SCV 164327) entitled “Chino Basin Municipal Water District v. City of Chino, et al.”, signed by the Honorable Judge Howard B. Wiener on January 27, 1978. The effective date of this Judgment for accounting and operations was July 1, 1977.

Pursuant to the Judgment, the Chino Basin Municipal Water District (CBMWD) five member Board of Directors was initially appointed as “Watermaster”. Their term of appointment as Watermaster was for five years, and the Court, by subsequent orders, provides for successive terms or for a successor Watermaster. Pursuant to a recommendation of the Advisory Committee, the Honorable J. Michael Gunn appointed a nine-member board as Watermaster on September 28, 2000.

Under the Judgment, three Pool committees were formed: (1) Overlying (Agricultural) Pool which includes the State of California and all producers of water for overlying uses other than industrial or commercial purposes; (2) Overlying (Non-Agricultural) Pool which represents producers of water for overlying industrial or commercial purposes; and (3) Appropriative Pool which represents cities, districts, other public or private entities and utilities. The three Pools act together to form the “Advisory Committee”.

The Watermaster provides the Chino Groundwater Basin service area with services which primarily include: accounting for water appropriations and components of acre-footage of stored water by agency, purchase of replenishment water, groundwater monitoring and implementation of special projects.

Watermaster expenditures are allocated to the pools based on the prior year’s production volume (or the same percentage used to set the annual assessments). Allocations for fiscal year 2007-08 expenses are based on the 2006-07 production volume.

	2006-07	
	Acre Feet	%
Production Volume:		
Appropriative Pool	130,826	76.288
Agricultural Pool	37,295	21.748
Non-Agricultural Pool	3,369	1.965
Total Production Volume	171,490	100.000

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

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

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

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

Basis of Accounting

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

Cash and Investments

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

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

Cash Equivalents

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

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

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

Capital Assets

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

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

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

Use of Estimates

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

Appropriative Interest Revenue Allocation

On August 30, 1979, the Appropriative Pool unanimously approved assessment procedures whereby any interest earned from the Watermaster assessments paid by Appropriative Pool members would reduce the total current assessment due from those members. Fiscal year 2006-07 interest revenue was allocated to the Appropriative Pool, resulting in a reduction of the 2007-08 assessments. The amount of administrative assessment received for the year ended June 30, 2008 was \$7,602,975.

Prior Year Data

The information included in the accompanying financial statements for the prior year has been presented for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Watermaster's prior year financial statements, from which the financial data was derived.

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

(2) Cash and Investments

Cash and investments as of June 30, 2008 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	<u>\$6,146,595</u>
Total cash and investments	<u>\$6,146,595</u>

Cash and investments as of June 30, 2008 consist of the following:

Cash on hand	\$ 500
Deposits with financial institutions	152,464
Investments	<u>5,993,631</u>
Total cash and investments	<u>\$6,146,595</u>

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

(2) Cash and Investments. (Continued)

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

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

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

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

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Disclosures Relating to Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Remaining Maturity (in Months)</u>			
	<u>Total Amount</u>	<u>12 Months Or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>
Local Agency Investment Fund	<u>\$5,993,631</u>	<u>5,993,631</u>	<u>-</u>	<u>-</u>
Total	<u>\$5,993,631</u>	<u>5,993,631</u>	<u>-</u>	<u>-</u>

Disclosures Relating to Credit Risk

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

<u>Investment Type</u>	<u>Total Amount</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>		
			<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
Local Agency Investment Fund	<u>\$5,993,631</u>	N/A	<u>-</u>	<u>-</u>	<u>5,993,631</u>
Total	<u>\$5,993,631</u>		<u>-</u>	<u>-</u>	<u>5,993,631</u>

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

(2) Cash and Investments, (Continued)

Custodial Credit Risk

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

Investment in State Investment Pool

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

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(3) Capital Assets

Capital asset activity for the year ended June 30, 2008 is as follows:

	<u>Balances at July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances at June 30, 2008</u>
Computer equipment and software	\$75,244	-	-	75,244
Office furniture and fixtures	42,291	-	-	42,291
Leasehold improvements	23,443	-	-	23,443
Automotive equipment	<u>90,484</u>	<u>-</u>	<u>-</u>	<u>90,484</u>
Total costs of depreciable assets	<u>231,462</u>	<u>-</u>	<u>-</u>	<u>231,462</u>
Less accumulated depreciation:				
Computer equipment and software	(56,499)	(8,555)	-	(65,054)
Office furniture and fixtures	(24,193)	(6,380)	-	(30,573)
Leasehold improvements	(9,378)	(2,345)	-	(11,723)
Automotive equipment	<u>(57,038)</u>	<u>(7,851)</u>	<u>-</u>	<u>(64,889)</u>
Total accumulated depreciation	<u>(147,108)</u>	<u>(25,131)</u>	<u>-</u>	<u>(172,239)</u>
Net capital assets	<u>\$ 84,354</u>	<u>(25,131)</u>	<u>-</u>	<u>59,223</u>

(4) Compensated Absences

Permanent Watermaster employees earn from 10 to 20 vacation days a year, depending upon their length of employment and 12 sick days a year. Employees may carry vacation days forward up to the equivalent number of days earned in the immediately preceding twenty-four (24) month period. There is no maximum accumulation of sick leave; and upon retirement or resignation at age 55 or greater, employees with continuous employment for a minimum of twenty (20) years are compensated for all accumulated sick leave at 50% of their rate of pay at termination. Other employees are paid based upon length of employment and age at time of retirement or resignation. The amount of compensated absences outstanding as of June 30, 2008 was \$142,995.

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(5) Deferred Compensation Plan

The Watermaster has established deferred compensation plans for all employees of Watermaster in accordance with Internal Revenue Code Section 457, whereby employees authorize the Watermaster to defer a portion of their salary to be deposited in individual investment accounts. Participation in the plans is voluntary and may be revoked at any time upon advance written notice. The amount of compensation subject to deferral until retirement, disability, or other termination by a participant may not exceed the maximum legal amounts for deferred compensation plans. Amounts withheld by Watermaster under this plan are deposited regularly with California Public Employees' Retirement System. The Watermaster makes no contribution under the plan. As of June 30, 2008, the deferred compensation plan assets were held in trust accounts for the sole benefit of the employees and their beneficiaries, and accordingly have been excluded from Watermaster's reported assets.

(6) Operating Lease

The Watermaster entered into a new lease for rent of office space on September 1, 2003, expiring August 30, 2013. The amount paid under this lease was \$63,135 for the year ended June 30, 2008. The future minimum lease payments for this lease are as follows:

<u>Year Ending June 30:</u>	<u>Amount</u>
2009	\$ 65,940
2010	65,940
2011	65,940
2012	65,940
2013	65,940
2014	<u>10,990</u>
Total	<u>\$340,690</u>

(7) Defined Benefit Pension Plan (PERS)

Plan Description

The Watermaster contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by PERS. Copies of PERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

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

(7) Defined Benefit Pension Plan (PERS). (Continued)

Contributions

Participants are required to contribute 7% of their annual covered salary. The Watermaster makes the contributions required of the employees on their behalf and for their account. Benefit provisions and all other requirements are established by state statute and the Watermaster contract with employee bargaining groups.

For each of the fiscal years shown below, the Watermaster has contributed at the actuarially determined rate provided by PERS' actuaries. Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2007 to June 30, 2008 has been determined by an actuarial valuation of the plan as of June 30, 2005. The Watermaster's covered payroll for PERS was \$845,033 for the year ended June 30, 2008, while the Watermaster's total payroll for all employees was \$845,033 during the same period. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2008, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2007 to June 30, 2008.

Three-Year Trend Information

Annual Pension cost (Safety)

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
6/30/06	11.291%	\$136,372	100%	-
6/30/07	10.947%	145,515	100%	-
6/30/08	10.345%	144,250	100%	-

CHINO BASIN WATERMASTER

Notes to the Basic Financial Statements

(Continued)

(8) Project Commitments

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

(9) Receivables from Inland Empire Utilities Agency

Chino Basin Watermaster works closely with Inland Empire Utilities Agency on a variety of regionally beneficial and required projects. The Agreement for Cooperative Efforts Common Monitoring Programs between Chino Basin Watermaster (Watermaster) and Inland Empire Utilities Agency (IEUA) was entered into in 2004. The agreement called for work to be performed by Watermaster and its consultants for which IEUA would reimburse Watermaster an agreed upon percentage of costs, depending on the type of work performed. The work undertaken in the Annual Monitoring Program (AMP) is required by the Regional Water Quality Control Board and is comprised of the following monitoring programs: water quality and water level monitoring in support of the triennial ambient Water Quality update, water quality and water level monitoring in support of the Hydraulic Control Monitoring Program. For 2004/2005 and 2005/2006, IEUA reimbursed Watermaster the amount invoiced. The receivable is in dispute and the amount that is expected to be received is not determinable at this time.

SUPPLEMENTARY INFORMATION

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CHINO BASIN WATERMASTER

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

For the period July 1, 2007 through June 30, 2008

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL APPROPRIATE	POOL	POOL	NON-AGRIC.	AGRICULTURAL	POOL	REPLENISHMENT	GROUNDWATER OPERATIONS SB222	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2007-2008
Administrative Revenues													
Administrative Assessments			7,480,677		122,298							7,602,975	\$7,540,370
Interest Revenue			161,051	20,700	4,370						63	186,184	181,500
Mutual Agency Project Revenue		237,370										237,370	145,500
Miscellaneous Income			35,013		41							35,054	-
Total Revenues	-	237,370	7,676,741	20,700	126,709						63	8,061,583	7,867,370
Administrative & Project Expenditures													
Watermaster Administration	534,931											534,931	627,797
Watermaster Board-Advisory Committee	54,884											54,884	60,645
Pool Administration			20,280	137,820	6,561							164,661	162,333
Optimum Basin Mgmt Administration		2,462,439										2,462,439	2,852,337
OBMP Project Costs		4,022,898										4,022,898	4,153,883
Education Funds Use									375			375	375
Mutual Agency Project Costs		10,000										10,000	10,000
Total Administrative/OBMP Expenses	589,815	6,495,337	20,280	137,820	6,561				375			7,250,188	7,867,370
Net Administrative/OBMP Income	(589,815)	(6,257,967)											
Allocate Net Admin Income To Pools	589,815		449,956	128,272	11,587								
Allocate Net OBMP Income To Pools		6,257,967	4,774,055	1,360,969	122,943								
Agricultural Expense Transfer			1,612,751	(1,612,751)									
Total Expenses	6,857,043		14,309		141,091				375			7,250,188	7,867,370
Net Administrative Income	819,698		6,391		(14,382)				(312)			811,395	
Other Income/(Expense)													
Replenishment Water Purchases								3,402,393				3,402,393	
MZ1 Supplemental Water Assessments													
Water Purchases													
Balance Adjustment			370,656		1,011				(371,667)				
Groundwater Replenishment									(3,325,123)			(3,325,123)	
Net Other Income			370,656		1,011				(294,397)			77,270	
Net Transfers To/(From) Reserves			1,190,354	6,391	(13,371)				(294,397)			888,665	
Working Capital, July 1, 2007			4,222,862	475,604	156,528				294,397		1,655	5,309,297	
Working Capital, End Of Period			5,413,216	481,995	143,157				-		1,343	6,197,962	
06/07 Assessable Production			130,826,204	37,295,410	3,369,080							171,490,694	
06/07 Production Percentages			76.288%	21.748%	1.965%							100.000%	

CHINO BASIN WATERMASTER

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

For the period July 1, 2006 through June 30, 2007

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL APPROPRIATIVE	POOL ADMINISTRATION AND SPECIAL PROJECTS AGRICULTURAL NON-AGRIC.	POOL REPLENISHMENT	GROUNDWATER OPERATIONS SB222	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2006-2007
Administrative Revenues									
Administrative Assessments		142,149	7,800,290	123,212				7,923,502	\$7,308,205
Interest Revenue			232,105	8,225			88	256,311	136,500
Mutual Agency Project Revenue		142,149						142,149	138,000
Total Revenues	-	142,149	8,032,395	15,893	131,437	-	88	8,321,962	7,582,705
Administrative & Project Expenditures									
Watermaster Administration	781,608							781,608	601,598
Watermaster Board-Advisory Committee	51,554							51,554	52,123
Pool Administration		2,373,383	21,947	90,413	6,053			118,413	118,245
Optimum Basin Mgmt Administration		5,234,522						2,373,383	1,855,795
OBMP Project Costs								5,234,522	5,089,269
Education Funds Use							375	375	375
Mutual Agency Project Costs	10,000							10,000	5,000
Total Administrative/OBMP Expenses	843,162	7,607,905	21,947	90,413	6,053		375	8,569,855	7,722,405
Net Administrative/OBMP Income	(843,162)	(7,465,756)							
Allocate Net Admin Income To Pools	843,162		650,069	177,270	15,823				0
Allocate Net OBMP Income To Pools		7,465,756	5,756,023	1,569,631	140,102				0
Agricultural Expense Transfer			1,826,464	(1,826,464)					0
Total Expenses	8,254,504		10,850	161,977	(30,540)		375	8,569,855	7,722,405
Net Administrative Income	(222,109)		5,043				(287)	(247,893)	(139,700)
Other Income/(Expense)									
Replenishment Water Purchases					2,690,983			2,690,983	0
MZ1 Supplemental Water Assessments									0
Water Purchases									0
MZ1 Imported Water Purchase					(3,536,201)			(3,536,201)	0
Groundwater Replenishment					(845,218)			(845,218)	0
Net Other Income									0
Net Transfers To/(From) Reserves	(222,109)		5,043	(30,540)	(845,218)		(287)	(1,093,111)	(139,700)
Working Capital, July 1, 2006	4,444,971		470,561	187,068	1,139,615	158,251	1,942	6,402,408	
Working Capital, End Of Period	4,222,862		475,604	156,528	294,397	158,251	1,655	5,309,297	
05/06 Assessable Production	124,315,140		33,899,960	3,025,832				161,240,932	
05/06 Production Percentages	77.099%		21.024%	1.877%				100.000%	



CHINO BASIN WATERMASTER

II. CONSENT CALENDAR

G. ALLOCATION OF VOLUME VOTE





CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: January 8, 2009
January 22, 2009

TO: Committee Members
Watermaster Board Members

SUBJECT: Volume Votes

SUMMARY

Issue – The Appropriative Pool, the Non-Ag Pool, and the Advisory Committee need to adopt their respective volume vote.

Recommendation – It is recommended that each Committee take action to adopt their respective volume votes for the upcoming calendar year.

Fiscal Impact – None.

BACKGROUND

Following the approval of each Assessment Package, volume vote calculations are performed and agencies are allocated a voting percentage. The Appropriative Pool Committee, the Non-Agricultural Pool Committee, and the Advisory Committee adopt the Volume Vote which is prepared according to their respective rules.

DISCUSSION

The Volume Votes are calculated based on a combination of safe yield rights and assessable production. If there are any questions regarding the calculations, please contact Ms. Sheri Rojo at 909-484-3888 or by email at srojo@cbwm.org.

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ADVISORY COMMITTEE
ALLOCATION OF VOLUME VOTE

Based on 2007-2008 Production

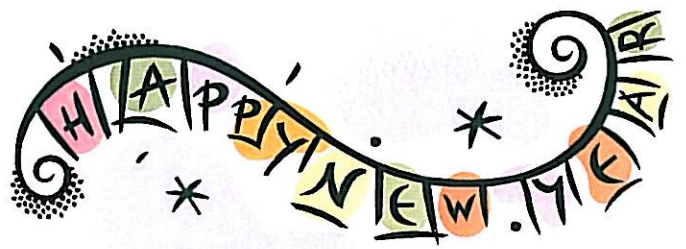
APPROPRIATIVE POOL	ALLOCATED VOTE	ABSENT	REALLOCATION OF VOTE	VOLUME VOTE
Chino, City of	4.02		0.00	4.02
Chino Hills, City of	2.65		0.00	2.65
Cucamonga Valley Water District	6.72		0.00	6.72
Fontana Union Water Company	4.37		0.00	4.37
Fontana Water Co.	6.95		0.00	6.95
Jurupa Community Services District	7.25		0.00	7.25
Monte Vista Water District	7.00		0.00	7.00
Ontario, City of	15.21		0.00	15.21
Pomona, City of	12.10		0.00	12.10
Upland, City of	2.83		0.00	2.83
Minor #1	2.95		0.00	2.95
Minor #2	2.95		0.00	2.95
	75.00	0.00	0.00	75.00
OVERLYING AGRICULTURAL POOL				20.00
OVERLYING NON-AGRICULTURAL POOL				5.00
TOTAL				100.00

- (1) Allocation of Volume Vote between pools determined by assessable production and % of OSY.
(2) If an appropriator is absent, his vote is reallocated to the remaining members in attendance.

Motion: _____

Date: _____

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CHINO BASIN WATERMASTER

II. BUSINESS ITEMS

A. BUDGET TRANSFER – TMDL STUDY





CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: January 22, 2009

TO: Committee Members
Board Members

SUBJECT: Funding of the farming portion of the Middle Santa Ana Watershed TMDL Study

COST: \$21,000 – Budget Transfer Request

SUMMARY

The Santa Ana Regional Board is conducting a study of Total Maximum Daily Loads (TMDL's) within the middle reach of the Santa Ana River as mandated by federal law. Both Farming and Dairy are identified as potential contributors and need to be represented in the proceedings. Each operator is responsible for participation, individually or as a group. Dairy, through the involvement of the Milk Producers Council with funding from the Dairy Producer Environmental Foundation, is represented as a group. At the October 2008 Agricultural Pool meeting, the Pool voted to fund the involvement of the farmers in the process as a Special Project of the Agricultural Pool. The amount of this funding will be \$21,000.

According to the Peace Agreement section 5.4(a), all assessments and expenses of the Agricultural Pool, including those of the Agricultural Pool Committee, shall be paid by the Appropriate Pool. This includes assessments pursuant to paragraph 54, both General Administrative Expenses and Special Project Expenses.

Watermaster has not budgeted this amount for Agricultural Pool expenses and thus must make a budget transfer in order to fulfill the request.

Watermaster requests the Pools to provide guidance regarding this request.

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