

# HAPPY NEW YEAR

## CHINO BASIN WATERMASTER



## NOTICE OF MEETINGS

### Thursday, January 8, 2009

- 9:30 a.m. – Annual Non-Agricultural Pool Elections
- 9:45 a.m. – Annual Appropriative Pool Elections
- 10:00 a.m. – Annual Appropriative & Non-Ag Pool Meeting

#### *AT THE CHINO BASIN WATERMASTER OFFICES*

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

### Tuesday, January 20, 2009

- 9:00 a.m. – Annual Agricultural Pool Meeting

#### *AT THE INLAND EMPIRE UTILITIES AGENCY OFFICES*

6075 Kimball Ave. Bldg. A Board Room  
Chino, CA 91710  
(909) 993-1600



## CHINO BASIN WATERMASTER

### Thursday, January 8, 2009

- 9:30 a.m. – Annual Non-Agricultural Pool Elections
- 10:00 a.m. – Annual Appropriative Pool Elections
- 10:15 a.m. – Annual Appropriative & Non-Ag Pool Meeting

### Tuesday, January 20, 2009

- 9:00 a.m. – Annual Agricultural Pool Meeting

## AGENDA PACKAGE



**CHINO BASIN WATERMASTER  
ANNUAL NON-AGRICULTURAL POOL ELECTION MEETING**

9:30 a.m. – January 8, 2009

At The Offices Of

Chino Basin Watermaster

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

**AGENDA**

**CALL TO ORDER**

**AGENDA - ADDITIONS/REORDER**

**I. ANNUAL ELECTIONS – Action**

**A. Calendar-Year 2009 Non-Agricultural Pool Officers**

Nominations will be heard for Pool Chair, followed by nominations for Pool Vice-Chair, to serve during Calendar-Year 2009.

Chair \_\_\_\_\_

Vice-Chair \_\_\_\_\_

Secretary/Treasurer Watermaster Chief Executive Officer

**B. Calendar-Year 2009 Advisory Committee Members**

Pool member(s) will be asked to elect representatives and alternates to serve on the Advisory Committee during Calendar-Year 2009.

Member: \_\_\_\_\_ Alternate: \_\_\_\_\_

**C. Calendar-Year 2009 Advisory Committee Officers**

Based on the rotation sequence established among the pools, the members of the Non-Agricultural Pool will be asked to appoint a designated representative, Chair of the Advisory Committee during Calendar-Year 2009. If the appointed representative is unable to attend an Advisory Committee meeting, a remaining pool officer may serve as his/her alternate.

Chair Agricultural Pool \_\_\_\_\_

Vice-Chair Appropriative Pool \_\_\_\_\_

2<sup>nd</sup> Vice-Chair Non-Agricultural Pool \_\_\_\_\_

**D. Calendar-Year 2009 Pool Representation on Watermaster Board**

The Pool members will be asked to select one representative to serve on the Watermaster Board during Calendar-Year 2009 and one alternate representative.

Member: \_\_\_\_\_ Alternate: \_\_\_\_\_

**Meeting Adjourn**

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**CHINO BASIN WATERMASTER  
ANNUAL APPROPRIATIVE POOL ELECTION MEETING**

9:45 a.m. – January 8, 2009

**At The Offices Of**

**Chino Basin Watermaster**

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

**AGENDA**

**CALL TO ORDER**

**AGENDA - ADDITIONS/REORDER**

**I. ANNUAL ELECTIONS - ACTION**

**A. Calendar Year 2009 Appropriative Pool Officers**

Nominations will be heard for the Appropriative Pool Chair to serve during calendar year 2009.

Chair	_____
Vice-Chair	_____
Secretary/Treasurer	<u>Watermaster Chief Executive Officer</u>

**B. Calendar Year 2009 Advisory Committee Members & Officers**

According to the rotation sequence established among the pools, the appropriators will be asked to appoint a designated representative to serve on the Advisory Committee during calendar year 2009.

Chair	Agricultural Pool	_____
<b>Vice-Chair</b>	<b>Appropriative Pool</b>	_____
2 <sup>nd</sup> Vice-Chair	Non-Agricultural Pool	_____

**C. Calendar Year 2009 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

**Meeting adjourn**

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

10:00 a.m. – January 8, 2009  
At The Offices Of  
Chino Basin Watermaster  
9641 San Bernardino Road  
Rancho Cucamonga, CA 91730

**AGENDA**

**CALL TO ORDER**

**AGENDA - ADDITIONS/REORDER**

**I. CONSENT CALENDAR**

**Note:** All matters listed under the Consent Calendar are considered to be routine and non-controversial and will be acted upon by one motion in the form listed below. There will be no separate discussion on these items prior to voting unless any members, staff, or the public requests specific items be discussed and/or removed from the Consent Calendar for separate action.

**A. MINUTES**

1. Minutes of the Appropriative Pool Meeting held December 11, 2008 *(Page 1)*
2. Minutes of the Non-Agricultural Pool Meeting held December 11, 2008 *(Page 7)*

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of December 2008 *(Page 17)*
2. Watermaster Visa Check Detail *(Page 21)*
3. Combining Schedule for the Period July 1, 2008 through November 30, 2008 *(Page 23)*
4. Treasurer's Report of Financial Affairs for the Period October 1, 2008 through November 30, 2008 *(Page 25)*
5. Budget vs. Actual July 2008 through November 2008 *(Page 27)*

**C. CHINO BASIN WATERMASTER INVESTMENT POLICY**

Resolution 09-01 – Resolution of the Chino Basin Watermaster, San Bernardino County, California, re-authorizing the Watermaster's Investment Policy *(Page 29)*

**D. LOCAL AGENCY INVESTMENT FUND**

Resolution 09-02 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF) *(Page 31)*

**E. LEVYING REPLENISHMENT & ADMINISTRATIVE ASSESSMENTS**

Resolution 09-03 – Resolution of the Chino Basin Watermaster Levying Replenishment and Administrative Assessments for Fiscal Year 2008-2009 *(Page 33)*

**F. NOTICE OF INTENT**

Annual Filing of Notice of Intent Regarding the Determination of Operating Safe Yield *(Page 37)*

**G. ALLOCATION OF VOLUME VOTE**

Overlying Appropriative Pool Allocation of Volume Vote effective Calendar Year 2009 *(Page 39)*

**H. INDEPENDENT FINANCIAL AUDIT**

Mayer Hoffman McCann P.C. Independent Watermaster Financial Audit (Page 45)

**Due to this agenda being put together early due to the holiday break other items may be added under separate cover prior to the actual meeting date.**

**II. BUSINESS ITEM – DISCUSSION/POSSIBLE ACTION**

**A. SALE/AUCTION OF STRANDED OVERLYING NON-AGRICULTURAL WATER**

Discussion and/or Possible Action of Designation of "Broad Regional Benefit Project" for Funds Received from Sale/Auction of Stranded Overlying Non-Agricultural Water (Page 75)

**III. REPORTS/UPDATES**

**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

- 1. February 2, 2009 Hearing
- 2. Non-Agricultural Pool Stored Water Auction
- 3. Hanson Aggregates Litigation

**A. 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. FINANCIAL REPORT**

- 1. Financial Update

**D. CEO/STAFF REPORT**

- 1. Legislative Update
- 2. Recharge Update

**IV. INFORMATION**

- 1. Newspaper Articles (Page 79)

**V. POOL MEMBER COMMENTS**

**VI. OTHER BUSINESS**

**VII. FUTURE MEETINGS**

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

**Meeting Adjourn**



**CHINO BASIN WATERMASTER  
ANNUAL AGRICULTURAL POOL MEETING**

**9:00 a.m. – January 20, 2009**

**At The Offices Of**

**Inland Empire Utilities Agency**

6075 Kimball Ave., Bldg. A, Board Room

Chino, CA 91710

**AGENDA**

**CALL TO ORDER**

**AGENDA - ADDITIONS/REORDER**

**I. ANNUAL ELECTIONS - ACTION**

**A. Calendar-Year 2009 Agricultural Pool Members**

The Agricultural Pool membership shall consist of not less than ten representatives selected at large by members of the pool. Pool members will be asked to make any necessary changes to the following list in order to establish pool membership and alternates during calendar year 2008:

Current Agricultural Pool Members

Dairy: Robert Feenstra  
Gene Koopman  
Peter Hettinga  
Nathan deBoom  
John Huitsing  
Rob Vanden Heuvel  
Crops: Glen Durrington  
Jeff Pierson  
State: Pete Hall  
Edward Gonsman  
Jennifer Novak  
Nate Mackamul

Current Alternates:

Dairy: Syp Vander Dussen  
Crops: Dan Hostetler  
State: Henry Provencher  
Richard Alvarado

**B. Calendar Year 2009 Agricultural Pool Officers**

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

Chair	_____
Vice-Chair	_____
Secretary/Treasurer	<u>Watermaster Chief Executive Officer</u>

**C. Calendar Year 2009 Advisory Committee Members & Officers**

The pool members will be asked to determine the ten agricultural representatives to serve on the Advisory Committee and, according to the rotation sequence established among the pools, appoint a representative to serve as Chair of the Advisory Committee during calendar year 2009

Chair	<b>Agricultural Pool</b>	_____
Vice-Chair	Appropriative Pool	_____
2 <sup>nd</sup> Vice-Chair	Non-Agricultural Pool	_____

**D. Calendar-Year 2009 Pool Representation on Watermaster Board**

The Pool members will be asked to consider selecting two representatives to serve on the Watermaster Board during Calendar-Year 2009 and one or two alternate representatives.

Member: \_\_\_\_\_ Alternate: \_\_\_\_\_

Member: \_\_\_\_\_ Alternate: \_\_\_\_\_

**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.

**A. MINUTES**

1. Minutes of the Agricultural Pool Meeting held December 16, 2008 *(Page 11)*

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of December 2008 *(Page 17)*
2. Watermaster Visa Check Detail *(Page 21)*
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Mayer Hoffman McCann P.C. Independent Watermaster Financial Audit *(Page 39)*

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**III. REPORTS/UPDATES**

**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. February 2, 2009 Hearing
2. Non-Agricultural Pool Stored Water Auction
3. Hanson Aggregates Litigation

**A. 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. FINANCIAL REPORT**

1. Financial Update

**D. CEO/STAFF REPORT**

1. Legislative Update
2. Recharge Update

**IV. INFORMATION**

1. Newspaper Articles (*Page 79*)

**V. POOL MEMBER COMMENTS**

**VI. OTHER BUSINESS**

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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

**Meeting Adjourn**

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# CHINO BASIN WATERMASTER

## II. CONSENT CALENDAR

### A. MINUTES

1. Appropriative Pool Meeting – December 11, 2008
2. Non-Agricultural Pool Meeting – December 11, 2008



**Draft Minutes**  
**CHINO BASIN WATERMASTER**  
**APPROPRIATIVE POOL MEETING**  
December 11, 2008

The Appropriative Pool Meeting was held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on December 11, 2008 at 9:00 a.m.

**APPROPRIATIVE POOL MEMBERS PRESENT**

Robert Tock, Vice-Chair	Jurupa Community Services District
Mohamed El Amamy	City of Ontario
Marty Zvirbulis	Cucamonga Valley Water District
Mark Kinsey	Monte Vista Water District
Mike McGraw	Fontana Water Company
Raul Garibay	City of Pomona
Dave Crosley	City of Chino
Ron Craig	City of Chino Hills

**Watermaster Board Members Present**

Terry Catlin	Inland Empire Utilities Agency
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**Watermaster Staff Present**

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

**Watermaster Consultants Present**

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

**Others Present**

Nathan Mackamul	State of California, CIM/CIW
David DeJesus	Three Valley Municipal Water District
Michael Camacho	Inland Empire Utilities Agency
Martha Davis	Inland Empire Utilities Agency
Sandra Rose	Monte Vista Water District
Eunice Ulloa	Chino Basin Water Conservation District
Martha Davis	Inland Empire Utilities Agency
David Penrice	Aqua Capital Management
Mohamad El Amamy	City of Ontario

Vice-Chair Tock called the Appropriative Pool Meeting to order at 10:05 a.m.

**AGENDA - ADDITIONS/REORDER**

It was noted the Non-Agricultural Pool meeting would be held today at 3:00 p.m.

**I. CONSENT CALENDAR**

**A. MINUTES**

1. Minutes of the Joint Appropriative & Non-Agricultural Pool Meeting held November 18, 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

*Motion by Garibay, second by Zvirbulis, and by unanimous vote*

***Moved to approve Consent Calendar Items A through B, 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 original MOU for monitoring programs between Inland Empire Utilities Agency and Chino Basin Watermaster has been revised and a Bright Line agreement was formed and both IEUA and Watermaster has been working under the basis of the Bright Line Agreement since January, 2008. This will be an amendment to the original MOU and the agencies will no longer be operating under a verbal agreement but will be using the presented MOU. Mr. Manning stated both parties will be working together in funding the capital projects as part of this agreement. A discussion regarding this matter ensued.

*Motion by Crosley, second by La, and by unanimous vote*

***Moved to approve the Memorandum of Understanding for Cooperative Efforts for Monitoring Programs between Inland Empire Utilities Agency and the Chino Basin Watermaster Bright Line approach dated December 17, 2008, 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 assist our agencies in dealing with issues that would arise; 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. A discussion regarding this ad program ensued.

*Motion by Kinsey, second by La, and by unanimous vote*

***Moved to approve Cost Sharing Agreement with Inland Empire Utilities Agency for the 2009 community outreach campaign with the Daily Bulletin in the amount of \$10,000, as presented***

**C. CONDITION SUBSEQUENT NO. 5**

Mr. Manning stated this item is a follow through on 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 Wildermuth Environmental has put together. Watermaster is required as the first update to Condition Subsequent No. 5, and by the end of the year to submit to the court this update along with the new schedule. At the upcoming hearing on February 2<sup>nd</sup> and 3<sup>rd</sup> 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 a only on Condition Subsequent No. 5 and it will be revised prior to filing it with the court by January 1, 2009. A discussion regarding this matter ensued.

Counsel Fife stated the Exhibit A schedule is what needs to be approved under this agenda item. Mr. Wildermuth stated the schedule is virtually identical as to the tasks that were presented previously. The changes relate to who is accountable to perform the various tasks. WE has been replaced with Black & Veatch and the Conservation District for different tasks. Other dates have been trued up after discussions with Black & Veatch and Conservation District. A discussion regarding the schedule ensued.

*Motion by Zvirbulis, second by Crosley, and by unanimous vote*

***Moved to approve July 1, 2008 progress report on Watermaster's Recharge Master Plan Update pursuant to Condition Subsequent 5 updated schedule, as presented***

#### **D. AGRICULTURAL POOL REALLOCATION PROCEDURE**

Mr. Manning stated pursuant to its stipulation with Monte Vista Water District dated April 25, 2008, Watermaster committed to include in its submittal to 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 certain information regarding an expected future range of Agricultural Pool production prior to July 1, 2008. Watermaster produced this information and at the June 26, 2008 Appropriative Pool meeting, the Appropriative Pool decided to convene a subcommittee to discuss the development of a procedure to respond to this information. At the August 6, 2008 meeting of this subcommittee, staff and legal counsel were asked to put together information for consideration by the subcommittee members. Staff and legal counsel were asked to memorialize a proposed resolution of the method of allocation of water in the event of a reduction in Safe Yield, and to create spreadsheets that document the results of a range of other methods. On September 8, 2008, Watermaster distributed these materials to the subcommittee and requested comments. 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. A discussion regarding this matter ensued.

*Motion by Kinsey, second by La, and by majority vote – City of Chino and Jurupa Community Services District voted no*

***Moved to approve the procedures and instruct counsel to include a description of these procedures in the filing to be made in compliance with Condition Subsequent No. 8, as presented***

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

Mr. Manning stated Mr. Slater will provide comment on this item and noted that staff is looking for direction to move forward with this endeavor. Counsel Slater stated there is a detailed staff report provided in the meeting packet and this item has been presented to this committee previously. Counsel Slater stated the concept of storage and recovery has been a topic of discussion for several years and staff has attempted on several occasions to put the storage space in the basin to use since 2000. Counsel Slater offered comment on an auction process and how it might take place if the members agree to proceed in this manner. A discussion ensued with regard to this matter. Mr. Manning stated with the approval of the recommendations as stated in the staff report and in Counsel Slater's report, this is not the last time this pool will have a chance to review this item. Providing direction to move forward gives staffs a chance to stay with the schedule that was outlined. Counsel Slater stated a special meeting regarding this item will be scheduled. A discussion regarding this item ensued.

*Motion by Zvirbulis, second by Crosley, and by unanimous vote*

***Moved to proceed to start a process for making a recommendation to Watermaster for an auction proposal for the Non-Agricultural Pool Water, as presented***



**III. REPORTS/UPDATES****A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**1. February 2, 2009 Hearing

Counsel Fife stated with regard to the upcoming February 2<sup>nd</sup> and 3<sup>rd</sup> hearing an outline is being prepared and it will be distributed in draft form. The outline will be distributed for discussion and it is anticipated it will change a few times before being submitted to the court.

2. Condition Subsequent No. 7 Pleading

No comment was made regarding this item.

**B. ENGINEERING REPORT**1. Oral Progress Report on Engineering Activities November 2008

Mr. Wildermuth stated with regard to monitoring, there are two different monitoring programs; one was HCMP and one was from the semi-annual program. Water levels were measured in a few hundred wells. Two rounds of surface water monitoring took place which is a very complicated monitoring program and very labor intensive. With regard to the Recharge Monitoring Program, at a staff level, information was updated for our models and for our ability to predict recharge from storm water. In the DYY expansion work, about a year ago when WE was producing its engineering work for Peace II, it was pointed out that there was some sustainability problems with production and that problem did show up in our work efforts. Mr. Wildermuth stated this will need to be dealt with in the Recharge Master Plan. In the Hydraulic Control Monitoring Program a letter was drafted for Watermaster and Mr. Manning forwarded the letter onto the Regional Board. This letter has now kicked off a lot of informal discussions with the Regional Board staff; to reduce or eliminate some monitoring programs. Any changes must be reflected in the Basin Plan Amendment. Wildermuth staff will be working with others to get that accomplished as quickly as possible. The Dry Year Yield Expansion work has been worked on by the Inland Empire Utilities Agency, the Dodson Group, and Black & Veatch in trying to produce an initial study. The final projections were received in the middle of September with a deadline in the middle of October to get the projections for pumping; a draft report was sent out a few days ago and it will be finalized and then sent to IEUA and the Dodson Group today. Mr. Wildermuth stated the deadline to get a draft contract back to the State was successful last week with help from the City of Chino Hills. There is a draft Terms of Agreement for Watermaster's participation which has been submitted to the City of Chino Hills for their consideration. The draft contract submitted to the State should come back shortly which we would then be followed up with an agreement with the City of Chino Hills to participate in the project both financially and technically.

2. Progress Report on the AB303 Grant ASR Pilot Project in MZ3

Mr. Wildermuth stated Watermaster was successful in obtaining an AB303 grant from the State to do some water quality investigations in the MZ3 area and work for that is being completed this month. A report on this will be brought back at a future meeting.

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

Mr. Manning stated the State is spending money faster than they can raise money. With regard to the Federal side of legislation, they are printing money faster than we can send taxes to them; not much else going on in Sacramento and Washington at this time.

2. Recharge Update

Mr. Manning stated there is an updated Recharge spreadsheet on the back table that shows the November water recharge. There was one minor storm in November which did recharge a small amount of storm water. There is a good size storm projected to hit this area next week.

3. California Groundwater Coalition (CGC)

Mr. Manning stated Chris Frahm is heading this newly formed coalition and she will be here at the Advisory Committee and Watermaster Board meeting to give a full report on this item.

**IV. INFORMATION**

1. Newspaper Articles

No comment was made regarding this item.

**V. POOL MEMBER COMMENTS**

No comment was made regarding this item.

**VI. OTHER BUSINESS**

No comment was made regarding this item.

**VII. FUTURE MEETINGS**

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 12, 2008	9:00 a.m.	IEUA Dry Year Yield 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
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January 22, 2009	9:00 a.m.	Annual Advisory Committee Meeting
January 22, 2009	11:00 a.m.	Annual Watermaster Board Meeting

The Appropriative Pool meeting was dismissed by Chair DeLoach at 11:35 a.m.

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

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

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**Draft Minutes**  
**CHINO BASIN WATERMASTER**  
**NON-AGRICULTURAL POOL MEETING**  
December 11, 2008

The Non-Agricultural Pool Meeting was held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on December 11, 2008 at 3:00 p.m.

**NON-AGRICULTURAL POOL MEMBERS PRESENT**

Kevin Sage, Vice-Chair	Vulcan Materials Company (Calmat Division)
Mohamed El Amamy	City of Ontario

**Watermaster Staff Present**

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

Vice-Chair Sage called the Non-Agricultural Pool Meeting to order at 3:10 p.m.

**AGENDA - ADDITIONS/REORDER**

**I. CONSENT CALENDAR**

**A. MINUTES**

1. Minutes of the Joint Appropriative & Non-Agricultural Pool Meeting held November 18, 2008

**B. FINANCIAL REPORTS**

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5. Budget vs. Actual July 2008 through October 2008

*Motion by El Amamy, second by Sage, and by unanimous vote*

***Moved to approve Consent Calendar Items A through B, 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 original MOU for monitoring programs between Inland Empire Utilities Agency and Chino Basin Watermaster has been revised and a Bright Line agreement was formed and both IEUA and Watermaster has been working under the basis of the Bright Line Agreement since January 2008. This will be an amendment to the original MOU and the agencies will no longer be operating under a verbal agreement but will be using the presented MOU. Mr. Manning stated both parties will be working together in funding the capital projects as part of this agreement.

*Motion by El Amamy, second by Sage, and by unanimous vote*

***Moved to approve the Memorandum of Understanding for Cooperative Efforts for Monitoring Programs between Inland Empire Utilities Agency and the Chino Basin Watermaster Bright Line approach dated December 17, 2008, 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 assist our agencies in dealing with issues that would arise; 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 in the 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.

*Motion by El Amamy, second by Sage, and by unanimous vote*

***Moved to approve Cost Sharing Agreement with Inland Empire Utilities Agency for the 2009 community outreach campaign with the Daily Bulletin in the amount of \$10,000, as presented***

**C. CONDITION SUBSEQUENT NO. 5**

Mr. Manning stated this item is a follow through on 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 Wildermuth Environmental has put together. Watermaster is required as the first update to Condition Subsequent No. 5, and by the end of the year to submit to the court this update along with the new schedule. At the upcoming hearing on February 2<sup>nd</sup> and 3<sup>rd</sup> the court has asked that Watermaster make a presentation on the physical solution. Mr. Manning stated there is a draft pleading on the back table in order to begin receiving comments from the parties. This is a only on Condition Subsequent No. 5 and it will be revised prior to filing it with the court by January 1, 2009.

*Motion by El Amamy, second by Sage, and by unanimous vote*

***Moved to approve January 1, 2009 progress report on Watermaster's Recharge Master Plan Update pursuant to Condition Subsequent 5 including the four submitted tables, as presented***

**D. AGRICULTURAL POOL REALLOCATION PROCEDURE**

Mr. Manning stated pursuant to its stipulation with Monte Vista Water District dated April 25, 2008, Watermaster committed to include in its submittal to 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 certain information regarding an expected future range of Agricultural Pool production prior to July 1, 2008. Watermaster produced this information and at the June 26, 2008 Appropriative Pool meeting, the Appropriative Pool decided to convene a subcommittee to discuss the development of a procedure to respond to this information. At the August 6, 2008 meeting of this subcommittee, staff and legal counsel were asked to put together information for consideration by the subcommittee members. Staff and legal counsel were asked to memorialize a proposed resolution of the method of allocation of water in the event of a reduction in Safe Yield, and to create spreadsheets that document the results of a range of other methods. On September 8, 2008, Watermaster distributed these materials to the subcommittee and requested comments. 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.

*Motion by El Amamy, second by Sage, and by unanimous vote*

***Moved to approve the procedures as described in the memorandum and instruct counsel to include a description of these procedures in the filing to be made in compliance with Condition Subsequent No. 8, as presented***

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

Mr. Manning stated staff is looking for direction to move forward with this endeavor. Mr. Manning stated there is a detailed staff report provided in the meeting packet and this item has been presented to this committee previously. Mr. Manning stated the water that is being presented for auction is Watermaster's and staff needs to only issue specific notices with regard to its intention. Under the Purchase and Sale Agreement it must forward the requisite notice within two years of the Peace II process. Mr. Manning offered comment on what an auction process and how it might take place if the members agree to proceed in this manner. Mr. Manning stated with the approval of the recommendations as stated in the staff report and in Mr. Manning's report, this is not the last time this pool will have a chance to review this item. Providing direction to move forward gives staffs a chance to stay with the schedule that was outlined.

*Motion by El Amamy, second by Sage, and by unanimous vote*

***Moved to proceed with the auction proposal for the Non-Agricultural Pool Water, as presented***

**III. REPORTS/UPDATES****A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. February 2, 2009 Hearing  
No comment was made regarding this item.
2. Condition Subsequent No. 7 Pleading  
No comment was made regarding this item.

**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 MZ1  
No comment was made regarding this item.

**C. CEO/STAFF REPORT**

1. Legislative Update  
No comment was made regarding this item.
2. Recharge Update  
No comment was made regarding this item.
3. California Groundwater Coalition (CGC)  
No comment was made regarding this item.

**IV. INFORMATION**

1. Newspaper Articles  
No comment was made regarding this item.

**V. POOL MEMBER COMMENTS**

No comment was made regarding this item.

**VI. OTHER BUSINESS**

No comment was made regarding this item.

**VII. FUTURE MEETINGS**

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 12, 2008	9:00 a.m.	IEUA Dry Year Yield 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	9:00 a.m.	Annual Advisory Committee Meeting
January 22, 2009	11:00 a.m.	Annual Watermaster Board Meeting

The Non-Agricultural Pool meeting was dismissed by Vice-Chair Sage at 3:16 p.m.

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

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



# CHINO BASIN WATERMASTER

## II. CONSENT CALENDAR

### A. MINUTES

1. Agricultural Pool Meeting – December 16, 2008





***Draft Minutes***  
**CHINO BASIN WATERMASTER**  
**AGRICULTURAL POOL MEETING**  
December 16, 2008

The Agricultural Pool Meeting was held at the offices of the office of Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA, on December 16, 2008 at 9:00 a.m.

**Agricultural Pool Members Present**

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

**Watermaster Board Members Present**

Paul Hofer	Crops
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**Watermaster Staff Present**

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

**Watermaster Consultants Present**

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

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

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

**AGENDA - ADDITIONS/REORDER**

No additions or reorders were made to the agenda.

**I. CONSENT CALENDAR**

**A. MINUTES**

1. Minutes of the Agricultural Pool Meeting held November 18, 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

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

***Moved to approve Consent Calendar A through B, 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 original MOU for monitoring programs between Inland Empire Utilities Agency and Chino Basin Watermaster has been revised and a Bright Line agreement was formed and both IEUA and Watermaster has been working under the basis of the Bright Line Agreement since January 2008. This will be an amendment to the original MOU and the agencies will no longer be operating under a verbal agreement but will be using the presented MOU. Mr. Manning stated both parties will be working together in funding the capital projects as part of this agreement.

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

***Moved to approve the Memorandum of Understanding for Cooperative Efforts for Monitoring Programs between Inland Empire Utilities Agency and the Chino Basin Watermaster Bright Line approach dated December 17, 2008, 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 assist our agencies in dealing with issues that would arise; 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 in the 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. Chair Feenstra commented on the economy. A discussion regarding this ad program and Chair Feenstra's comments ensued.

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

***Moved to approve Cost Sharing Agreement with Inland Empire Utilities Agency for the 2009 community outreach campaign with the Daily Bulletin in the amount of \$10,000, as presented***

### **C. CONDITION SUBSEQUENT NO. 5**

Mr. Manning stated this item is a follow through on 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 Wildermuth Environmental has put together. Watermaster is required as the first update to Condition Subsequent No. 5, and by the end of the year to submit to the court this update along with the new schedule. At the upcoming hearing on February 2<sup>nd</sup> and 3<sup>rd</sup> 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 a only on Condition Subsequent No. 5 and it will be revised prior to filing it with the court by January 1, 2009. Counsel Fife stated the Exhibit A schedule is what needs to be approved under this agenda item.

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

***Moved to approve July 1, 2008 progress report on Watermaster's Recharge Master Plan Update pursuant to Condition Subsequent No. 5 updated schedule, as presented***

**D. AGRICULTURAL POOL REALLOCATION PROCEDURE**

Mr. Manning reviewed the proposal for the Agricultural Pool reallocation procedure. Mr. Crosley offered comment regarding this item. Mr. Tock offered comment regarding this item. Chair Feenstra and the Agricultural Pool committee members discussed this item and it was decided this pool has nothing to do with this procedure therefore will take no action on it.

*No action was taken on this item.*

**III. REPORTS/UPDATES**

**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. February 2, 2009 Hearing

Counsel Fife stated with regard to the upcoming February 2<sup>nd</sup> and 3<sup>rd</sup> hearing an outline is being prepared as promised and it will be distributed shortly in draft form. The outline that will be distributed will be a draft for discussion and it is anticipated it will change a few times before being submitted to the court.

2. Condition Subsequent No. 7 Pleading

Counsel Fife stated a draft pleading is on the back table and that pleading is due to the court on December 31, 2008. Counsel and staff are seeking comments for this pleading in order to present a 2<sup>nd</sup> draft pleading to the Advisory Committee and Watermaster Board this month for final comments and approval in order to submit to the court on time.

**Added Discussion Item:**

Mr. Vanden Heuvel stated at the November Appropriative and Non-Agricultural Pool meeting those committee members requested some additional information from legal counsel and Watermaster staff to further investigate the request for the TMDL study as a special project forwarded from the Agricultural Pool. Mr. Vanden Heuvel also stated those pools were looking for a report on the Agricultural Pool's history of funds. Mr. Manning stated he would cover a portion of Mr. Vanden Heuvel's question under the Financial Update on the agenda and that would be the history of funds. A discussion regarding this issue ensued. Mr. Manning stated if this was an urgent item for the Agricultural Pool then this committee could make a motion to take the funds from the Agricultural Pool monies and seek reimbursement from the Appropriative Pool in the future. A discussion regarding special projects ensued.

**B. ENGINEERING REPORT**

1. Oral Progress Report on Engineering Activities November 2008

Mr. Wildermuth stated with regard to monitoring, there are two different monitoring programs; one was HCMP and one was from the semi-annual program. Water levels were measured in a few hundred wells. Two rounds of surface water monitoring took place which is a very complicated monitoring program and very labor intensive. With regard to the Recharge Monitoring Program, at a staff level, information was updated for our models and for our ability to predict recharge from storm water. In the DYY expansion work, about a year ago when WE was producing its engineering work for Peace II, it was pointed out that there was some sustainability problems with production and that problem did show up in our work efforts. Mr. Wildermuth stated this will need to be dealt with in the Recharge Master Plan. In the Hydraulic Control Monitoring Program a letter was drafted for Watermaster and Mr. Manning forwarded the letter onto the Regional Board. This letter has now kicked off a lot of informal discussions with the Regional Board staff; to reduce or eliminate some monitoring programs. Any changes must be reflected in the Basin Plan Amendment. Wildermuth staff will be working with others to get that accomplished as quickly as possible.

The Dry Year Yield Expansion work has been worked on by the Inland Empire Utilities Agency, the Dodson Group, and Black & Veatch in trying to produce an initial study. The final projections were received in the middle of September with a deadline in the middle of October to get the projections for pumping; a draft report was sent out a few days ago and it will be finalized and then sent to IEUA and the Dodson Group today. Mr. Wildermuth stated the deadline to get a draft contract back to the State was successful last week with help from the City of Chino Hills. There is a draft Terms of Agreement for Watermaster's participation which has been submitted to the City of Chino Hills for their consideration. The draft contract submitted to the State should come back shortly which we would then be followed up with an agreement with the City of Chino Hills to participate in the project both financially and technically.

2. Progress Report on the AB303 Grant ASR Pilot Project in MZ3

Mr. Wildermuth stated Watermaster was successful in obtaining an AB303 grant from the State to do some water quality investigations in the MZ3 area and work for that is being completed this month. A report on this will be brought back at a future meeting.

**C. WATERMASTER FINANCIAL REPORT**

1. Accounting of Agricultural Pool Fund Balance

Mr. Manning gave the Agricultural Pool Fund Analysis presentation. Mr. Manning stated at the Ag Pool meeting of June 16, 1988, "the pool members ratified an agreement with the Appropriative Pool to assume all future Ag Pool administrative expenses, including special project allocations, in return for which the Ag Pool transferred all pool administrative reserves at June 30, 1988 (\$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". The 2,000 acre-feet of water was purchased in 1978 by the Ag Pool, in anticipation of having a future replenishment obligation. \$246,000 earned interest for the past 19 years and 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/year. The Ag Pool fund balance is \$475,604 as of 6/30/2008. A discussion regarding the presentation ensued and it was noted the Agricultural Pool requested a copy of the given presentation.

**D. CEO/STAFF REPORT**

1. Legislative Update

Mr. Manning stated the State is spending money faster than they can raise money. With regard to the Federal side of legislation, they are printing money faster than we can send taxes to them; not much else going on in Sacramento and Washington at this time.

2. Recharge Update

Mr. Manning stated there is an updated Recharge spreadsheet on the back table that shows the November water recharge. There was one minor storm in November which did recharge a small amount of storm water. There is a good size storm projected to hit this area next week.

3. California Groundwater Coalition (CGC)

Mr. Manning stated Chris Frahm is heading this newly formed coalition and she will be here at the Advisory Committee and Watermaster Board meeting to give a full report on this item.

**IV. INFORMATION**

1. Newspaper Articles

No comment was made regarding this item.

**V. POOL MEMBER COMMENTS**

Chair Feenstra thanked Mr. Pak for the work he has done on analyzing the contaminated wells and asked that a presentation of his findings be given at a future meeting.

**VI. OTHER BUSINESS**

No comment was made regarding this item.

**VII. FUTURE MEETINGS**

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

The Agricultural Pool meeting was dismissed by Chair Feenstra at 10:12 a.m.

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

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

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# 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

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**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>

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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 ADMINISTRATION MANAGEMENT	POOL	POOL	POOL	POOL	POOL	POOL	GROUNDWATER REPLENISHMENT	GROUNDWATER NON-AGRIC.	SB222 FUNDS	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	3,265		841					9		36,481	174,368
Mutual Agency Project Revenue														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	9,134	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	5,083,407	(14,966)		113,983					9		3,020,172	8,163,832
Net Administrative Income													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\08-03\110 08\Combining October.xls\Sheet1

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

<b>DEPOSITORIES:</b>		
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		<u>2,840,455</u>
<b>TOTAL CASH IN BANKS AND ON HAND</b>		<b>\$ 2,974,519</b>
<b>TOTAL CASH IN BANKS AND ON HAND</b>		<b>3,467,235</b>
<b>PERIOD INCREASE (DECREASE)</b>		<b>\$ (492,716)</b>

**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	
<b>PERIOD INCREASE (DECREASE)</b>		<b>\$ (492,716)</b>

	Petty Cash	Govt'l Checking Demand	Zero Balance Account Payroll	Local Agency Investment Funds	Totals
\$	500	\$ 126,280	\$ -	\$ 3,340,455	\$ 3,467,235
Deposits	-	27,854	-	-	27,854
Transfers	-	430,751	69,249	(500,000)	-
Withdrawals/Checks	-	(451,321)	(69,249)	-	(520,570)
Balances as of 11/30/2008	\$ 500	\$ 133,564	\$ -	\$ 2,840,455	\$ 2,974,519
<b>PERIOD INCREASE OR (DECREASE)</b>	\$ -	\$ 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		
<b>PERIOD INCREASE OR (DECREASE)</b>		



**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)				
<b>TOTAL INVESTMENT TRANSACTIONS</b>				<b>\$ (500,000)</b>			

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

**INVESTMENT STATUS  
November 30, 2008**

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

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

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

Respectfully submitted,



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

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>
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
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%
<b>Total Income</b>	<b>8,202,605</b>	<b>8,163,832</b>	<b>38,773</b>	<b>100.48%</b>
<b>Gross Profit</b>	<b>8,202,605</b>	<b>8,163,832</b>	<b>38,773</b>	<b>100.48%</b>
<b>Expense</b>				
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	-171,163	-448,902	277,739	38.13%
<b>Subtotal G&amp;A Expenditures</b>	<b>397,456</b>	<b>848,059</b>	<b>-450,603</b>	<b>46.87%</b>
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	47,444	137,959	-90,515	34.39%
<b>Subtotal OBMP Expenditures</b>	<b>559,798</b>	<b>1,993,380</b>	<b>-1,433,582</b>	<b>28.08%</b>
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	10,047			
Total Other Income	<u>6,437,643</u>			
Other Expense				
9999 · To/(From) Reserves	11,620,076			
Total Other Expense	<u>11,620,076</u>			
Net Other Income	<u>-5,182,433</u>			
Net Income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>



# CHINO BASIN WATERMASTER

## II. CONSENT CALENDAR

### C. CHINO BASIN WATERMASTER INVESTMENT POLICY



RESOLUTION 09-01

RESOLUTION OF THE CHINO BASIN WATERMASTER,  
SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING  
A WATERMASTER INVESTMENT POLICY

**WHEREAS**, the normal and prudent operation of the Watermaster's daily business generates cash balances, operating and fund reserves; and

**WHEREAS**, the cash management system is designed to accurately monitor and forecast expenditures and revenues on behalf of Watermaster, thus enabling the Watermaster to invest funds to the fullest extent possible; and

**WHEREAS**, the cash funds are to be placed in investments authorized for public agencies of the State of California (Judgment Paragraph 23); and

**WHEREAS**, Watermaster deems it to be in the best interests of the parties to the Judgment to delegate the authority to invest and reinvest the funds of Watermaster to the Watermaster Finance Manager subject to the provisions of its Investment Policy and the ongoing review and control of Watermaster and the Watermaster Advisory Committee.

**WHEREAS**, it is the Watermaster's policy to annually review, update, and adopt an investment policy;

**NOW, THEREFORE, BE IT RESOLVED**, by the Chino Basin Watermaster that:

- Section 1. The authority to invest and reinvest funds of Watermaster is hereby delegated to the Watermaster Chief Financial Officer subject to the provisions of said Investment Policy and the ongoing review and control of Watermaster and the Watermaster Advisory Committee.
- Section 2. This resolution shall take effect from and after its date of adoption and Resolution 00-09 is rescinded in its entirety.

\*\*Watermaster's Investment Policy originally adopted by the Advisory Committee on February 13, 1997 and the Watermaster Board on March 5, 1998.

**APPROVED** by the Advisory Committee this 22<sup>nd</sup> day of January 2009.  
**ADOPTED** by the Watermaster Board on this 22<sup>nd</sup> 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. 09-01, 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. 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 22<sup>nd</sup> day of January 2009.  
**ADOPTED** by the Watermaster Board on this 22<sup>nd</sup> 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

### E. 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 22<sup>nd</sup> day of January 2009.

**ADOPTED** by the Watermaster Board on the 22<sup>nd</sup> 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

### F. 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 22<sup>nd</sup> 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

### 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](mailto:srojo@cbwm.org).

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## APPROPRIATIVE POOL

### ALLOCATION OF VOLUME VOTE

Based on 2007-2008 Production

	2007-2008 Assessable Production	Production Vote	O.S.Y. Vote	Allocated Vote
Arrowhead Mtn. Spring Water Co.*	366.278	1.78	0.00	1.78
Chino Hills, City of	3,312.121	16.07	19.25	35.32
Chino, City of	3,463.389	16.80	36.79	53.59
Cucamonga Valley Water District	11,674.773	56.63	33.01	89.64
Fontana Union Water Company	0.000	0.00	58.29	58.29
Fontana Water Company	19,070.462	92.51	0.01	92.52
Golden State Water Company*	598.884	2.91	3.75	6.66
Inland Empire Utilities Agency*	0.000	0.00	0.00	0.00
Jurupa Community Services District	16,061.515	77.91	18.80	96.71
Marygold Mutual Water Company*	544.047	2.64	5.98	8.62
Metropolitan Water Dist of So Calif	0.000	0.00	0.00	0.00
Monte Vista Irrigation Co.*	0.000	0.00	6.17	6.17
Monte Vista Water District	10,181.243	49.39	43.99	93.38
Niagara Bottling Company, LLC*	1,152.968	5.59	0.00	5.59
Nicholson Trust*	0.000	0.00	0.03	0.03
Norco, City of*	0.000	0.00	1.84	1.84
Ontario, City of	20,430.926	99.10	103.71	202.81
Pomona, City of	12,187.948	59.12	102.27	161.39
Santa Ana River Water Company	402.073	1.95	11.87	13.82
San Antonio Water Company*	1,197.571	5.81	13.74	19.55
San Bernardino County (Shooting Park)*	16.109	0.08	0.00	0.08
Upland, City of	2,417.651	11.73	26.01	37.74
West End Consolidated Water Co*	0.000	0.00	8.64	8.64
West Valley Water District*	0.000	0.00	5.88	5.88
* Indicates Minor Rep	103,077.958	500.00	500.00	1,000.00

Motion: \_\_\_\_\_ by \_\_\_\_\_, 2nd by \_\_\_\_\_, \_\_\_\_\_ vote \_\_\_\_\_

Date: \_\_\_\_\_

Quorum: 50% of voting power or 7 members to give affirmative action.

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## OVERLYING (NON-AGRICULTURAL) POOL

### ALLOCATION OF VOLUME VOTE

Based on 2007-2008 Production

	2007-2008 Assessable Production	Poduction Vote	OSY Vote	Allocated Vote
Ameron Steel	0.000	0.00	9.88	9.88
Angelica Rental Service	22.871	4.93	1.90	6.83
Auto Club Speedway	601.485	129.75	100.95	230.70
Calif Steel Industries	1,331.400	287.19	131.23	418.42
CCG Ontario, LLC	0.000	0.00	63.62	63.62
General Eletric (Geomatrix)	16.142	3.48	2.82	6.30
Praxair, Inc.	128.070	27.63	0.00	27.63
Reliant Energy	793.245	171.11	43.15	214.26
San Bernardino County	196.157	42.31	96.36	138.67
Southern California Edison	0.000	0.00	13.51	13.51
Space Center Mira Loma	104.120	22.46	10.51	32.97
Sunkist Growers	197.819	42.67	189.12	231.79
Swan Lake	43.758	9.44	46.86	56.30
Vulcan Materials (Calmat)	4.755	1.03	32.09	33.12
West Venture Development	0.000	0.00	0.00	0.00
<b>TOTAL</b>	<b>3,439.822</b>	<b>742.00</b>	<b>742.00</b>	<b>1484.00</b>

NOTES:

MOTION: \_\_\_\_\_  
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# CHINO BASIN WATERMASTER

## II. CONSENT CALENDAR

### H. INDEPENDENT FINANCIAL AUDIT





**Mayer Hoffman McCann P.C.**

An Independent CPA Firm

**Conrad Government Services Division**

2301 Dupont Drive, Suite 200

Irvine, California 92612

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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.

An Independent CPA Firm

Conrad Government Services Division

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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

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

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
<b>Operating Revenues</b>				
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%
<b>Total Operating Revenues</b>	<b>11,277,792</b>	<b>10,756,634</b>	<b>521,158</b>	<b>5%</b>
<b>Operating Expenses</b>				
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%
<b>Total Operating Expenses</b>	<b>10,575,311</b>	<b>12,106,056</b>	<b>(1,530,745)</b>	<b>-13%</b>
<b>Income from operations</b>	<b>702,481</b>	<b>(1,349,422)</b>	<b>2,051,903</b>	<b>152%</b>
<b>Non-Operating Revenues</b>				
Interest	186,184	256,311	(70,127)	-27%
<b>Total Non-Operating Revenues</b>	<b>186,184</b>	<b>256,311</b>	<b>(70,127)</b>	<b>-27%</b>
<b>Change in net assets</b>	<b>888,665</b>	<b>(1,093,111)</b>	<b>1,981,776</b>	<b>181%</b>
<b>Net assets at beginning of year</b>	<b>5,309,297</b>	<b>6,402,408</b>	<b>(1,093,111)</b>	<b>-17%</b>
<b>Total net assets at end of year</b>	<b>\$ 6,197,962</b>	<b>\$ 5,309,297</b>	<b>\$ 888,665</b>	<b>17%</b>

**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.

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

# CHINO BASIN WATERMASTER

## Notes to the Basic Financial Statements

(Continued)

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

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

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

#### Basis of Accounting

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

#### Cash and Investments

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

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

#### Cash Equivalents

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

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

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

Capital Assets

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

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

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

Use of Estimates

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

Appropriative Interest Revenue Allocation

On August 30, 1979, the Appropriative Pool unanimously approved assessment procedures whereby any interest earned from the Watermaster assessments paid by Appropriative Pool members would reduce the total current assessment due from those members. Fiscal year 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:

	Balances at <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	Balances at <u>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 AGRICULTURAL	POOL NON-AGRIC.	GROUNDWATER REPLENISHMENT	GROUNDWATER OPERATIONS SB222	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2007-2008
Administrative Revenues										
Administrative Assessments		7,480,677			122,298			63	7,602,975	\$7,540,370
Interest Revenue		161,051	20,700		4,370				186,184	181,500
Mutual Agency Project Revenue									237,370	145,500
Miscellaneous Income		35,013			41				35,054	-
Total Revenues	-	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	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)		(312)	888,665	-
Working Capital, July 1, 2007		4,222,862	475,604	156,528	294,397		158,251	1,655	5,309,297	
Working Capital, End Of Period		5,413,216	481,995	143,157	-		158,251	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	POOL NON-AGRIC.	GROUNDWATER 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	15,893	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			21,947	90,413	6,053				118,413	118,245
Optimum Basin Mgmt Administration		2,373,383							2,373,383	1,855,795
OBMP Project Costs		5,234,522							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				375	8,569,855	7,722,405
Net Administrative Income	(222,109)		5,043	(30,540)				(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										
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		1,942	6,402,408	
Working Capital, End Of Period	4,222,862		475,604	156,528		294,397		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. BUSINESS ITEMS

- A. SALE/AUCTION OF STRANDED OVERLYING NON-AG WATER







# 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  
**TO:** Committee Members  
**SUBJECT:** Overlying Non-Agricultural Water

### SUMMARY

#### I. Background

The Purchase and Sale Agreement for the Purchase of Water by Watermaster from the Overlying (Non-Agricultural) Pool ("Purchase and Sale Agreement") was approved by the Court in connection with the adoption of the Peace II Measures. The Purchase and Sale Agreement allows Watermaster to purchase the total quantity held in storage by the Non-Agricultural Pool, as of June 30, 2007, less a "Special Transfer Quantity" and less a ten percent deduction for a contribution to Desalter Replenishment. (Paragraph B). However, the water must be used in connection with a Storage and Recovery Program or for Desalter Replenishment.

Watermaster is presently exploring a Price Floor Auction as the sale mechanism for this water. Watermaster is working with Western Municipal Water District ("Western") to create an agreement whereby Western will agree to offer the floor bid under certain terms and conditions. Under the auction approach, the stored water will be purchased and transferred to the successful bidder concurrently with the execution of a storage agreement with Watermaster. This transaction has been presented to the Pools during several meetings in 2008.

There are potential planning, monitoring, capital and operations and maintenance costs that may be incurred by Watermaster and the parties to the Judgment in connection with future recharge activities, including but not limited to implementing the next phase of the Recharge Master Plan. It has been noted at earlier Pool meetings that Watermaster Staff's preference is to use the revenues from the sale of any water in connection with the Purchase and Sale Agreement and Watermaster's approval of a Storage and Recovery Program for Recharge related improvements. Revenue obtained in advance of expenses would be held by Watermaster in an interest bearing trust account.

#### II. Analysis

The Purchase and Sale Agreement unequivocally permits Watermaster to acquire the Overlying (Non-Agricultural) Pool water so long as Watermaster acts within the time limitations set forth therein - two years from approval - 12/20/09.

At the proposed purchase price of \$600 per acre-foot, revenues in excess of the payments to the Overlying (Non-Agricultural) Pool would be "excess revenues." Watermaster believes that excess revenue could be used by Watermaster to cover a portion of future recharge expenses after making the payments to the Overlying (Non-Agricultural) Pool as required under the Purchase and Sale Agreement.

Under the Peace Agreement, Watermaster has considerable discretion in negotiating the terms of a Storage and Recovery Agreement, however, the benefits received *must* be reserved for the members of the Non-Agricultural and the Appropriative Pools.

"For the term of this Agreement, members of the Appropriative Pool and the Non-Agricultural Pool shall be exclusively entitled to the compensation paid for a Storage and Recovery Program irrespective of whether it be in the form of money, revenues, credits, proceeds, programs, facilities, or other contributions (collectively "compensation") as directed by the Non-Agricultural and the Appropriative Pools." (Peace Agreement (c)(v).)

However, in acting on a proposed Storage and Recovery Agreement, Watermaster must give first priority to projects that have a broad mutual benefit. (Peace Agreement Section 5.2 (c)(iv)(b))

Because the members of the Non-Agricultural Pool will be receiving a cash payment under the terms of the Purchase and Sale Agreement, the members of the Pool will be receiving a direct and broad based benefit, with all members of the Pool participating. As for the members of the Appropriative Pool, Watermaster Staff points to the potential significant costs associated with future recharge activities as being among the most important and the most costly.

"Recharge" is broadly defined by the Peace Agreement to mean the introduction of water into the Basin, directly or indirectly, through injection, percolation, or in-lieu. (Peace Agreement Section 1.1 (nn).) Watermaster Staff envisions potential costs arising from the planning, monitoring, implementation, and operation of future recharge actions.

Watermaster Staff further notes that Watermaster has considerable discretion to customize the use of the excess funds in a manner that provides broad benefits in a form that is the most desired by the members of the Appropriative Pool.

"The compensation received from the use of available storage capacity under a Storage and Recovery Program, may be used to off-set the Watermaster's cost of operation, to reduce assessments on the parties to the Judgment within the Appropriative and Non-Agricultural Pools, and to defray the costs of capital projects as may be requested by the members of the non-Agricultural Pools and the Appropriative Pool." (Peace Agreement (c)(xiii).)

Watermaster Staff is aware that there may be alternative uses of the excess funds that might be proposed and preferred by one or more parties. However, it is also Staff's view that the entire physical solution embodied in the Judgment is dependent upon continuing to recharge the Basin. The definition of the term "recharge" is sufficiently broad to encompass a wide range of activity, ranging from recycled water to injection of imported water.

During these difficult financial times, it will be important for Watermaster to obtain maximum flexibility in managing its options. Access to the excess funds (estimated at greater than \$30 million) can ensure that Watermaster will have the significant financial resources to achieve continued success.

It is true that the members of the Appropriative Pool may need additional time to develop further criteria for qualifying recharge activities. Rather than leave the subject open to a future unbounded process, Staff suggests that the Appropriative Pool make its further recommendations and transmit them to the Board within sixty days.

**III. Staff Recommendation**

1. The Appropriative Pool and the Overlying (Non-Agricultural) Pool *find* that earmarking of excess funds made available from the sale of water acquired by Watermaster from the Overlying (Non-Agricultural) Pool pursuant the Purchase and Sale Agreement for "recharge" improvements will provide broad mutual benefits to the members of the respective Pools.

2. Conceptually approve the earmarking of any excess funds for recharge improvements with the Appropriative Pool to propose further definition of qualifying costs, expenses, and offsets against assessments within sixty days.

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# CHINO BASIN WATERMASTER

## VII. INFORMATION

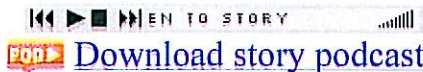
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## Corona council to consider water conservation rules



10:00 PM PST on Tuesday, December 16, 2008

By ALICIA ROBINSON  
The Press-Enterprise

Corona officials are emphasizing incentives to conserve water, but new rules proposed in the city also include punishments for residents who waste the commodity.

In the face of the state's two-year drought and the threat of water rationing, government officials at all levels are encouraging people to cut water use voluntarily.

"We're going to be using a lot of programs to help people conserve, and we believe within a very short period of time we can change the way people use water," said Jonathan Daly, general manager of Corona's Department of Water and Power. "We're going to be using the carrot, not the stick."

In Corona's proposed water conservation ordinance, which the City Council will discuss tonight, the carrot is educating people, increasing use of recycled water, and installation of water-saving devices and landscaping. The city would help people take advantage of rebates on efficient appliances and landscaping. Cutting water use means lower bills.

The rule would set five levels of conservation based on the severity of the water shortage. At the lower levels, water customers might be asked to water lawns only on specific days, fix leaky sprinklers and reduce water use by a certain percentage.

Then comes the stick. During water shortages, those who over-water their yards, don't reduce water use as required or otherwise fail to conserve could receive misdemeanor citations and the city could restrict or cut off their water supply.

Daly said he believes the rules could easily spur a 10 percent reduction in the city's water use, but the target is 20 percent. That could have a big impact on how much water the city must buy and import.

The city's 44,000 water customers use about 9 billion gallons a year, and about 42 percent of that is imported, Daly said.

That imported water is a key reason for Corona's new rules. The Metropolitan Water District -- the wholesaler that sells water to local agencies that then sell it to cities -- has seen its water supplies

reduced by court orders and droughts around the West.

The water district has needed to draw from its reserves, and the possibility of restricting how much water it sells is still on the table for 2009, said Steve Arakawa, manager of the district's water resource management group.

"We need people to understand that our water comes from the Colorado River and from Northern California," he said. "This rain down here doesn't fix our problem."

Arakawa said about 85 cities in the Metropolitan Water District's six-county service area have rules similar to Corona's proposal.

Corona Councilman Eugene Montanez said most people want to conserve but may not have the tools or information they need.

"I really do think the majority of people are concerned, and I think this will just raise the awareness," he said.

*Reach Alicia Robinson at 951- 368-9461 or [arobinson@PE.com](mailto:arobinson@PE.com)*

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# Monday's downpour brings much needed rain to IE

Mediha Fejzagic DiMartino, Staff Writer

Created: 12/15/2008 09:55:07 PM PST

Photo Gallery: Winter storm

Monday's downpour was a welcome change for Claremont resident Owen Keavney.

"I worry about Southern California. It needs rain." Keavney said. "Water shortage is our biggest problem."

Jim Merrill was ducking raindrops while carrying a box of pastries he just bought at Some Crust Bakery in Claremont. The change in weather didn't seem to bother him, either.

"It's great," Merrill said. "Water sustains life."

The rain rolled in Sunday night through 5 p.m. Monday. Ontario had 1.69 inches, Upland 1.95, while Chino Hills soaked up more than 2.5 inches.



A car sits partially submerged in floodwaters on Francis Street near Grove Avenue on Monday in Ontario. A winter storm hit the Inland Valley early Monday dumping up to 3 inches of rain, which caused streets to flood in some areas. (Jennifer Cappuccio Maher/Staff Photographer)

Showers are expected to continue today with highs around 54 degrees, according to Accuweather. The rain will stick around until Wednesday evening, when temperatures near freezing are expected. Thursday and Friday will be sunny and cool with patchy clouds.

Driving in the rain can be a hassle, admitted Juan Cuara, of Ontario.

"We are used to the sun, so we get spoiled," Cuara said. "As long as you drive slow and you pay attention, it should be OK."

Bryan Castleman drove into the San Gabriel Mountains on Mt. Baldy Road with his wife early Monday morning and found snow below the tunnels, just south of Mt. Baldy Village.

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The Castlemans said several abandoned cars were stuck in the snow on the side of the road. Traffic dwindled to a single lane in both directions. By noon, the road was cleared.

"It's just gorgeous here," said Susan Castleman, who works at the Mt. Baldy Lodge. "It looks like a Christmas card."

The snowfall brought a handful of skiers to Mt. Baldy's slopes.

"The bottom half of the mountain is open right now," said Pete Olson, president of Mt. Baldy Ski Lifts.

All lifts were to be open by today.

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# Fontana public works gets water rebate

Josh Dulaney, Staff Writer

Posted: 12/10/2008 09:02:19 PM PST  
FONTANA - It's the cliché that pays. The city got some greenbacks for "going green" last summer.

The Metropolitan Water District of Southern California has awarded the Public Works Department a rebate of more than \$94,000 for computer-controlled irrigation-system equipment it installed in the Southridge Community Facilities District in July.

The irrigation-system upgrades were conducted as part of a water-conservation pilot program designed to enable the department to better monitor and track water use in park and landscape areas.

The upgraded equipment will help eliminate over-watering through the use of computer-generated watering schedules based on weather conditions and other specific needs.

"It tracks humidity, wind speed and temperature, and basically the rate at which soil loses moisture," said Dan West, manager of parks and landscape.

The city will measure water use and compare it with previous years in order to evaluate equipment and upgrades, as well as improve

irrigation water use throughout the city's landscape areas.

Chuck Hays, public works director, said city officials are excited about the program's potential.

"Clearly, conserving water and lowering costs would be of tremendous benefit for our community," Hays said in a news release. "And we are thrilled that the Metropolitan Water District is supporting our efforts in this regard."

The city has about 65 community facilities districts. The Southridge district extends roughly from Jurupa Avenue between Sierra and Mulberry avenues to the edge of Riverside County, West said.

He said the city is looking next to do similar upgrades in the landscape maintenance district in the Hunters Ridge community.

For further information about the city's water-conservation pilot program, call (909) 350-6518

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## Chino water agency grows

### Western Municipal is added and pledges \$46M for work

Neil Nisperos, Staff Writer

Posted: 12/09/2008 09:32:19 PM PST

A new player is coming on board to the Chino Basin Desalter Authority, the region's water wholesaler, to help with the expansion of wells and the ability for the basin to sustain itself, officials said.

Western Municipal Water Agency joins the authority, which provides potable water to local water providers in the area. Western Municipal has pledged \$46 million toward a \$120million project to expand the Chino desalter within the next five years.

The authority's facilities remove salts of nitrates and other materials from groundwater pumped from the basin, making additional water available to its partners.

"I think this is going to enhance the longtime future of the Chino Desalter

Authority," said Ken Manning, CEO of the court-appointed Chino Basin Watermaster, which oversees regional water issues.

"I think it's going to bring a lot of strength to the CDA well into the future. This really does enhance the ability of the Chino Basin to become self-sufficient as water is becoming more and more scarce."

The authority includes Chino, Chino Hills, Ontario, Norco, the Jurupa Community Services District, the Santa Ana River Water Co., and the Inland Empire Utilities Agency as a nonvoting member. The authority represents 15 percent of the water in the Chino Basin, a large underground aquifer that serves as the region's major water source.

Earlier this year, some CDA members were concerned about the impact of authority voting power, future water supplies and cost.

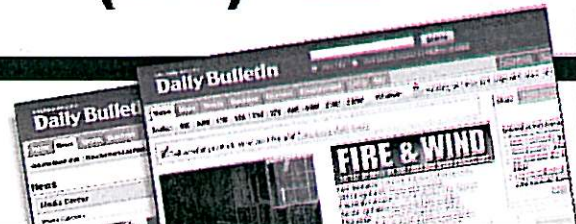
"I think they came to the realization that Western was not going to dominate. Western was coming in to be equal partners. A couple of the agency members were afraid they would get rolled over by a consortium of other

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members, but they were able to work the details out to get assurances that wouldn't happen. I'm glad they were able to work that out," Manning said.

The planned expansion project would bring an output of 35 million gallons of water annually to the authority, up from the current yield of 25 gallons.

Since desalination efforts began 10 years ago, about 60 percent of infrastructure for the authority has been completed.

Officials expect the expansion, which includes the drilling of four to six new wells, will be completed around 2012 or 2013, said Richard Atwater, CEO of the Inland Empire Utilities Agency.

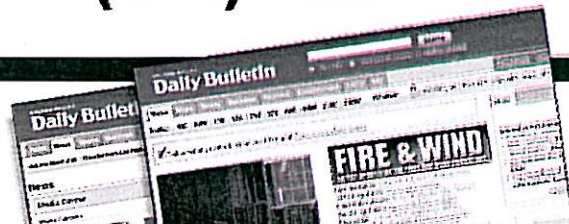
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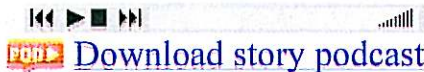


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## Perris officials vote to begin process of buying water company



10:00 PM PST on Tuesday, November 25, 2008

By **JULISSA McKINNON**  
The Press-Enterprise

In hopes of purchasing its own water source, the Perris City Council voted unanimously Tuesday night to begin the eminent domain process to acquire the McCanna Ranch Water Company.

For years Perris has relied on the Eastern Municipal Water District as its sole water supplier. City officials say that buying the small water company, which currently supplies the Villages of Avalon housing tract and Amelia Court in northeastern Perris, would be a way for Perris to start achieving water independence.

"We need to look at any and every option to reduce our dependency on EMWD," Councilman Mark Yarbrough said. "Even drilling wells is not out of the question. Water is very, very political."

Yarbrough said acquiring the water company would mean long-term cost savings to the city, which could set its own rates. Perris residents would no longer be subject to water rate increases from EMWD, which often passes on the price hikes by the Metropolitan Water District of Southern California, he said.

For months Perris officials have been negotiating the purchase of the water supply with Barratt American, the company that owns all of McCanna's stock. The city has proposed paying \$11 million overall for the entire water system, which draws its water from an underground stream that receives some Lake Perris flow seeping from under the dam.

So far it appears Barratt American is interested in streamlining the eminent domain process for the city by waiving some of the notices and "procedural steps" usually involved, according to Perris City Attorney Eric Dunn.

"They would essentially be waiving the timeline," Dunn said. He explained that eminent domain, the legal process by which cities can forcibly take property for the public interest, is typically a lengthy endeavor involving multiple notices and hearings.

City officials are leaning toward acquiring the water company by eminent domain. Unlike a standard purchase, an eminent domain acquisition would not require approval from the state Public Utilities Commission, Dunn said.

"When you're talking about an approval from the Public Utilities Commission, it's not weeks or months, it's years. It's costly and there are a lot of hearings involved," Dunn said.

*Reach Julissa McKinnon at 951-375-3730 or [jmckinnon@PE.com](mailto:jmckinnon@PE.com)*

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## SB County rescues troubled water company

Lauren McSherry, Staff Writer

Created: 11/19/2008 08:43:52 PM PST

San Bernardino County officials are being praised for helping speed along the rebuilding effort in Cedar Glen by taking the first steps to take control of the financially troubled water company.

"This action finally puts to rest this albatross of debt that has been hanging over the community for years," said 3rd District Supervisor Dennis Hansberger in a statement.

Cedar Glen, a community in the San Bernardino mountains, was destroyed by the Old Fire in 2003.

More than five years later, redevelopment in the area has been hindered by a number of factors, one being the area's obsolete water system controlled by Arrowhead Manor Water Co.

During the fire, firefighters could not get enough water pressure for their hoses and the roads could barely accommodate their firetrucks.

Many of the properties cannot be rebuilt because of the poor condition of the water delivery infrastructure, a county report states.

David Stuart, executive director of Rebuilding

Mountain Hearts and Lives, hopes the situation will never be repeated now that the water company is being placed under the county's jurisdiction.

The Board of Supervisors voted Tuesday to spend nearly \$1 million to bail the water company out of an outstanding loan.

The county plans to purchase the water company for \$300,000 and replace the aging infrastructure, said John Richardson, who was appointed by the Superior Court to help resolve the situation.

"It's been a long, long, hard road," he said. "And I appreciate the county finally making it through all the hoops they had to jump through."

Stuart said the debt had been particularly unfair to ratepayers.

"Before they even began rebuilding, they had been making their payments with their rate bill thinking it had been paid," he said.

Stuart said the loan, which was well more than 20 years old, hurt redevelopment.

Fewer than 50 of the 336 houses that burned have been rebuilt, he said.

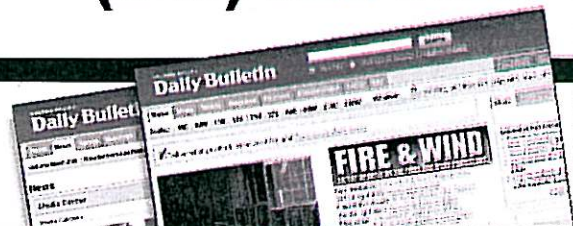
The county's intervention will help create a viable water company and will provide new water tanks for firefighters, improved roads with turnarounds and a second exit route from the community to assist emergency evacuations,

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Stuart said.

"This is one time where you have seen a politician that read his job description and looked out for his constituents," Stuart said of Hansberger, who spearheaded the effort.

Assemblyman Anthony Adams, who represents the area, sponsored and rallied support for state legislation that eliminated some debt incurred by the water company.

The bill passed in September and takes effect Jan. 1.

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

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

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

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



Reverse osmosis equipment used in desalting facilities.

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

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

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

- more -

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

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

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

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

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

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## Inland agencies receive state grants in water conservation program

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08:14 PM PST on Tuesday, November 25, 2008

By JANET ZIMMERMAN  
The Press-Enterprise

Do you have grass that's drinking up water and getting little use? You could get paid to rip it up under a state-funded rebate program aimed at stretching California's water supply through another year of drought. The state Department of Water Resources will fund programs from 53 water agencies around the state for turf removal and other water-saving measures, such as low-flow toilets and climate-sensitive irrigation controls. The \$17 million pot of money also will be used by water districts for public education, leak detection and retrofitting systems for better efficiency, spokesman Matt Notley said.

Two of the biggest single grants went to water suppliers that serve the Inland area: \$2 million to Metropolitan Water District, Southern California's largest water wholesaler, and \$1 million to the Inland Empire Utilities Agency, which serves Fontana and other cities in western San Bernardino County.

Consumers should check with their water supplier about possible rebates.

The grant money comes from a \$3.44 billion bond measure -- the Water Security, Clean Drinking Water and Coastal and Beach Protection Act -- passed by voters in 2002. The funds are going out this week, Notley said.

MWD will put its \$2 million grant toward a large-scale turf removal rebate program, the first such effort to be done on a regional basis, said Carolyn Schaffer, a project manager.

The agency will match the grant with \$5 million from its water stewardship fund, financed by fees charged to member agencies, she said.

The cash-for-grass program is expected to begin early next year for about 18 million people served by MWD's 26 member agencies. Residential and commercial customers will be eligible.

Details are still being worked out, but the plan is to pay \$1 per square foot of grass that is removed, Schaffer said.

Homeowners could reduce their water use by half or more if they replace grass with California native plants that thrive on little moisture, she said. Replacing grass with plants that can be watered with a drip

system also could reduce runoff from irrigation overspray.

Replacing 1 square foot of grass with water-saving trees, shrubs and flowers saves an average of 55 gallons of water per year, according to the Southern Nevada Water Authority, which has a similar rebate.

The program is not meant to be anti-grass, Schaffer said.

"Functional turf is very important; we're not proposing that it be removed. But if people have areas of lawn and all they're doing is mowing and watering it and they want to do something else with it, this is an incentive to do that," she said.

The Inland Empire Utilities Agency will use the cash to help businesses and the seven cities it serves connect to recycled-water pipes so they can use nonpotable water for irrigation, spokeswoman Sondra Elrod said. Beneficiaries could include parks, schools and golf courses.

The agency, which serves Fontana, Ontario, Rancho Cucamonga, Montclair, Upland, Chino and Chino Hills, already was working on the infrastructure for the connections from water treatment plants under the governor's proposal to cut back on water use by 20 percent by the year 2020, she said.

But with the grant money, "we figure what we were going to do in 10 years we're going to do in three," Elrod said.

*Reach Janet Zimmerman at 951-368-9586 or [jzimmerman@PE.com](mailto:jzimmerman@PE.com)*

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