



CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Thursday, June 11, 2009

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

AT THE CHINO BASIN WATERMASTER OFFICES

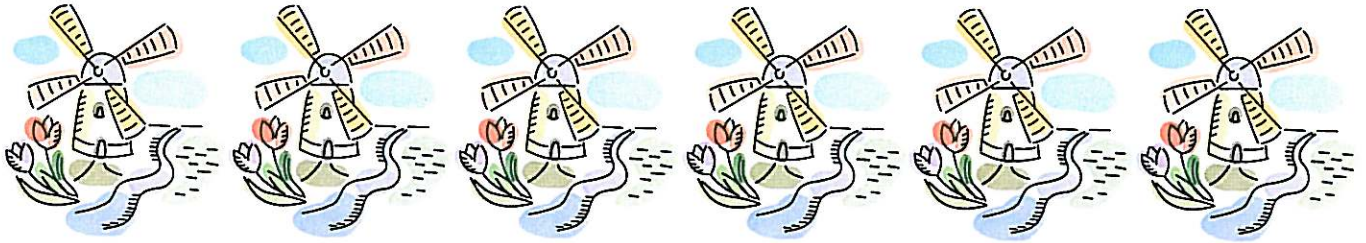
*9641 San Bernardino Road
Rancho Cucamonga, CA 91730
(909) 484-3888*

Tuesday, June 16, 2009

9:00 a.m. – Agricultural Pool Meeting

AT THE INLAND EMPIRE UTILITIES AGENCY OFFICES

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



CHINO BASIN WATERMASTER

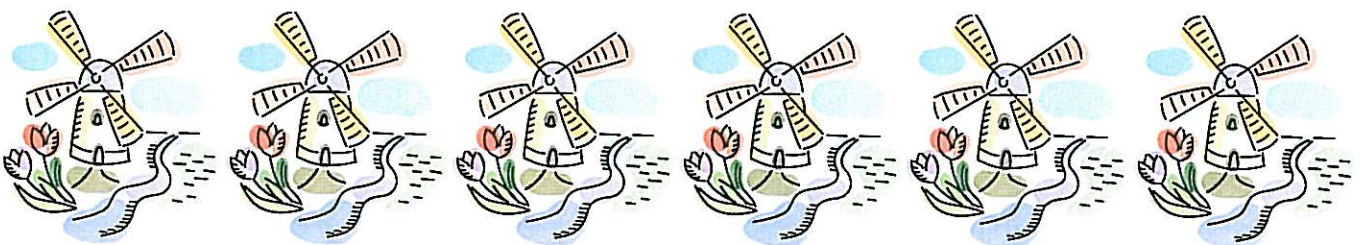
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Tuesday, June 16, 2009

9:00 a.m. – Agricultural Pool Meeting

AGENDA PACKAGE



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

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

10:00 a.m. – June 11, 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 Joint Appropriative and Non-Agricultural Pool Meeting held May 14, 2009
(Page 3)

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of May 2009 (Page 19)
2. Watermaster Visa Check Detail (Page 23)
3. Combining Schedule for the Period July 1, 2008 through April 30, 2009 (Page 25)
4. Treasurer's Report of Financial Affairs for the Period February 1, 2009 through April 30, 2009
(Page 27)
5. Budget vs. Actual July 2008 through April 2009 (Page 29)

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Monte Vista Water District will purchase 3,500 acre-feet of water from the City of Pomona. This purchase is made first from Pomona's net underproduction, if any, in Fiscal Year 2008-09, with any remainder to be recaptured from storage. Date of application: May 11, 2009 (Page 33)
2. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from The Nicholson Trust annual production right in the amount of 5.619 acre-feet to satisfy a portion of the company's anticipated Chino Basin replenishment obligation for Fiscal Year 2008-09. Date of application: May 21, 2009 (Page 51)
3. **Consider Approval for Notice of Sale or Transfer** – On June 3, 2009, Watermaster received Form 5, "Application to Transfer Annual Production Right or Safe Yield," with CalMat Company/Vulcan Materials Company as transferor and Aqua Capital Management LP as transferee in the amount of 317.844 acre-feet annual right, all water in its annual account will be transferred as well (the transfer does not include CalMat's water in storage as of June 30, 2008 of 315.637 acre-feet). Date of application: June 1, 2009 (Page 63)

4. **Consider Approval for Notice of Sale or Transfer** – Chino Basin Watermaster will purchase 3,400 acre-feet of water from the Marygold Mutual Water Company. Water will purchase the water at \$295.00 per acre-foot, which is the MWD replenishment rate (not including IEUA and OCWD fees). The transfer will be made from Marygold Mutual Water Company's water in storage. This transfer will solely offset Fontana Water Company's current (Assessment Year 2008-2009) (Page 77)

II. BUSINESS ITEM

- A. OVERLYING NON-AGRICULTURAL POOL AUCTION ISSUES (Page 91)**
 1. Storage & Recovery Agreement (*will be sent out under separate cover*)
 2. Broad Benefit
 3. Determination on Material Physical Injury

III. REPORTS/UPDATES

- A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**
 1. June 29, 2009 Hearing
- B. ENGINEERING REPORT**
 1. Recharge Master Plan Progress Report
 2. Upcoming Workshop Schedule
- C. FINANCIAL REPORT**
 1. Fiscal Year End Update
- D. CEO/STAFF REPORT**
 1. Legislative Update
 2. Recharge Update

IV. INFORMATION

1. Newspaper Articles (Page 99)

V. POOL MEMBER COMMENTS

VI. OTHER BUSINESS

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to the Appropriative and Non-Agricultural Pool Rules & Regulations, a Confidential Session may be held during the Watermaster Pool meeting for the purpose of discussion and possible action.

1. Administration for the Auction of the Non-Agricultural Pool Water in Storage
2. Metropolitan Water District Dry Year Yield Meeting on June 2, 2009

VIII. FUTURE MEETINGS

June 11, 2009	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
June 16, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA
June 18, 2009	10:00 a.m.	Workshop (Losses & Assumptions in Peace II CEQA)
June 25, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
June 25, 2009	9:00 a.m.	Advisory Committee Meeting
June 25, 2009	11:00 a.m.	Watermaster Board Meeting
June 25, 2009	1:00 p.m.	WE Workshop #3 Task 4.3 and Task 6.2
June 29, 2009	9:30 a.m.	CBWM Court Hearing – San Bernardino Court

Meeting Adjourn

**CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING**

WITH

Mr. Bob Feenstra, Chair

Mr. Jeff Pierson, Vice-Chair

9:00 a.m. – June 16 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

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III. REPORTS/UPDATES

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 1. June 29, 2009 Hearing
- B. **ENGINEERING REPORT**
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 2. Upcoming Workshop Schedule
- C. **FINANCIAL REPORT**
 1. Fiscal Year End Update
- D. **CEO/STAFF REPORT**
 1. Legislative Update
 2. Recharge Update

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V. POOL MEMBER COMMENTS

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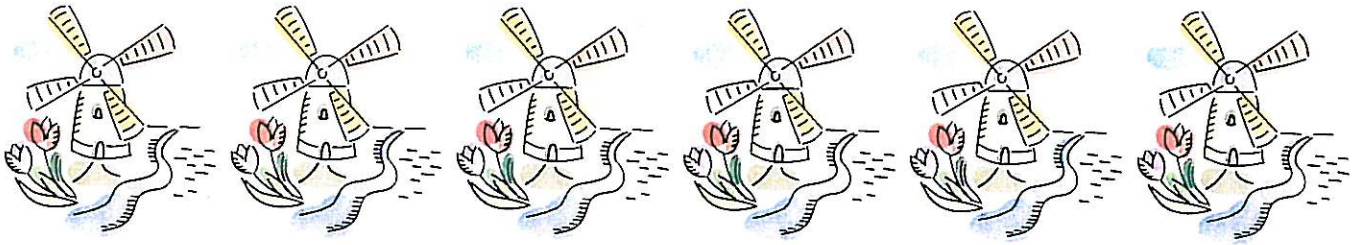
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Meeting Adjourn

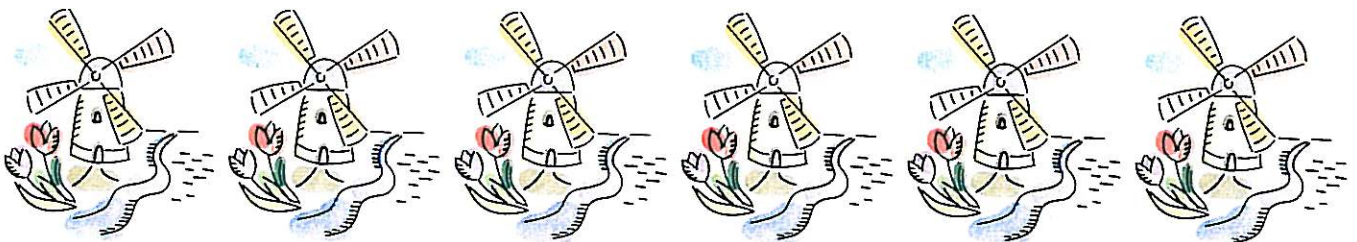


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Joint Appropriative and Non-Agricultural Pool Meeting – May 14, 2009



Draft Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
May 14, 2009

The Joint Appropriative and Non-Agricultural Pool Meeting were held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on May 14, 2009 at 10:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT

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

NON-AGRICULTURAL POOL MEMBERS PRESENT

Kevin Sage	Vulcan Materials Company (Calmat Division)
Mohamad El Amamy	City of Ontario

Watermaster Board Members Present

Michael Camacho	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
Mark Wildermuth	Wildermuth Environmental Inc.
Tom McCarthy	Wildermuth Environmental Inc.
Wenbin Wang	Wildermuth Environmental Inc.

Others Present

Scott Burton	City of Ontario
Chuck Hays	City of Fontana
Tim Hampton	City of Pomona
David DeJesus	Three Valleys Municipal Water District
Mike Sovich	Three Valleys Municipal Water District
Marv Shaw	Inland Empire Utilities Agency
Patrick Shields	Inland Empire Utilities Agency
Sandra Rose	Monte Vista Water District
Eunice Ulloa	Chino Basin Water Conservation District

Chair Jeske called the Joint Appropriative and Non-Agricultural Pool Meeting to order at 10:02 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Joint Appropriative and Non-Agricultural Pool Meeting held April 14, 2009

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of April 2009
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2008 through March 31, 2009
4. Treasurer's Report of Financial Affairs for the Period March 1, 2009 through February 31, 2009
5. Budget vs. Actual July 2008 through March 2009

*Motion by Kinsey, second by McGraw, and by unanimous vote – Non-Ag concurred
Moved to approve Consent Calendar A through B, as presented*

II. BUSINESS ITEM**A. AUCTION PRICE FLOOR AGREEMENT AND STORAGE & RECOVERY AGREEMENT –
NON-ACTION ITEM FOR DISCUSSION ONLY**

Mr. Manning stated this item is being brought to seek direction from the Pool members. Mr. Manning stated the original agreement is in the packet; however there will be a new agreement before this item comes back through the Watermaster process for approval. Counsel Slater handed out an outline of a proposed storage and recovery agreement and noted there has been a shift from a stocking horse bid to a reserved based auction. Counsel Slater reminded the parties of the end of year deadline. Chair Jeske noted he wanted to allow the parties to ask questions as Counsel Slater gave the update. A discussion regarding the deadline ensued. Mr. Kinsey stated the Appropriators are not ready for an auction and should exercise the right to purchase the water and hold it collectively; the auction can move forward at a later date. A discussion regarding Mr. Kinsey's comments ensued. Chair Jeske inquired to the Watermaster staff if there are enough funds in reserve to exercise the first increment of the purchase or would an immediate special assessment need go out to exercise that. Mr. Manning stated a special assessment would need to be sent out in order to generate those funds. A discussion regarding a possible special assessment ensued. Counsel Slater reviewed a proposed schedule. Mr. Manning offered comment on the possibility of special assessments and budget revisions if the end of June deadline is not met to bring a Storage and Recovery Agreement to the court. Counsel Slater stated the items that need to be taken care of in order for this to be on the June agenda are as follows: 1) Determination by staff and Wildermuth Environmental regarding the possibility of no material physical injury, 2) Determination of what a broad public benefit is going to be, and 3) Who or what professional company will conduct the auction. A discussion regarding this matter ensued and it was noted one or two informal meetings need to take place in order to keep moving forward an approval in June.

No action taken.

B. CHINO BASIN WATERMASTER 2009-2010 BUDGET

Mr. Manning noted the 2009-2010 Budget is in the meeting package and staff is seeking an approval today. Mr. Manning stated staff is looking at approving the budget as it was approved last year in that a revised budget will be presented half way through the fiscal year just prior to the Assessment Package approval with proposed revised numbers. Ms. Rojo reviewed the 2009-2010 budget and the 2008-2009 budget changes and summarized the Peace II portion and the MZ1 Long Term Plan portion of the budget. Ms. Rojo reviewed the 2009-2010 budget noting there is no COLA for Watermaster staff, there are 11 approved positions but only 10.25 are budgeted. Watermaster staff has worked to not increase administrative expenses, there are reductions in OBMP & Special Project categories, and Watermaster is still working to

reduce "maximum benefit" related monitoring costs. Ms. Rojo examined the detailed portion of the Recharge Debt Service and Recharge O&M budget detail. Ms. Rojo reviewed several years of OBMP & Project Costs by Fiscal Year with and without recharge debt and O&M spreadsheet in detail. A brief discussion on the presented 2009-2010 budget ensued.

*Motion by Garibay, second by Crosley, and by unanimous vote – Non-Ag concurred
Moved to approve Chino Basin Watermaster 2009-2010 Budget, as presented*

C. APPLICATION FOR STORAGE ACCOUNT

Mr. Manning stated this item was put on the April agenda as an information item and noted this month it is being brought back as an action item because of deadlines that are required and necessary as to not lose the subsidies that are built into the LRP Agreements for the Desalters. Mr. Manning stated the proposed application for Storage Account is in your meeting package starting on page 81. Mr. Manning reviewed the issues that need to be resolved and the issues of preferential treatment on storage rights that need to be dealt with and direction provided to staff. Mr. Manning stated there has also been an alternate proposal produced and circulated between the parties and staff will also need direction on that alternate proposal. Mr. Garibay made an inquiry regarding the alternate proposal and Mr. Manning stated it is not a Watermaster proposal, therefore staff cannot comment on other than Cucamonga Valley Water District submitted this proposal to allow the parties to look at this different approach to a storage agreement with Metropolitan Water District. Chair Jeske noted there have been discussions regarding this alternate proposal and other options to attempt to resolve the issues and one that parties can agree with. Chair Jeske noted since this proposed outline was released there have been some changes to it including the funding for DYY from MWD which dramatically changes the scope of the proposal. Mr. Manning stated the parties could move forward with the existing agreement; although a more logical approach would be for this group to approve Watermaster staff to work with the municipal water districts within the Chino Basin regarding this matter and to ask for an extension of time to deal with the storage program and to allow Watermaster staff to work with those same parties to see if there is a viability of working with this new storage program. Mr. Manning stated with that then staff would come back next month with a report. Mr. Kinsey stated he has a two part motion to offer to the group because of existing contractual issues that are yet to be worked out and then an interest in looking at this in a completely different way of utilizing storage in the Chino Basin for the benefit of the parties which is significantly different that what is proposed in the current DYY Expansion. A discussion regarding Mr. Kinsey's comments and this item ensued.

*Motion by Kinsey, second by Bosler, and by unanimous vote – Non-Ag concurred
Moved to defer item until June and request staff to work with Metropolitan Water District and the MWD agencies in our area on a six month extension, as presented*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. April 27, 2009 Hearing

Counsel Fife stated a hearing took place on April 27, 2009. Information was presented to the Judge and he asked questions and seemed to appreciate the presentation and information given to him. Judge Wade has scheduled the next hearing for June 29, 2009 at 9:30 a.m. which will to present Program Elements 4, 5, and 6. Judge Wade took action at the April 27th hearing with regard to Watermaster's reporting; he had asked for a complete report about all of the reports that are done at Watermaster. A list of the reports was presented to the Judge and an upcoming report on the Recharge Master Plan Update was due July 1st; however, Judge Wade excused Watermaster from preparing and filing that report. There seems to be a general desire on the Judges part to streamline the reporting that Watermaster does.

B. ENGINEERING REPORT1. Brooks Basin Recharge Recycled Water

Mr. Wildermuth stated there are three reports to report on today with the first being on the Brooks Basin Recharge Recycled Water. Mr. Wildermuth stated Watermaster and IEUA must meet certain recycled water contributions at each basin over a rolling 60-month average. IEUA proposed to amend the Watermaster and IEUA recharge permit to expansion the dilution period from 60 to 120 months. Both the Department of Public Health (DPH) and the Regional Water Quality Control Board (RWQCB) appear to be supportive of this permit expand. Mr. Wildermuth noted that the City of Pomona has expressed concern that this is a material change from the current permit, due to water quality concerns at its nearby wells and that IEUA should make a new application to Watermaster for analysis and approval pursuant to the Peace Agreement. Mr. Wildermuth reviewed a table from the 2010 Recharge Master Plan Perspective for the Chino Basin Recycled water Groundwater Recharge Program in detail. Several maps were reviewed in detail. Mr. Wildermuth stated for the Phase II recycled water recharge application, Watermaster found no material injury provided that IEUA could obtain DPH approval and a permit from the RWQCB. Mr. Wildermuth stated they would both likely come to the same conclusion if the proposed dilution period was extended from 60 to 120 months. Mr. Wildermuth reviewed the TDS projections for the Chino basin North Management Zone which included Max Benefit Objective and Ambient TDS concentrations. A brief discussion regarding Mr. Wildermuth's presentation ensued.

2. Storage Losses

Mr. Wildermuth stated Watermaster currently assess a 2% loss to water in storage accounts pursuant to the Peace Agreement. Staff was asked to re-evaluate the storage loss amount given the additional data collected by Watermaster and based on the new high resolution model. Mr. Wildermuth discussed the storage loss term and noted the linear reservoir theory is commonly applied in hydrology models to describe groundwater discharge to streams. Mr. Wildermuth reviewed the charts, Cumulative Change in Chino Basin Groundwater Storage for Each Alternative, Comparison of Projected Difference in Annual Santa Ana River Discharge at Prado for DYY Expansion Program Alternatives Relative to Baseline, and Approximate Relationship between Incremental Changes in Storage and Incremental Changes in Groundwater Discharge in Santa Ana River in detail. A brief discussion regarding Storage Losses ensued.

3. Recharge Master Plan Update

Mr. Wildermuth gave the 2010 Recharge Master Plan Update Progress Report presentation. Mr. Wildermuth reviewed the current Storm Water Recharge, Safe Yield – pending storm water work, Production and Recharge Optimization, and Projection and Recharge Optimization including the problems and the solution approach. Several estimated drawdown maps between 2006 and 2030 were reviewed in detail. Figures examining simulated groundwater water levels in the Cucamonga Valley Water District, the City of Ontario, and Jurupa Community Services District were reviewed in detail. Mr. Wildermuth stated supplemental water requirements are done and most of the data collection is done with major efforts to begin in late June. The schedule is being adjusted to reflect actual and a draft report should be ready next February. A brief discussion regarding the Recharge Master Plan Update ensued.

C. FINANCIAL REPORT1. Hanson Settlement

Ms. Rojo noted the settlement was discussed at previous meetings. Ms. Rojo stated the settlement is for damages caused by Hanson Aggregates at the Lower Day Basin. The settlement amount is \$450,000.00 and a check in the amount of \$117,000 has been received. Staff needs to come up with a plan as to how to equitably breakdown those monies as they come in along with how it will be allocated. Ms. Rojo reviewed the Hanson

Expense Analysis slide in detail, and this item will be discussed again at future meetings. A discussion regarding this matter ensued.

2. Replenishment Obligation Update

Ms. Rojo stated this item deals with our current unmet replenishment obligation (CURO); there is still a 13,000 acre-foot replenishment obligation from the previous year that staff is looking to come up with sources of water to meet that amount. Ms. Rojo discussed interest income, fund balance interest, and replenishment water account interest.

Added Item:

Ms. Rojo noted she would like to add an item for information. Ms. Rojo stated ACWA put out a National Geographic magazine opportunity and several parties who have expressed an interest in purchasing this magazine. This particular magazine has four different seasons and must be purchased in a minimum amount of 1,000 magazines at four different times. The cost is .35 cents for each copy; however the cost of shipping the magazine is almost the same price of the magazine. Ms. Rojo noted some parties expressed an interest in going together combine orders to meet the minimum amount that needs to be purchased.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated on April 15, 2009, Inland Empire Utilities Agency had taken action to support and oppose a few legislative bills in Sacramento. One that is of particular interest to them was vetoed by the governor last year, in its previous form; although now it is AB1366 and that did pass the committee today and will go to the assembly floor later today. Mr. Manning noted the ACWA Conference is next will and he will attend that conference.

2. Recharge Update

Mr. Manning stated the most recent recharge update spreadsheet is available on the back table for your review.

3. Foothill Water Coalition

Mr. Manning stated the parties will see an agreement regarding the Foothill Water Coalition in the next 30-60 days. Mr. Manning gave an overview of the Foothill Water Coalition. One of the projects that this coalition is working on has tremendous benefit to the Chino Basin it is the connection between the two pipelines that will connect the Agua De Lejos and WFA facility; this will also allow a turnout for the Chino Basin to take water off of that line when there are times that other water districts water is not available to us. The estimated cost to join this coalition is \$10,000 which does get Watermaster involved in the project and at the table; this is a onetime payment. More information will be given at future meetings. A brief discussion regarding other parties' involvement costs.

4. Zone 1 Repair to San Sevaine Channel Agreement

Mr. Manning stated a portion of this item was discussed under the Budget item. The Zone 1 repair to the San Sevaine Channel Agreement will be coming back in June and at that time a discussion regarding Watermaster's commitments and obligations will take place. Mr. Manning reminded the parties that this mainly stems from the Christmas Day 2003 storm repairs; the actual costs are almost 100% complete and will be reflected in the upcoming agreement.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

Mr. Kinsey requested a look up and report back action item for Mr. Manning and Counsel Fife regarding Peace II and the ongoing imported recharge obligation in Management Zone 1 and whether that obligation is cumulative. Mr. Manning agreed that it is accumulative. Mr. Kinsey stated since we are not doing recharge right now and wants to make sure that there is some sort of tracking procedure to keep track of that so that when water does becomes available there will be an agreed upon commitment to satisfy that obligation. A brief discussion regarding Mr. Kinsey's comments ensued.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

No confidential session was held.

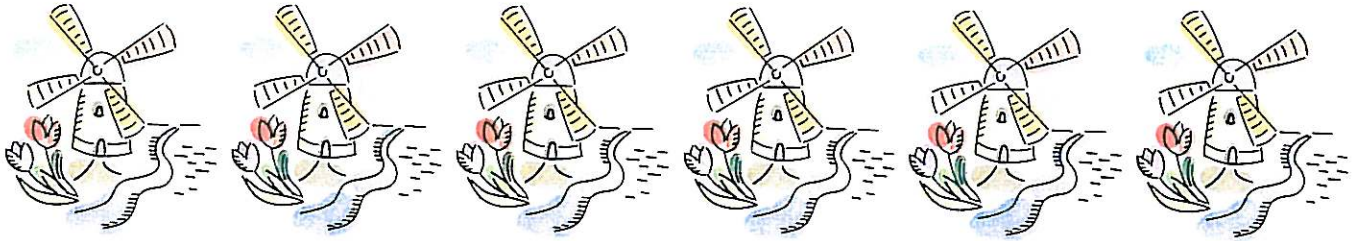
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May 28, 2009	9:00 a.m.	Advisory Committee Meeting
May 28, 2009	11:00 a.m.	Watermaster Board Meeting
May 28, 2009	1:00 p.m.	WE Workshop #3 Tasks 8.2 through 8.5

The Appropriative Pool meeting was dismissed by Chair Jeske at 11:34 a.m.

Secretary: _____

Minutes Approved: _____

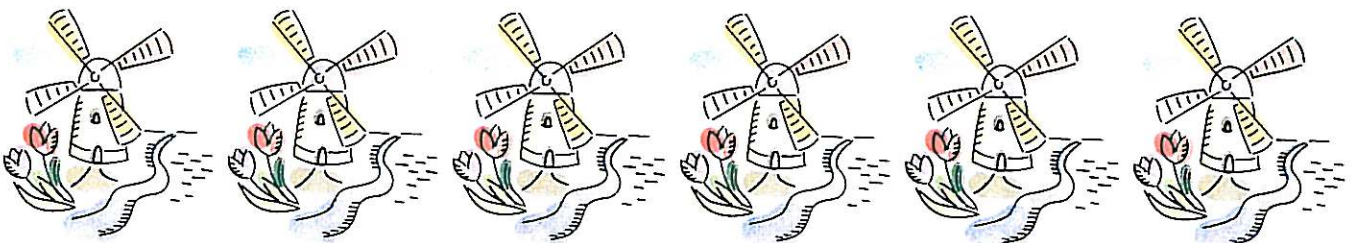


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Agricultural Pool Meeting – May 19, 2009



Draft Minutes
CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING
May 19, 2009

The Agricultural Pool Meeting was held at the offices of the office of Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA, on May 19, 2009 at 9:00 a.m.

Agricultural Pool Members Present

Bob Feenstra, Chair	Dairy
Nathan deBoom	Dairy
John Huitsing	Dairy
Rob Vanden Heuvel	Milk Producers Counsel
Gene Koopman	Milk Producers Counsel
Jeff Pierson	Crops
Glen Durrington	Crops
Nathan Mackamul	State of California/CIW
Pete Hall	State of California/CIM

Watermaster Board Members Present

Paul Hofer	Crops
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Watermaster Staff Present

Sheri Rojo	CFO/Assistant 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
Tom McCarthy	Wildermuth Environmental Inc.

Others Present

Steven Lee	Reid & Hellyer
Eunice Ulloa	Chino Basin Water Conservation District
Rich Atwater	Inland Empire Utilities Agency
Marv Shaw	Inland Empire Utilities Agency
Dave Crosley	City of Chino
Jose Alire	City of Chino
Gil Aldaco	City of Chino
Sandra Rose	Monte Vista Water District

Chair Feenstra called the Agricultural Pool meeting to order at 9:00 a.m.

AGENDA - ADDITIONS/REORDER

Chair Feenstra noted Business Item II C will be a discussion item only and no action will be taken.

Chair Feenstra noted Mr. Gil Aldaco from the City of Chino will have a presentation regarding recycled water added to the agenda directly after the Consent Calendar.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Agricultural Pool Meeting held March 17, 2009

B. FINANCIAL REPORTS

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5. Budget vs. Actual July 2008 through March 2009

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

Moved to approve Consent Calendar A through B, as presented

Added Item:

Mr. Aldaco stated he is the Water Utilities Supervisor from the City of Chino. Mr. Aldaco stated he is at the Agricultural Pool meeting today to talk about the city's efforts to supply recycled water to the prison. At the last Agricultural Pool meeting Mr. Durrington spoke on the prison's need for service lines to use recycled water for Agricultural uses. The City of Chino is providing recycled water to a portion of the overall Cal-Poly farming operation located in the prison. Mr. Aldaco showed Exhibit A which shows the prison site and reviewed it in detail. Chair Feenstra offered comment on farmers and dairies using recycled water and the hookup problems present. A discussion regarding Mr. Aldaco's presentation and Chair Feenstra's comments ensued. Chair Feenstra discussed aluminum pipes and the problems associated with these. Mr. Aldaco stated this problem has been addressed with the affected party several times and solutions are being looked into presently. A discussion regarding the piping issue ensued. Mr. de Boom inquired as to the total amount of recycled water being used for farming purposes in the City of Chino. Mr. Aldaco noted it is approximately 1,500 acre-feet. A discussion regarding this item ensued. Mr. Aire noted that Mr. Durrington has raised some very good points and that he will go back to the office with Mr. Aldaco and review what was discussed here today. Mr. Aire stated the findings will be brought back at a future meeting.

II. BUSINESS ITEM**A. AUCTION PRICE FLOOR AGREEMENT AND STORAGE & RECOVERY AGREEMENT –
NON-ACTION ITEM FOR DISCUSSION ONLY**

Ms. Rojo stated the Appropriative Pool has been working with the Non-Agricultural Pool since Peace II to work out an auction arrangement to auction water in the Non-Ag Pool storage account. Watermaster staff is looking for the auction to take place sometime in the October time frame; however, there are several things that will need to happen along with more informal meetings that need to take place. The next step will be to bring forward a Storage & Recovery Plan and that will give all the pools opportunity to provide comments. Mr. Koopman offered comment on water in storage and the ramifications of auctioning off water that is needed here in this basin along with the issue of exporting water. A discussion regarding Mr. Koopman's comments ensued. Ms. Rojo offered comment on the replenishment issue and spoke on a cost benefit analysis between using the water for a one-time replenishment versus raising funds to be used for capital improvement projects in the basin. Ms. Rojo stated this auction will create a lot of money and have a large broad benefit to the parties by providing debt service to projects that are costly. A discussion regarding Ms. Rojo's comments ensued. Counsel Fife stated what seems to be merging from the Wildermuth analysis, as part of the Recharge Master Plan Update, is that in order to cope with what Metropolitan Water District (MWD) is telling us is that the new reality regarding limited availability of replenishment water. Our original limitations on our facilities which were built on the assumption that recharge water or replenishment water would be available every or at least 80% of the time. The facilities are inadequate to cope with the new reality that MWD told us exists; we need to build new facilities and/or turnouts and we need the money to do that. The Appropriators and the Non-Agricultural Pool are the ones most affected by what is done with this item. Counsel Fife noted there is risk with either decision and it appears the group thinks it's a prudent business perspective, it is better to sell the water and use the money as an investment to build the facilities to better cope with the future problems.

Mr. Atwater offered comment on Counsel Fife's report and inquired if indeed Counsel Fife was stating that the Appropriative Pool was going to finance 100% of recharge improvements. Mr. Fife indicated that is not at all what he said. A lengthy discussion regarding Counsel Fife's and Mr. Atwater's comments ensued. Counsel Fife encouraged Mr. Atwater to attend an Appropriative Pool meeting or one of their side meetings to offer the comments that were made today. Mr. Pierson inquired to Watermaster staff regarding the budgeting process for the cost related to this auction. Ms. Rojo noted this is a budgeted item because it has been taking place since Peace II. A lengthy discussion regarding replenishment water and related issues ensued. Ms. Rojo noted this item was put on the agenda to provide transparency as to what is going on with the other Pools.

No action taken.

B. CHINO BASIN WATERMASTER 2009-2010 BUDGET

Ms. Rojo reviewed the 2009-2010 budget and the 2008-2009 budget changes and summarized the Peace II and MZ1 Long Term Plan portions of the budget and noted there is no COLA for Watermaster staff, there are 11 approved positions, but only 10.25 budgeted. Watermaster staff has worked to not increase administrative expenses, there are reductions in the OBMP & the Special Project categories, and Watermaster is still working to reduce "maximum benefit" related monitoring costs throughout the course of this next year. Ms. Rojo examined the Recharge Debt Service and Recharge O&M budget amounts. Ms. Rojo reviewed the OBMP & Project Costs by Fiscal Year with and without recharge debt and O&M costs. Ms. Rojo reviewed and discussed the Cumulative Unmet Replenishment Obligation (CURO) the 85/15 Rule and the impact of CURO on all appropriators. Mr. Pierson inquired about a separate, Special Projects line item for the Agricultural Pool. Ms. Rojo reviewed some additional interest that the Agricultural Pool will be getting as a result changes in the payments for attending meetings. A discussion ensued regarding the Agricultural Pools desire to track what the Agricultural Pool spends its money on in an effort to be completely transparent. Ms. Rojo noted there has been a Special Project line item added to the 2009-2010 budget and any other column needed can be added although this broken down segment is usually not shown monthly as it is here at the Budget Package Workshop; although staff is willing to comply with the Agricultural Pool needs. A discussion regarding this item ensued.

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

Moved to approve Chino Basin Watermaster 2009-2010 Budget, as presented

C. APPLICATION FOR STORAGE ACCOUNT

Ms. Rojo stated this item is for information only and deals with the Dry Year Yield Program. There has been a few phases of the DYY Program that exist already and MWD came to Appropriators and told them they will help them build extraction facilities if we allow them to put water in the ground and then that worked out well. After that MWD approached the Appropriators again and noted they wanted to expand the DYY Storage Program that is currently in place; however, MWD informed the Appropriators that they no longer had any money to spend which changed the deal entirely since the terms of the original agreement have now been changed, a counter proposal was given at the last Appropriative Pool meeting that offered an alternative proposal to MWD about a way MWD could do a Storage Program in the future. The Appropriators have now come up with a proposal that states they will enter into a storage deal if MWD promises to make replenishment water available to them in the future. The Appropriative Pool has given Watermaster staff two directions as a result of this DYY Program as it is currently formatted; 1) The new proposal that was submitted by Cucamonga Valley Water District asks staff to meet with MWD to get their interest to figure out what they think of the new proposal, especially in light that MWD is no longer bringing money to the table to try and pay for additional storage space, and 2) For Watermaster staff to ask MWD for an extension of time to get a new deal put together. The original timeline for this Dry Yield Project was September 2009. They are looking at a two part extension, the first would be to increase the storage space, and the second one will be to work out the rest of the details. Watermaster

staff has already had meetings with the Appropriators and meetings still need to take place with MWD staff. A discussion regarding this matter ensued.

No action taken.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. April 27, 2009 Hearing

Counsel Fife stated a hearing took place on April 27, 2009. Information was presented to the Judge and he asked questions and seemed to appreciate the presentation and information given to him. Judge Wade has scheduled the next hearing for June 29, 2009 at 9:30 a.m. which will to present Program Elements 4, 5, and 6. Judge Wade took action at the April 27th hearing with regard to Watermaster's reporting; he had asked for a complete report about all of the reports that are done at Watermaster. An exhaustive list of the reports was presented to the Judge and an upcoming report on the Recharge Master Plan Update was due July 1st; however, Judge Wade excused Watermaster from preparing that report. There seems to be a desire on the Judges part to streamline Watermaster's reporting requirements and try to reduce or consolidate it.

B. ENGINEERING REPORT

1. Brooks Basin Recharge Recycled Water

Mr. McCarthy stated there are three reports to report on with the first pertaining to the Brooks Basin Recharge Recycled Water aka Inland Empire Utilities Agency (IEUA) proposal to amend recharge permit. Mr. McCarthy stated Watermaster and IEUA must meet certain blending requirements to be allowed to recharge recycled water at each basin over a rolling 60-month average. IEUA proposed to amend the Watermaster and IEUA recharge permit to expansion the dilution period from 60 to 120 months. Both the Department of Public Health (DPH) and the Regional Water Quality Control Board (RWQCB) appear to be supportive of this permit expand. Mr. McCarthy noted that the City of Pomona has expressed concern that this is a material change from the current permit due to water quality concerns at their nearby wells and that IEUA should have made a new application to Watermaster for analysis and approval pursuant to the Peace Agreement. Mr. McCarthy reviewed a table from the 2010 Recharge Master Plan Perspective for the Chino Basin Recycled water Groundwater Recharge Program in detail. Several maps were reviewed. Mr. McCarthy stated for the Phase II recycled water recharge application, Watermaster found no material injury provided that IEUA could obtain DPH approval and a permit from the RWQCB. Mr. McCarthy stated that they would both likely come to the same conclusion if the proposed dilution period was extended from 60 to 120 months. Mr. McCarthy reviewed the TDS projections for the Chino basin North Management Zone which included Max Benefit Objectives and Ambient TDS concentrations.

2. Storage Losses

Mr. McCarthy stated Watermaster currently assesses a 2% loss to water in storage accounts pursuant to the Peace Agreement. Mr. McCarthy commented on where the 2% came from. Staff was asked to re-evaluate the storage loss given the additional data collected by Watermaster and new model. Mr. McCarthy discussed the storage loss term and noted the linear reservoir theory is commonly applied in hydrology models to describe groundwater discharge to streams. Mr. McCarthy reviewed charts, Cumulative Changes in Chino Basin Groundwater Storage for Each Alternative, Comparison of Projected Differences in Annual Santa Ana River Discharge at Prado for DYY Expansion Program Alternatives Relative to Baseline, and Approximate Relationship between Incremental Changes in Storage and Incremental Changes in Groundwater Discharge to the Santa Ana River in detail.

3. Recharge Master Plan Update

Mr. McCarthy gave the 2010 Recharge Master Plan Update Progress Report. Mr. McCarthy reviewed the current Storm Water Recharge, Safe Yield – pending storm water work, Production and Recharge Optimization, and Projection and Recharge Optimization including the problems and the solution approach. Several estimated drawdown maps between 2006 and 2030 were reviewed in detail. Figures examining simulated groundwater water levels in the service areas of Cucamonga Valley Water District, the City of Ontario, and Jurupa Community Services District were reviewed in detail. Mr. McCarthy stated supplemental water requirements are done and most of the data collection is done with additional work to begin in late June. The schedule is being adjusted and a draft report should be ready next February.

C. FINANCIAL REPORT

1. Hanson Settlement

Ms. Rojo noted the settlement was discussed at previous meetings. Ms. Rojo stated the settlement is for damages caused by Hanson Aggregates at the Lower Day Basin. The settlement amount is \$450,000 and a check in the amount of \$117,000 has already been received. Staff needed to come up with a plan as to how to equitably breakdown those monies as they come in along with how it will be allocated. Ms. Rojo reviewed the Hanson Expense Analysis slide in detail.

2. Replenishment Obligation Update

No comment was made regarding this item.

D. CEO/STAFF REPORT

1. Legislative Update

No comment was made regarding this item.

2. Recharge Update

No comment was made regarding this item.

3. Foothill Water Coalition

Ms. Rojo stated the parties will see an agreement regarding the Foothill Water Coalition in the next 30-60 days. Ms. Rojo gave an over view of what the Foothill Water Coalition is and does. One of the projects that this coalition is working on has tremendous benefit to the Chino Basin is the connection between the two pipelines that will connect the Agua De Lejos and WFA facility; this will also allow for a turnout for the Chino Basin to pull water off of that when there are times that other water districts water is not available to us. The estimated cost to join is \$10,000 which gets Watermaster involved in the project and at the table; this is a onetime payment. More information will be given at future meetings.

4. Zone 1 Repair to San Sevaine Channel Agreement

Ms. Rojo noted this agreement will be brought back next month.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

Chair Feenstra noted the confidential session place holder needs to always be on the agenda.

VI. OTHER BUSINESS

No comment was made regarding this item.

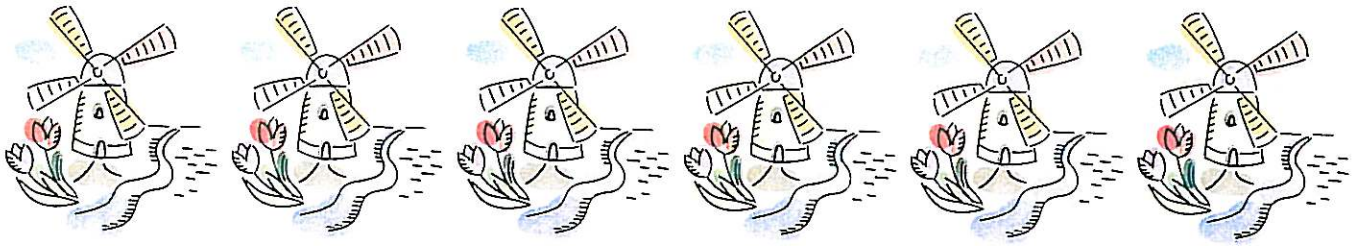
VIII. FUTURE MEETINGS

May 14 2009	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
May 19, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA
May 28, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
May 28, 2009	9:00 a.m.	Advisory Committee Meeting
May 28, 2009	11:00 a.m.	Watermaster Board Meeting
May 28, 2009	1:00 p.m.	WE Workshop #3 Tasks 8.2 through 8.5

The Agricultural Pool meeting was dismissed by Chair Feenstra at 11:32 a.m.

Secretary: _____

Minutes Approved: _____

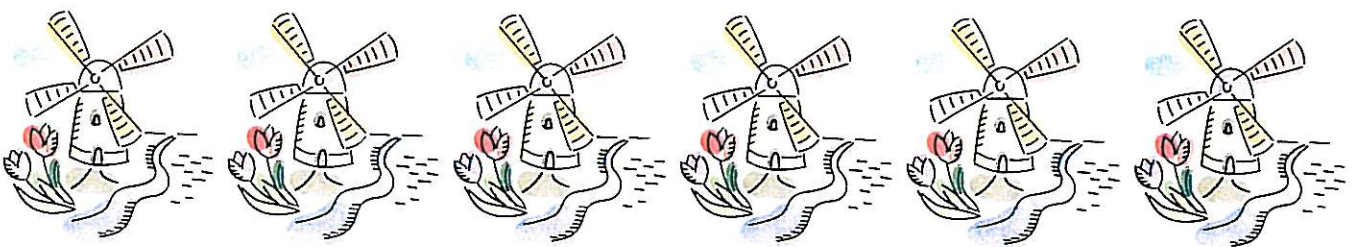


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of May 2009
2. Watermaster Visa Check Detail
3. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2008 through April 30, 2009
4. Treasurer's Report of Financial Affairs for the Period February 1, 2009 through April 30, 2009
5. Profit & Loss Budget vs. Actual July 2008 through April 2009





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: June 11, 2009
June 16, 2009
June 25, 2009

TO: Committee Members
Watermaster Board Members

SUBJECT: Cash Disbursement Report

SUMMARY

Issue – Record of cash disbursements for the month of May 2009.

Recommendation – Staff recommends the Cash Disbursements for May 2009 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 May 2009 were \$2,981,165.45. The most significant expenditures during the month were City of Chino in the amount of \$1,500,075.00, Santa Ana River Water Company in the amount of 531,000.00, Jurupa Community Services District in the amount of \$295,000, and Brownstein Hyatt Farber Schreck in the amount of \$64,484.53.

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
May 2009

Type	Date	Num	Name	Amount
May 09				
General Journal	5/2/2009	09/05/03	PAYROLL	-7,723.33
General Journal	5/2/2009	09/05/03	PAYROLL	-28,042.37
Bill Pmt -Check	5/6/2009	13258	BETTY J. KELLEY, C.S.R.	-900.00
Bill Pmt -Check	5/7/2009	13264	BLACK & VEATCH CORPORATION	-5,546.25
Bill Pmt -Check	5/7/2009	13265	STATE COMPENSATION INSURANCE FU...	-868.73
Bill Pmt -Check	5/7/2009	13266	CINDY NAVAROLI	-1,125.00
Bill Pmt -Check	5/7/2009	13267	CITISTREET	-5,550.37
Bill Pmt -Check	5/7/2009	13268	ESRI	-464.00
Bill Pmt -Check	5/7/2009	13269	HSBC BUSINESS SOLUTIONS	-582.78
Bill Pmt -Check	5/7/2009	13270	INLAND EMPIRE UTILITIES AGENCY	-58,301.66
Bill Pmt -Check	5/7/2009	13271	JAMES JOHNSTON	-900.00
Bill Pmt -Check	5/7/2009	13272	PARK PLACE COMPUTER SOLUTIONS, I...	-4,425.00
Bill Pmt -Check	5/7/2009	13273	PAYCHEX	-221.76
Bill Pmt -Check	5/7/2009	13274	PREMIERE GLOBAL SERVICES	-128.48
Bill Pmt -Check	5/7/2009	13275	PUBLIC EMPLOYEES' RETIREMENT SYS...	-11,861.04
Bill Pmt -Check	5/7/2009	13276	PUMP CHECK	-950.00
Bill Pmt -Check	5/7/2009	13277	SAFETY CLEAN JANITORIAL SERVICES	-651.31
Bill Pmt -Check	5/7/2009	13278	SOUTHERN CALIFORNIA WATER COMM...	-850.00
Bill Pmt -Check	5/7/2009	13279	STATE COMPENSATION INSURANCE FU...	-552.21
Bill Pmt -Check	5/7/2009	13280	UNION 76	-87.86
Bill Pmt -Check	5/7/2009	13281	VERIZON	-522.64
Bill Pmt -Check	5/7/2009	13259	BOWCOCK, ROBERT	-250.00
Bill Pmt -Check	5/7/2009	13260	CAMACHO, MICHAEL	-375.00
Bill Pmt -Check	5/7/2009	13261	FEENSTRA, BOB	-125.00
Bill Pmt -Check	5/7/2009	13262	KUHN, BOB	-125.00
Bill Pmt -Check	5/7/2009	13263	WILLIS, KENNETH	-500.00
Bill Pmt -Check	5/13/2009	13282	ASSOCIATION OF GOVERNMENT ACCO...	-60.00
Bill Pmt -Check	5/13/2009	13283	PETTY CASH	-448.96
Bill Pmt -Check	5/14/2009	13284	ACWA SERVICES CORPORATION	-209.95
Bill Pmt -Check	5/14/2009	13285	CHINO, CITY OF - FINANCE DEPT	-1,500,075.00
Bill Pmt -Check	5/14/2009	13286	JURUPA COMMUNITY SERVICES DISTRI...	-295,000.00
Bill Pmt -Check	5/14/2009	13287	SAFEGUARD DENTAL & VISION	-57.68
Bill Pmt -Check	5/14/2009	13288	SANTA ANA RIVER WATER COMPANY	-531,000.00
Bill Pmt -Check	5/14/2009	13289	THE STANDARD INSURANCE COMPANY	-156.56
Bill Pmt -Check	5/14/2009	13290	UNITED PARCEL SERVICE	-86.34
General Journal	5/16/2009	09/05/05	PAYROLL	-7,973.03
General Journal	5/16/2009	09/05/05	PAYROLL	-28,042.67
Bill Pmt -Check	5/18/2009	13291	REID & HELLYER	-21,439.24
Bill Pmt -Check	5/18/2009	13292	EMPIRE CLEANING SUPPLY	-45.88
Bill Pmt -Check	5/18/2009	13293	W.C. DISCOUNT MOBILE AUTO DETAILI...	-75.00
Bill Pmt -Check	5/18/2009	13294	YOUNG, ROBERT	-125.00
Bill Pmt -Check	5/27/2009	13295	A & R TIRE	-3,273.95
Bill Pmt -Check	5/27/2009	13296	ARROWHEAD MOUNTAIN SPRING WATER	-71.14
Bill Pmt -Check	5/27/2009	13297	BANC OF AMERICA LEASING	-3,215.74
Bill Pmt -Check	5/27/2009	13298	BANK OF AMERICA	-2,862.75
Bill Pmt -Check	5/27/2009	13299	BLACK & VEATCH CORPORATION	-8,853.35
Bill Pmt -Check	5/27/2009	13300	BROWNSTEIN HYATT FARBER SCHRECK	-64,484.53
Bill Pmt -Check	5/27/2009	13301	CALPERS	-4,008.12
Bill Pmt -Check	5/27/2009	13302	CUCAMONGA VALLEY WATER DISTRICT	-5,495.00
Bill Pmt -Check	5/27/2009	13303	CUCAMONGA VALLEY IAAP	-104.00
Bill Pmt -Check	5/27/2009	13304	ENVIRONMENTAL DEFENSE SCIENCES	-1,680.00
Bill Pmt -Check	5/27/2009	13305	FIRST AMERICAN REAL ESTATE SOLUTI...	-125.00
Bill Pmt -Check	5/27/2009	13306	GEOTECHNICAL SERVICES	-6,400.76
Bill Pmt -Check	5/27/2009	13307	HOME DEPOT	-237.08
Bill Pmt -Check	5/27/2009	13308	IDEAL GRAPHICS	-52.20
Bill Pmt -Check	5/27/2009	13309	INLAND EMPIRE UTILITIES AGENCY	-250.50
Bill Pmt -Check	5/27/2009	13310	KONICA MINOLTA BUSINESS SOLUTIONS	-398.22
Bill Pmt -Check	5/27/2009	13311	MAACO	-2,000.00
Bill Pmt -Check	5/27/2009	13312	MCI	-1,226.37
Bill Pmt -Check	5/27/2009	13313	MWH LABORATORIES	-31,142.00
Bill Pmt -Check	5/27/2009	13314	OFFICE DEPOT	-468.01
Bill Pmt -Check	5/27/2009	13315	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	5/27/2009	13316	PUMP CHECK	-3,682.50
Bill Pmt -Check	5/27/2009	13317	QUILL	-356.92
Bill Pmt -Check	5/27/2009	13318	STANDARD INSURANCE CO.	-596.82
Bill Pmt -Check	5/27/2009	13319	STATE COMPENSATION INSURANCE FU...	-874.56
Bill Pmt -Check	5/27/2009	13320	VERIZON WIRELESS	-536.05
Bill Pmt -Check	5/27/2009	13321	WESTERN DENTAL SERVICES, INC.	-28.06

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
May 2009

Type	Date	Num	Name	Amount
Bill Pmt -Check	5/27/2009	13322	WILDERMUTH ENVIRONMENTAL INC	-286,177.42
Bill Pmt -Check	5/29/2009	13323	MAKE A WISH FOUNDATION	-40.00
General Journal	5/30/2009	09/05/07	PAYROLL	-7,881.89
General Journal	5/30/2009	09/05/07	PAYROLL	-28,133.81
May 09				<u>-2,981,185.45</u>

2:59 PM
06/04/09

CHINO BASIN WATERMASTER
Check Detail
May 2009

Type	Num	Date	Name	Account	Paid Amount
Bill Pmt -Ch...	13298	5/27/2009	BANK OF AMER...	1012 · Bank of America Gen'l Ckg	
Bill	4024...	4/30/2009		6031.7 · Other Office Supplies	-96.92
				6191 · Conferences	-2,235.49
				6909.1 · OBMP Meetings	-301.92
				6141.3 · Admin Meetings	-111.03
				6312 · Meeting Expenses	-117.39
TOTAL					-2,862.75

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CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE
 PERIOD JULY 1, 2008 THROUGH APRIL 30, 2009

WATERMASTER ADMINISTRATION MANAGEMENT	OPTIMUM BASIN MANAGEMENT			POOL ADMINISTRATION AND SPECIAL PROJECTS			GROUNDWATER OPERATIONS			GRAND TOTALS	BUDGET 2008-2009
	POOL	POOL	POOL	POOL	POOL	POOL	REPLENISHMENT	GROUNDWATER	SB222 FUNDS		
Administrative Revenues											
Administrative Assessments	7,993,307			172,817							\$7,841,054
Interest Revenue	85,175	8,433		2,014					24		174,368
Mutual Agency Project Revenue	466,371			11,973							148,410
Grant Income											0
Miscellaneous Income											0
Total Revenues	8,544,853	8,433		186,804					24		8,163,832
Administrative & Project Expenditures											
Watermaster Administration	481,256										619,960
Watermaster Board-Advisory Committee	47,338										61,201
Pool Administration	17,190	136,725		4,380							158,295
Optimum Basin Mgmt Administration			1,412,270								1,412,270
OBMP Project Costs			4,434,031								4,434,031
Education Funds Use			10,000						375		375
Mutual Agency Project Costs										10,000	10,000
Total Administrative/OBMP Expenses	528,594	136,725	5,856,301	4,380					375		6,543,565
Net Administrative/OBMP Income	(528,594)		(5,856,301)								(6,384,895)
Allocate Net Admin Income To Pools	528,594										
Allocate Net OBMP Income To Pools			5,856,301								
Agricultural Expense Transfer											
Total Expenses	6,357,522	21,474	164,194	164,194					375		8,163,832
Net Administrative Income	2,187,332	(13,041)		22,609					(351)		2,196,549
Other Income/(Expense)											
Replenishment Water Assessments							6,437,643				6,437,643
Interest Revenue							34,126				34,126
Water Purchases											0
Balance Adjustment											0
Groundwater Replenishment											0
Net Other Income							6,471,769				6,471,769
Net Transfers To/(From) Reserves	2,187,332	(13,041)		22,609			6,471,769		(351)		8,668,318
Working Capital, July 1, 2008											
Working Capital, End Of Period	5,413,216	481,995		143,157			294,397		1,343		6,492,359
	7,600,548	468,954		165,766			6,766,166		992		15,160,677
07/08 Assessable Production	103,077,958	30,909,693		3,439,822							137,427,473
07/08 Production Percentages	75.005%	22.492%		2.503%							100.000%

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CHINO BASIN WATERMASTER
 TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
 FEBRUARY 1 THROUGH APRIL 30, 2009

DEPOSITORIES:		
Cash on Hand - Petty Cash	\$	500
Bank of America		
Governmental Checking-Demand Deposits	\$	332,412
Zero Balance Account - Payroll		-
Local Agency Investment Fund - Sacramento		<u>14,340,455</u>
TOTAL CASH IN BANKS AND ON HAND		\$ 14,673,367
TOTAL CASH IN BANKS AND ON HAND		15,306,411
PERIOD INCREASE (DECREASE)		\$ (633,044)

4/30/2009
3/31/2009

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets:		
Accounts Receivable		
Assessments Receivable	\$	(15,810)
Prepaid Expenses, Deposits & Other Current Assets		-
(Decrease)/Increase in Liabilities:		
Accounts Payable		2,348,922
Accrued Payroll, Payroll Taxes & Other Current Liabilities		(45,597)
Transfer to/(from) Reserves		<u>(2,920,559)</u>
PERIOD INCREASE (DECREASE)		\$ (633,044)

SUMMARY OF FINANCIAL TRANSACTIONS:

	Petty Cash	Gov't'l Checking Demand	Zero Balance Account Payroll	Local Agency Investment Funds	Totals
Balances as of 3/31/2009	\$ 500	\$ 365,502	\$ -	\$ 14,940,455	\$ 15,306,457
Deposits	-	117,000	-	-	117,000
Transfers	-	526,695	73,305	(600,000)	-
Withdrawals/Checks	-	(676,739)	(73,305)	-	(750,044)
Balances as of 4/30/2009	\$ 500	\$ 332,458	\$ -	\$ 14,340,455	\$ 14,673,413
	-	46.00	-	-	-
PERIOD INCREASE OR (DECREASE)	\$ -	\$ (33,044)	\$ -	\$ (600,000)	\$ (633,044)

CHINO BASIN WATERMASTER
 TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
 FEBRUARY 1 THROUGH APRIL 30, 2009

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
4/23/2009	Withdrawal	L.A.I.F.	\$ 600,000				
TOTAL INVESTMENT TRANSACTIONS			\$ 600,000				

* The earnings rate for L.A.I.F. is a daily variable rate; 1.91% was the effective yield rate at the Quarter ended March 31, 2009.

INVESTMENT STATUS
 April 30, 2009

Financial Institution	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	\$ 14,340,455			
TOTAL INVESTMENTS	\$ 14,340,455			

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

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

Respectfully submitted,



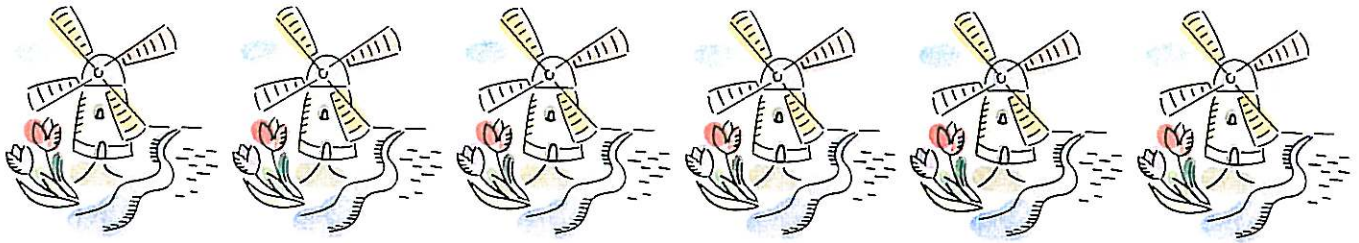
Sheri M. Rojo, CPA
 Chief Financial Officer & Assistant General Manager
 Chino Basin Watermaster

CHINO BASIN WATERMASTER
Profit & Loss Budget vs. Actual
July 2008 through April 2009

	<u>Jul '08 - Apr 09</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	478,344	148,410	329,934	322.31%
4110 · Admin Asmnts-Approp Pool	7,993,307	7,860,411	132,896	101.69%
4120 · Admin Asmnts-Non-Agri Pool	172,817	132,237	40,580	130.69%
4700 · Non Operating Revenues	95,646	174,368	(78,722)	54.85%
Total Income	<u>8,740,114</u>	<u>8,315,426</u>	<u>424,688</u>	<u>105.11%</u>
Gross Profit	8,740,114	8,315,426	424,688	105.11%
Expense				
6010 · Salary Costs	416,812	484,302	(67,490)	86.07%
6020 · Office Building Expense	74,565	102,000	(27,435)	73.1%
6030 · Office Supplies & Equip.	24,782	46,500	(21,718)	53.29%
6040 · Postage & Printing Costs	58,254	87,380	(29,126)	66.67%
6050 · Information Services	121,069	144,000	(22,931)	84.08%
6060 · Contract Services	57,223	98,000	(40,777)	58.39%
6080 · Insurance	15,706	17,730	(2,024)	88.58%
6110 · Dues and Subscriptions	14,332	16,750	(2,418)	85.56%
6140 · WM Admin Expenses	1,322	4,000	(2,678)	33.05%
6150 · Field Supplies	864	2,500	(1,636)	34.54%
6170 · Travel & Transportation	22,274	39,200	(16,926)	56.82%
6190 · Conferences & Seminars	27,904	26,500	1,404	105.3%
6200 · Advisory Comm - WM Board	13,044	19,181	(6,137)	68.01%
6300 · Watermaster Board Expenses	34,294	42,020	(7,726)	81.61%
8300 · Appr PI-WM & Pool Admin	17,190	24,008	(6,818)	71.6%
8400 · Agri Pool-WM & Pool Admin	18,358	24,820	(6,462)	73.97%
8467 · Ag Legal & Technical Services	110,367	128,000	(17,633)	86.22%
8470 · Ag Meeting Attend -Special	8,000	12,000	(4,000)	66.67%
8500 · Non-Ag PI-WM & Pool Admin	4,380	7,695	(3,315)	56.91%
6500 · Education Funds Use Expens	375	375	-	100.0%
9500 · Allocated G&A Expenditures	(353,849)	(448,902)	95,053	78.83%
Subtotal G&A Expenditures	<u>687,265</u>	<u>878,059</u>	<u>(190,794)</u>	<u>78.27%</u>
6900 · Optimum Basin Mgmt Plan	1,296,859	1,755,421	(458,562)	73.88%
6950 · Mutual Agency Projects	10,000	10,000	-	100.0%
9501 · G&A Expenses Allocated-OBMP	115,411	137,959	(22,548)	83.66%
Subtotal OBMP Expenditures	<u>1,422,270</u>	<u>1,903,380</u>	<u>(481,110)</u>	<u>74.72%</u>
7101 · Production Monitoring	96,392	107,515	(11,123)	89.66%
7102 · In-line Meter Installation	45,871	87,931	(42,060)	52.17%
7103 · Grdwtr Quality Monitoring	150,512	210,458	(59,946)	71.52%
7104 · Gdwtr Level Monitoring	353,072	372,538	(19,466)	94.78%
7105 · Sur Wtr Qual Monitoring	4,160	46,717	(42,557)	8.91%
7107 · Ground Level Monitoring	299,590	651,468	(351,878)	45.99%
7108 · Hydraulic Control Monitoring	493,806	713,949	(220,143)	69.17%
7200 · PE2- Comp Recharge Pgm	1,123,627	1,245,266	(121,639)	90.23%

CHINO BASIN WATERMASTER
 Profit & Loss Budget vs. Actual
 July 2008 through April 2009

	<u>Jul '08 - Apr 09</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7300 · PE3&5-Water Supply/Desalite	66,761	108,477	(41,716)	61.54%
7400 · PE4- Mgmt Plan	232,898	272,515	(39,617)	85.46%
7500 · PE6&7-CoopEfforts/SaltMgmt	53,148	76,411	(23,263)	69.56%
7600 · PE8&9-StorageMgmt/Conj Use	12,282	61,909	(49,627)	19.84%
7690 · Recharge Improvement Debt Pymt	1,261,894	1,261,594	300	100.02%
7700 · Inactive Well Protection Prgm	-	6,296	(6,296)	0.0%
9502 · G&A Expenses Allocated-Projects	240,017	310,943	(70,926)	77.19%
Subtotal Special Project Expenditures	4,434,031	5,533,987	(1,099,956)	80.12%
Total Expense	6,543,566	8,315,426	(1,771,860)	78.69%
Net Ordinary Income	2,196,549		2,196,549	100.0%
Other Income/Expense				
Other Income				
4225 · Interest Income	34,126			
4210 · Approp Pool-Replenishment	6,427,596			
4220 · Non-Ag Pool-Replenishment	10,047			
Total Other Income	6,471,769			
Other Expense				
5010 · Groundwater Replenishment	2,326,075			
9999 · To/(From) Reserves	6,342,243			
Total Other Expense	8,668,318			
Net Other Income	(2,196,549)			
Net Income				

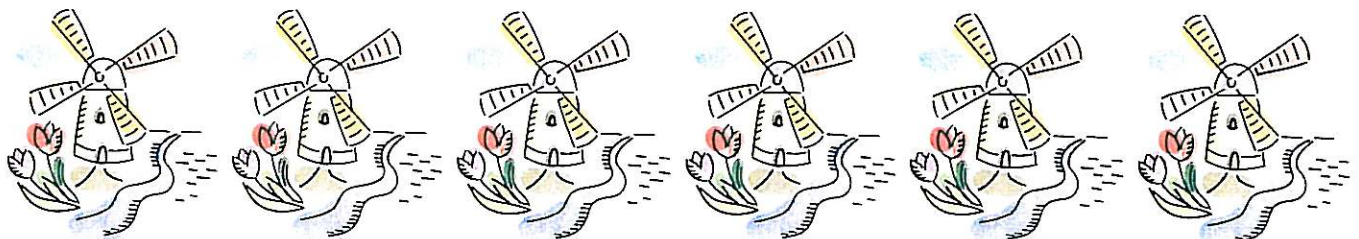


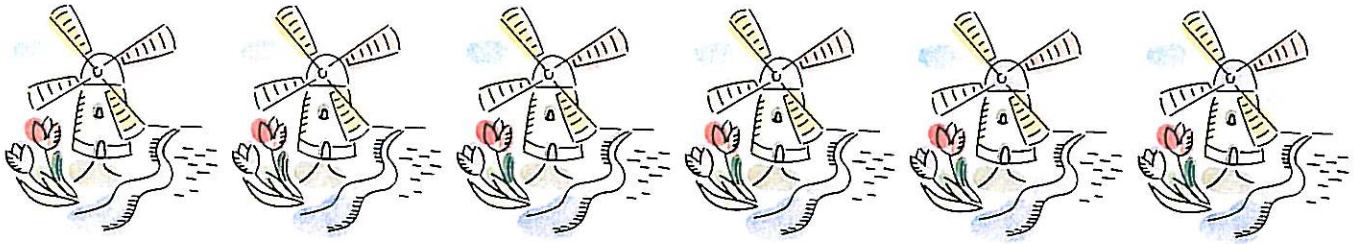
CHINO BASIN WATERMASTER

II. BUSINESS ITEM

A. OVERLYING NON-AGRICULTURAL POOL AUCTION ISSUES

1. Storage & Recovery Agreement
2. Broad Benefit
3. Determination on Material Physical Injury



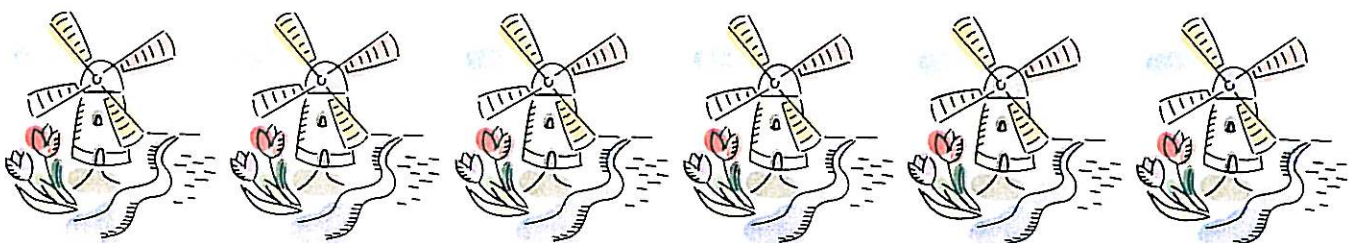


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Monte Vista Water District will purchase 3,500 acre-feet of water from the City of Pomona. This purchase is made first from Pomona's net underproduction, if any, in Fiscal Year 2008-09, with any remainder to be recaptured from storage.
2. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from The Nicholson Trust annual production right in the amount of 5.619 acre-feet to satisfy a portion of the company's anticipated Chino Basin replenishment obligation for Fiscal Year 2008-09.
3. **Consider Approval for Notice of Sale or Transfer** – On June 3, 2009, Watermaster received Form 5, "Application to Transfer Annual Production Right or Safe Yield," with CalMat Company/Vulcan Materials Company as transferor and Aqua Capital Management LP as transferee in the amount of 317.844 acre-feet annual right, all water in its annual account will be transferred as well (the transfer does not include CalMat's water in storage as of June 30, 2008 of 315.637 acre-feet).
4. **Consider Approval for Notice of Sale or Transfer** – Chino Basin Watermaster will purchase 3,400 acre-feet of water from the Marygold Mutual Water Company. Water will purchase the water at \$295.00 per acre-foot, which is the MWD replenishment rate (not including IEUA and OCWD fees). The transfer will be made from Marygold Mutual Water Company's water in storage. This transfer will solely offset Fontana Water Company's current (Assessment Year 2008-2009).



CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

June 4, 2009

This notice is to advise interested persons that the attached application(s) will come before the Watermaster Board on or after 30 days from the date of this notice.

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **May 11, 2009**

Date of this notice: **June 4, 2009**

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

- A. Notice of Sale or Transfer – Monte Vista Water District will purchase 3,500 acre-feet of water from the City of Pomona. This purchase is made first from Pomona's net underproduction, if any, in Fiscal Year 2008-09, with any remainder to be recaptured from storage.

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

Appropriative Pool: June 11, 2009

Non-Agricultural Pool: June 11, 2009

Agricultural Pool: June 16, 2009

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

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

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

Watermaster address:

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

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

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: June 4, 2009

A party to the Judgment has submitted a proposed transfer of water for Watermaster approval. Unless contrary evidence is presented to Watermaster that overcomes the rebuttable presumption provided in Section 5.3(b)(iii) of the Peace Agreement, Watermaster must find that there is "no material physical injury" and approve the transfer. Watermaster staff is not aware of any evidence to suggest that this transfer would cause material physical injury and hereby provides this notice to advise interested persons that this transfer will come before the Watermaster Board on or after 30 days from the date of this notice. The attached staff report will be included in the meeting package at the time the transfer begins the Watermaster process (comes before Watermaster).

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CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730
Tel: (909) 484.3888 Fax: (909) 484-3890 www.cbwm.org

KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

DATE: June 4, 2009
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

Summary –

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

Issue –

- **Notice of Sale or Transfer** – Monte Vista Water District will purchase 3,500 acre-feet of water from the City of Pomona. This purchase is made first from Pomona's net underproduction, if any, in Fiscal Year 2008-09, with any remainder to be recaptured from storage.

Recommendation –

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

Fiscal Impact –

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

Background

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

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

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

- Monte Vista Water District will purchase 3,500 acre-feet of water from the City of Pomona. This purchase is made first from Pomona's net underproduction, if any, in Fiscal Year 2008-09, with any remainder to be recaptured from storage.

Notice of the water transaction identified above was mailed on June 4, 2009 along with the materials submitted by the requestors.

DISCUSSION

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

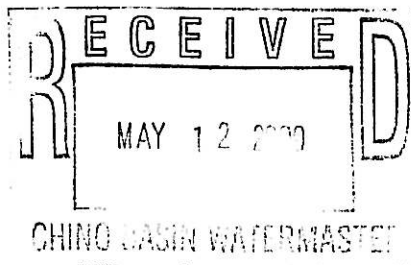
Monte Vista

Dedicated to Quality, Service and Innovation

May 11, 2009

Mark N. Kinsey
GENERAL MANAGER

Mr. Ken Manning, Chief Executive Officer
CHINO BASIN WATERMASTER
9641 San Bernardino Road
Rancho Cucamonga, California 91730



Purchase of Water in Storage: Fiscal Year 2008-09

Dear Mr. Manning:

This letter is to notify Watermaster of the purchase of 3,500 acre-feet of water from the City of Pomona. This purchase is made first from Pomona's net underproduction, if any, in Fiscal Year 2008-09, with any remainder to be recaptured from storage.

This purchase will be utilized by the District to offset projected Fiscal Year 2008-09 or future fiscal year obligations within the Chino Basin. Attached is an executed application for lease or transfer of a right to produce water from storage and a recapture plan for consideration by Watermaster. Please agendize this item at the earliest possible opportunity.

If you have any questions or require additional information concerning this matter, please call me at 624-0035, extension 170. Thank you.

Sincerely,

Monte Vista Water District

Mark N. Kinsey
General Manager

Attachments

Water District

10575 Central Avenue, Post Office Box 71 • Montclair, CA 91763 • (909) 624-0035 • FAX (909) 624-4725 • www.mvwd.org

Sandra S. Rose
PRESIDENT

Maynard B. Lenhart
VICE PRESIDENT

Tony Lopez
DIRECTOR

Philip L. Erwin
DIRECTOR

G. Michael Milhiser
DIRECTOR

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

Transfer from Local Storage Agreement: **15, 15.1, 15.2
15.3, 15.4**

Date Requested: **January 30, 2009**

Transferring Party: **City of Pomona**

Date Approved:

Address: **505 South Garey Avenue
Box 660
Pomona, California 91769**

Amount Requested (AF): **3,500**

Telephone: **(909) 620-2283**

Amount Approved (AF):

Fax: **(909) 620-2030**



5/7/09

Applicant: Tim D'Zmura, PE, Public Works Director/City Engineer/Building Official

Action authorized pursuant to City of Pomona Resolution No. 2009-44,
adopted by City Council on April 20, 2009.

Attach Recapture Form 4

Receiving Party: **Monte Vista Water District**

Address: **10575 Central Avenue
Montclair, California 91763**

Telephone: **(909) 624-0035**

Fax: **(909) 624-0037**

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

Water Quality and Water Levels:

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

Static water levels range from 504' to 533' below ground levels. Nitrate concentrations range between 19 to 70 ppm.

Form 3

Application for Sale or Transfer of Right to Produce Water from Storage


Material Physical Injury:

Is the applicant aware of any potential material physical injury to a part to the Judgment or the Basin that may be caused by the action covered by the application? Yes No

If yes, what are the proposed mitigation measures, if any, that might reasonably be imposed to ensure that the action does not result in material physical injury to a part to the Judgment or the Basin?

N/A

Additional information attached? Yes No


Applicant: **Mark N. Kansey, General Manager**

To be completed by Watermaster:

Date of approval from Non-Agricultural Pool:

Date of approval from Agricultural Pool:

Date of approval from Appropriative Pool:

Hearing date, if any:

Date of Advisory Committee approval:

Date of Board approval:

Agreement Number:

**APPLICATION OR AMENDMENT TO APPLICATION
TO
RECAPTURE WATER IN STORAGE**

APPLICANT

Monte Vista Water District
Name of Party

January 30, 2009
Date Requested

Date Approved

10575 Central Avenue
Street Address

3,500 Acre-feet
Amount Requested

Acre-feet
Amount Approved

Montclair **CA** **91763**
City State Zip Code

500 – 1,000 AF/month
Projected Rate of
Recapture

4-7 months
Projected Duration of
Recapture

Telephone: (909) 624-0035

Facsimile: (909) 624-0037

IS THIS AN AMENDMENT TO A PREVIOUSLY APPROVED APPLICATION? [] YES [X] NO
IF YES, ATTACH APPLICATION TO BE AMENDED

IDENTITY OF PERSON THAT STORED THE WATER: City of Pomona

PURPOSE OF RECAPTURE

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

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

Recapture by pumping.

PLACE OF USE OF WATER TO BE RECAPTURED

For use within the Monte Vista Water District and City of Chino Hills service areas.

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

Recapture to occur at regular production wells.

WATER QUALITY AND WATER LEVELS

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

Static water levels range from 504' to 533' below ground levels. Nitrate water quality data for District wells range from 19 to 70 ppm.

MATERIAL PHYSICAL INJURY

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

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

No mitigation is required.

ADDITIONAL INFORMATION ATTACHED

Yes [X] No []

Mark N. Kinsey
Applicant



TO BE COMPLETED BY WATERMASTER

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

APPLICATION TO TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

Fiscal Year 2008-09

Commencing on July 1, 2008 and terminating on June 30, 2009, the City of Pomona ("Transferor") hereby transfers to Monte Vista Water District ("Transferee") the quantity of 3,500 acre-feet of corresponding Annual Production Right (Appropriative Pool) or Safe Yield (Non-Agricultural Pool) adjudicated to Transferor or its predecessor in interest in the Judgment rendered in the Case of "CHINO BASIN MUNICIPAL WATER DISTRICT vs. CITY OF CHINO, et al.," RCV 51010 (formerly Case No. SCV 164327).

Said Transfer shall be conditioned upon:

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

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

WATER QUALITY AND WATER LEVELS

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

Dynamic water levels at District wells range from 538' to 596' below ground level with average drawdown of 40'. Static water levels range from 504' to 533' below ground level. Nitrate concentrations for District wells range between 19-70 ppm.

MATERIAL PHYSICAL INJURY


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

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

No mitigation is required.

ADDITIONAL INFORMATION ATTACHED Yes [X] No []

Tim D'Zmura, PE
Public Works Director/City Engineer/
Building Official

Mark N. Kinsey 
Monte Vista Water District

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

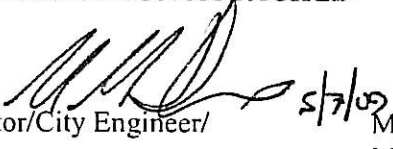
DATE OF BOARD APPROVAL: _____ Agreement # _____

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

No mitigation is required.

ADDITIONAL INFORMATION ATTACHED Yes [X] No []

Tim D'Zmura, PE
Public Works Director/City Engineer/
Building Official
Transferor



Mark N. Kinsey
Monte Vista Water District
Transferee



TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

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MONTE VISTA WATER DISTRICT

Recapture Plan

Location of where the recaptured water will be extracted by the District is within Management Zone 1 of the Chino Basin and will be accomplished by any or all of the 13 wells owned and operated by the District. The approximate daily production capacity of these wells is noted below.

The 3,500 AF transfer will be utilized for delivery to the District's retail customers, for delivery to the City of Chino Hills, or to offset the District's Fiscal Year 2008-09 replenishment obligation.

<u>Well</u>	<u>Production Acre-Feet/Day</u>
4	4.2
5	6.1
6	5.2
10	5.2
19	9.0
20	5.8
26	9.0
27	9.0
28	9.0
30	9.0
31	9.0
32	9.0
33	4.5

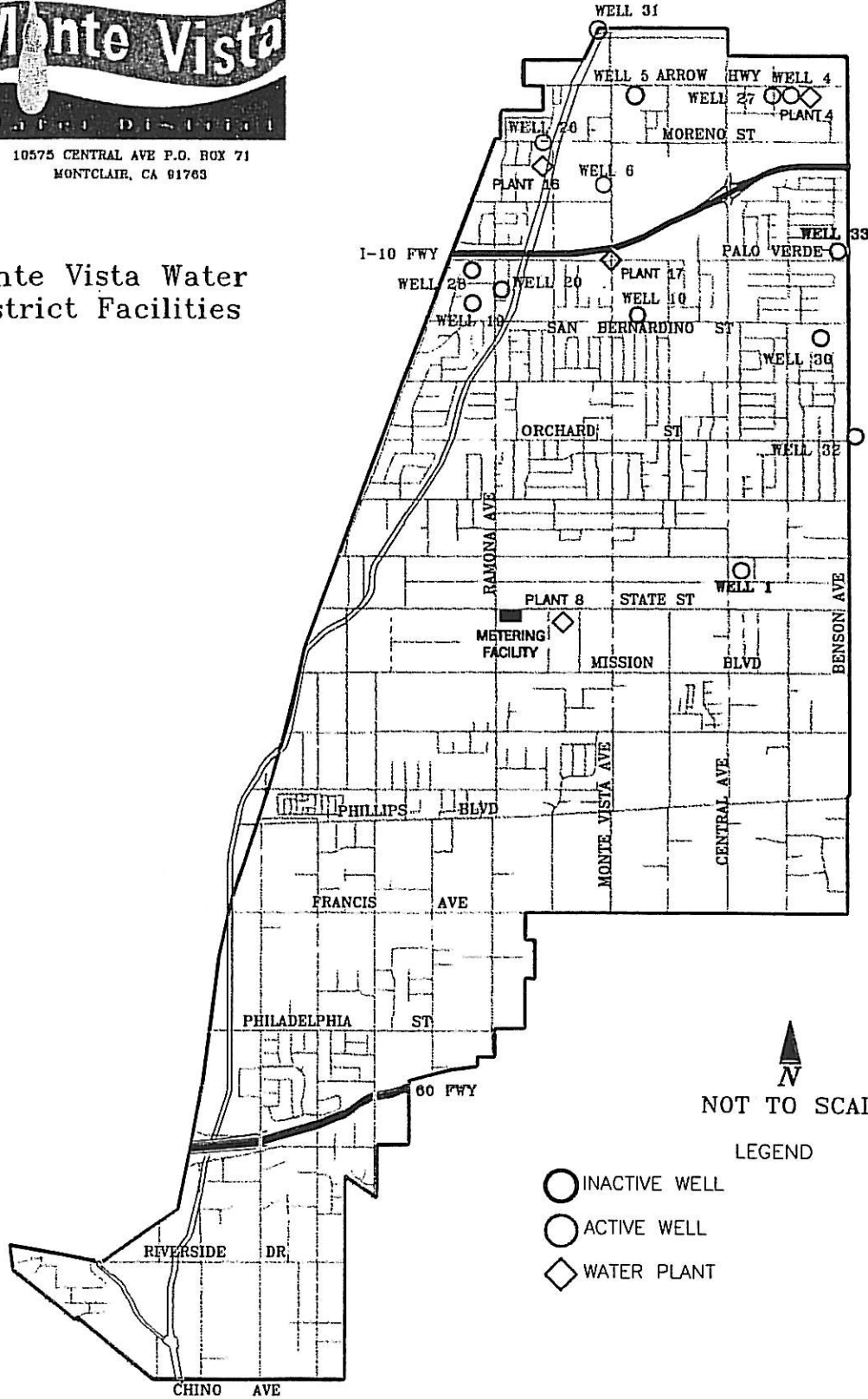
Daily Total	94.0
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A map showing the location of these wells is attached. The rate of extraction can vary significantly, depending upon system demand and seasonal changes.



10575 CENTRAL AVE P.O. BOX 71
MONTCLAIR, CA 91763

Monte Vista Water District Facilities




NOT TO SCALE

- LEGEND
- INACTIVE WELL
 - ACTIVE WELL
 - ◇ WATER PLANT

Jdizon M:\Presentation\Facilities.dwg

CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

June 4, 2009

This notice is to advise interested persons that the attached application(s) will come before the Watermaster Board on or after 30 days from the date of this notice.

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **May 21, 2009**

Date of this notice: **June 4, 2009**

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

- A. Notice of Sale or Transfer – Fontana Water Company (“Company”) has agreed to purchase from The Nicholson Trust annual production right in the amount of 5.619 acre-feet to satisfy a portion of the Company’s anticipated Chino Basin replenishment obligation for Fiscal Year 2008/2009.

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

- Appropriative Pool: June 11, 2009
- Non-Agricultural Pool: June 11, 2009
- Agricultural Pool: June 16, 2009

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

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

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

Watermaster address:

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

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

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: June 4, 2009

A party to the Judgment has submitted a proposed transfer of water for Watermaster approval. Unless contrary evidence is presented to Watermaster that overcomes the rebuttable presumption provided in Section 5.3(b)(iii) of the Peace Agreement, Watermaster must find that there is "no material physical injury" and approve the transfer. Watermaster staff is not aware of any evidence to suggest that this transfer would cause material physical injury and hereby provides this notice to advise interested persons that this transfer will come before the Watermaster Board on or after 30 days from the date of this notice. The attached staff report will be included in the meeting package at the time the transfer begins the Watermaster process (comes before Watermaster).

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CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730
Tel: (909) 484.3888 Fax: (909) 484-3890 www.cbwm.org

KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

DATE: June 4, 2009
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

Summary –

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

Issue –

- Notice of Sale or Transfer – Fontana Water Company (“Company”) has agreed to purchase from The Nicholson Trust annual production right in the amount of 5.619 acre-feet to satisfy a portion of the Company’s anticipated Chino Basin replenishment obligation for Fiscal Year 2008/2009.

Recommendation –

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

Fiscal Impact –

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

Background

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

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

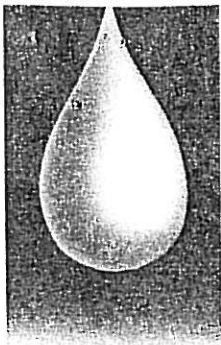
The following application for water transaction is attached with the notice of application.

- Fontana Water Company (“Company”) has agreed to purchase from The Nicholson Trust annual production right in the amount of 5.619 acre-feet to satisfy a portion of the Company’s anticipated Chino Basin replenishment obligation for Fiscal Year 2008/2009.

Notice of the water transaction identified above was mailed on June 4, 2009 along with the materials submitted by the requestors.

DISCUSSION

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

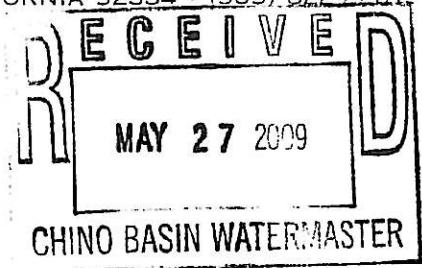


FONTANA WATER COMPANY

A DIVISION OF SAN GABRIEL VALLEY WATER COMPANY

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

May 21, 2009



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

Subject: Purchase of Annual Production Right
Chino Basin-Fiscal Year 2008/2009

Dear Mr. Manning:

Please take notice that Fontana Water Company ("Company") has agreed to purchase from The Nicholson Trust annual production right in the amount of 5.619 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2008/2009.

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

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

Very truly yours,

A handwritten signature in black ink, which appears to read "Michael J. McGraw". The signature is fluid and cursive, written over a horizontal line.

Michael J. McGraw
General Manager

MJM:bf
Enclosures

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APPLICATION
TO
TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

Fiscal Year 2008 - 2009

Commencing on July 1, 2008 and terminating on June 30, 2009, The Nicholson Trust ("Transferor") hereby transfers to Fontana Water Company ("Transferee") the quantity of 5.619 acre-feet of corresponding Annual Production Right (Appropriative Pool) or Safe Yield (Non-Agricultural Pool) adjudicated to Transferor or its predecessor in interest in the Judgment rendered in the Case of "CHINO BASIN MUNICIPAL WATER DISTRICT vs. CITY OF CHINO, et al.," RCV 51010 (formerly Case No. SCV 164327).

Said Transfer shall be conditioned upon:

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

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

WATER QUALITY AND WATER LEVELS

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

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

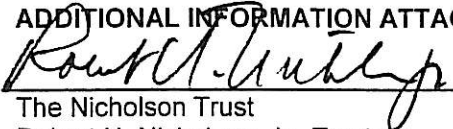
MATERIAL PHYSICAL INJURY?

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

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

N/A

ADDITIONAL INFORMATION ATTACHED


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

Yes [] No [X]


Michael J. McGraw, General Manager
Fontana Water Company

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

FONTANA WATER COMPANY
Recapture Plan

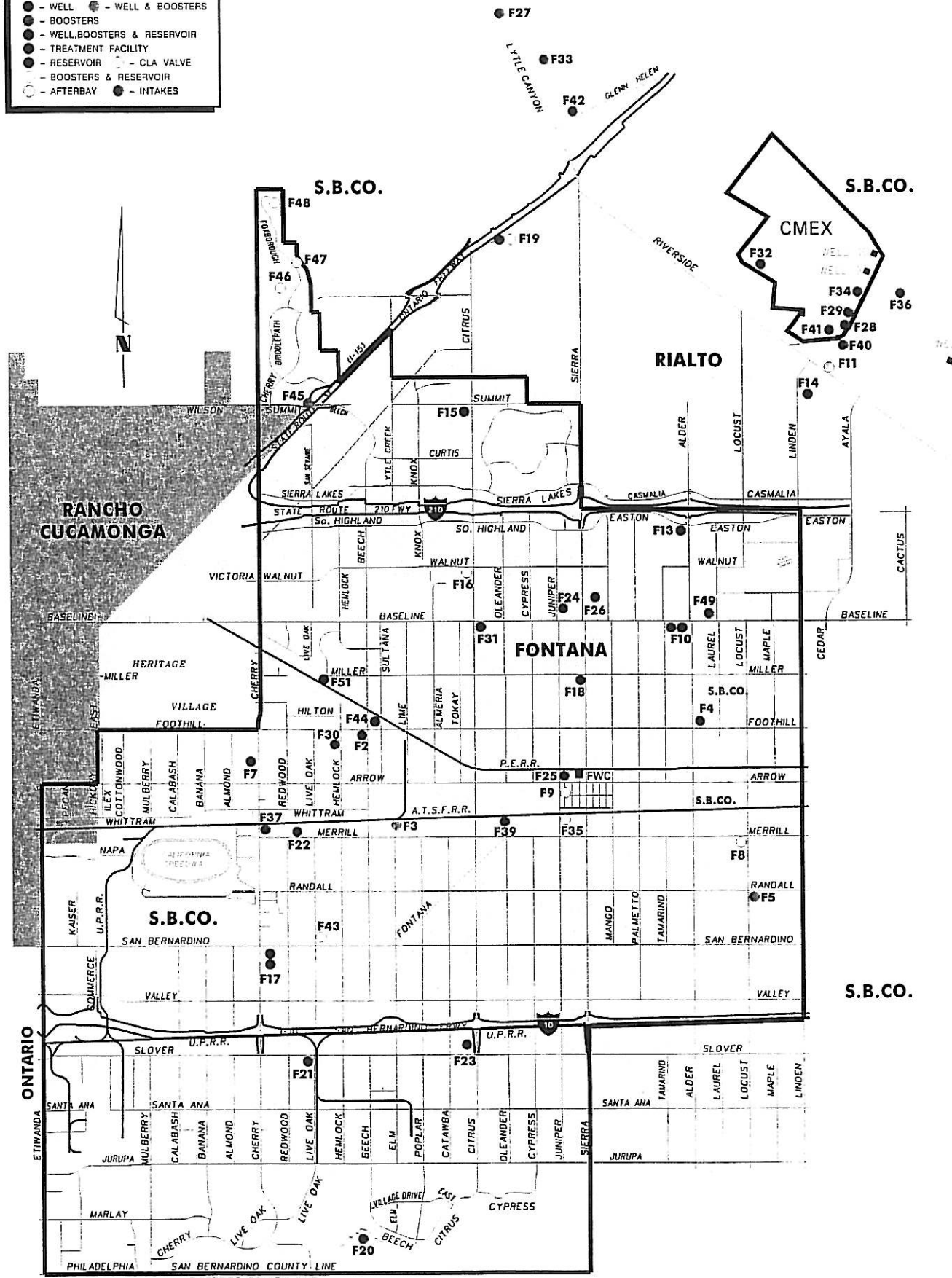
The subject water is a transfer of annual production right from The Nicholson Trust to Fontana Water Company (FWC) of 5.619 acre-feet to satisfy a portion of FWC's replenishment obligation for FY 2008/2009. Recapture of the stored water is accomplished by the production of any or all of the 16 wells owned and operated by FWC within Management Zone 3 of the Chino Groundwater Basin. The approximate daily production capacity of these wells is as follows:

<u>Well</u>	-	<u>Production</u> <u>Acre-Feet/Day</u>
F23A	-	10.6
F21A	-	5.7
F37A	-	5.7
F7A	-	11.0
F7B	-	11.0
F22A	-	8.2
F24A	-	8.4
F26A	-	8.6
F31A	-	7.3
F2A	-	10.6
F30A	-	5.1
F44A	-	11.0
F44B	-	10.6
F44C	-	10.6
F17B	-	5.7
F17C	-	7.1
Daily Total		<hr style="width: 100px; margin: 0 auto;"/> 137.2

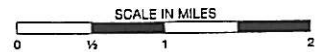
The attached map shows the location of these wells within FWC's service area. Prior to 1992, water produced from the majority of these wells was pumped within Management Zone 3 by Fontana Union Water Company with safe yield rights in the Chino Groundwater Basin. However, as a result of a bankruptcy settlement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

LEGEND

- - WELL ● - WELL & BOOSTERS
- - BOOSTERS
- - WELL, BOOSTERS & RESERVOIR
- - TREATMENT FACILITY
- - RESERVOIR
- - BOOSTERS & RESERVOIR
- - AFTERBAY
- - INTAKES



FONTANA WATER COMPANY
SYSTEM NO. 3610041



CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

June 4, 2009

This notice is to advise interested persons that the attached application(s) will come before the Watermaster Board on or after 30 days from the date of this notice.

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **June 1, 2009**

Date of this notice: **June 4, 2009**

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

- A. Notice of Sale or Transfer – On June 3, 2009, Watermaster received Form 5, “Application to Transfer Annual Production Right or Safe Yield,” with CalMat Company/Vulcan Materials Company as Transferor and Aqua Capital Management LP as Transferee in the amount of 317.844 acre-feet – a permanent transfer of its share of safe yield. In addition to the 317.844 acre-feet annual right, all water in its annual account will be transferred as well. (The transfer does not include CalMat’s water in storage as of June 30, 2008 of 315.637 acre-feet)

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

Appropriative Pool:	June 11, 2009
Non-Agricultural Pool:	June 11, 2009
Agricultural Pool:	June 16, 2009

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

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

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

Watermaster address:

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

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

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: June 4, 2009

A party to the Judgment has submitted a proposed transfer of water for Watermaster approval. Unless contrary evidence is presented to Watermaster that overcomes the rebuttable presumption provided in Section 5.3(b)(iii) of the Peace Agreement, Watermaster must find that there is "no material physical injury" and approve the transfer. Watermaster staff is not aware of any evidence to suggest that this transfer would cause material physical injury and hereby provides this notice to advise interested persons that this transfer will come before the Watermaster Board on or after 30 days from the date of this notice. The attached staff report will be included in the meeting package at the time the transfer begins the Watermaster process (comes before Watermaster).

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CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730
Tel: (909) 484.3888 Fax: (909) 484-3890 www.cbwm.org

KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

DATE: June 4, 2009
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

SUMMARY

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

Issue -

- Notice of Sale or Transfer – On June 3, 2009, Watermaster received Form 5, "Application to Transfer Annual Production Right or Safe Yield," with CalMat Company/Vulcan Materials Company as Transferor and Aqua Capital Management LP as Transferee in the amount of 317.844 acre-feet--a permanent transfer of its share of safe yield. In addition to the 317.844 acre-feet annual right, all water its annual account will be transferred as well. (The transfer does not include CalMat's water in storage as of June 30, 2008 of 315.637 acre-feet.) This Staff Report provides a summary and analysis of the proposed transfer.

Recommendation –

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

Fiscal Impact –

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

BACKGROUND

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

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

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

- Notice of Sale or Transfer – On June 3, 2009, Watermaster received Form 5, "Application to Transfer Annual Production Right or Safe Yield," with CalMat Company/Vulcan Materials Company as Transferor and Aqua Capital Management LP as Transferee in the amount of 317.844 acre-feet—a permanent transfer of its share of safe yield. In addition to the 317.844 acre-feet annual right, all water its annual account will be transferred as well. (The transfer does not include CalMat's water in storage as of June 30, 2008 of 315.637 acre-feet.) This Staff Report provides a summary and analysis of the proposed transfer.

Notice of the water transaction identified above was mailed on June 4, 2009 along with the materials submitted by the requestors.

DISCUSSION

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

In the 1978 Judgment, Conrock Company was adjudicated rights of 317.844 acre-feet within the Overlying (Non-Agricultural) Pool. Conrock Company became CalMat Company, and then later became Vulcan Materials Company. Aqua Capital Management intervened into the Judgment in November 2008, at which time it purchased real property from CCG Ontario LLC. In December 2008, CCG Ontario LLC permanently transferred its annual water rights of 630.274 acre-feet to Aqua Capital Management, along with all its water in storage.

CalMat Company/Vulcan Materials Company and the Aqua Capital Management have submitted Form 5, "Application to Transfer Annual Production Right or Safe Yield," The Application indicates that the amount of water rights to be permanently transferred is 317.844 acre-feet. In addition to the 317.844 acre-feet annual right, all water in the Annual Account will be transferred as well. (The transfer does not include CalMat's water in storage as of June 30, 2008 of 315.637 acre-feet.) According to the letters submitted by companies, the "transfer from CalMat to Aqua does not involve any additional groundwater extractions not provided for under the Judgment."

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



June 1, 2009

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

Western Division

Re: Application to Permanently Transfer Safe Yield from CalMat Co. to Aqua Capital
Management LP

Dear Mr. Manning:

CalMat Co.(CalMat) is a party to the Chino Basin Judgment and currently owns 317.844 AFY of adjudicated safe yield.

CalMat has agreed to transfer all of its adjudicated water rights (317.844 AFY), to Aqua Capital Management LP (Aqua). This transfer does not include CalMat's water in storage as of June 30, 2008 (315.637 AF). The transfer is subject to Watermaster approval and the associated close of escrow.

I have executed Form 5 (Application to Transfer Annual Production Right or Safe Yield). The completed form will be submitted by Aqua. CalMat retains the right to withdraw the Application at any time prior to the actual transfer of such water rights.

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

Thank you for your assistance. Please agendize this request for the June Pool meetings. If you have any questions regarding the foregoing, please contact me.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael Linton".

Michael Linton
VP Properties and Land Development
CalMat Co.

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AQUA CAPITAL MANAGEMENT LP
449 Regency Parkway, Suite 1000
Omaha, NE 68114

June 1, 2009

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

Re: Application to Permanently Transfer Safe Yield from Vulcan Materials Company to Aqua Capital Management LP

Dear Mr. Manning:

Aqua Capital Management LP (Aqua), a member of the Chino Basin Non-Agricultural Pool, hereby submits this request to approve Calmat Co.'s request to transfer its remaining adjudicated rights (317.844 AFY) of overlying groundwater rights. Aqua's request is based on the following facts:

A. The Judgment allocates water rights based on each party's land ownership. As an owner of real property overlying the Chino Groundwater Basin ("Basin") Calmat Co. (Calmat) is a party to the Judgment and currently owns 317.844 AFY of adjudicated safe yield.

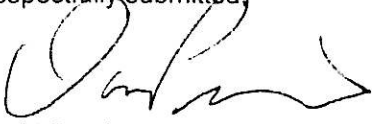
B. Calmat has agreed to transfer all of its adjudicated water rights (317.844 AFY), to Aqua. This transfer does not include Calmat's water in storage as of June 30, 2008 (315.637 AF). Form 5 (Application to Transfer Annual Production Right or Safe Yield) is attached.

C. The transfer from Calmat to Aqua does not involve any additional groundwater extractions not provided for under the Judgment. As a result, the transfer will not result in any "material physical injury" to any party.

Based on the foregoing, Aqua respectfully requests that the Watermaster approve Calmat's request to transfer its remaining adjudicated rights (317.844 AFY) of overlying groundwater rights to Aqua. Aqua Capital Management LP shall continue to comply with all provisions of the Judgment.

Please agendaize this request for the June Pool meetings. If you have any questions regarding the foregoing, please contact me.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'D. Penrice', with a long, sweeping horizontal stroke at the end.

David Penrice

Chief Executive Officer

APPLICATION
TO
TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

Fiscal Year 2008-2009

Calmat Co., a Delaware corporation ("Transferor"), hereby requests to permanently transfer to Aqua Capital Management LP, a Delaware limited partnership ("Transferee"), the quantity of 317.844 acre-feet per year of corresponding Safe Yield (Non-Agricultural Pool) adjudicated to Transferor or its predecessor in interest in the Judgment rendered in the Case of "CHINO BASIN MUNICIPAL WATER DISTRICT vs. CITY OF CHINO, et al.," RCV 51010 (formerly Case No. SCV 164327).

Said Transfer shall be conditioned upon:

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

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

WATER QUALITY AND WATER LEVELS

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

None

MATERIAL PHYSICAL INJURY

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

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

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]

Calmat Co.

Aqua Capital Management LP

Michael Linden

Transferor

Name: *Michael Linden*

Its: *VP*

Date: *5/1/09*

Transferee

Name:

Its:

Date:

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

ML

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]

Calmat Co.

Aqua Capital Management LP



Transferor
Name:
Its:
Date:

Transferee
Name: *David Penrice*
Its: *CEO*
Date: *6/1/09*

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

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CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

June 5, 2009

This notice is to advise interested persons that the attached application(s) will come before the Watermaster Board on or after 30 days from the date of this notice.

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: June 5, 2009

A party to the Judgment has submitted a proposed transfer of water for Watermaster approval. Unless contrary evidence is presented to Watermaster that overcomes the rebuttable presumption provided in Section 5.3(b)(iii) of the Peace Agreement, Watermaster must find that there is "no material physical injury" and approve the transfer. Watermaster staff is not aware of any evidence to suggest that this transfer would cause material physical injury and hereby provides this notice to advise interested persons that this transfer will come before the Watermaster Board on or after 30 days from the date of this notice. The attached staff report will be included in the meeting package at the time the transfer begins the Watermaster process (comes before Watermaster).

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **June 2, 2009**

Date of this notice: **June 5, 2009**

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

- A. Notice of Sale or Transfer – Chino Basin Watermaster will purchase 3,400 acre-feet of water from the Marygold Mutual Water Company. Watermaster will purchase the water at \$295.00 per acre-foot, which is the MWD replenishment rate (not including IEUA and OCWD fees). The transfer will be made from Marygold Mutual Water Company’s water in storage. This transfer will solely offset Fontana Water Company’s current (Assessment Year 2008-2009) replenishment obligation.

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

Appropriative Pool:	June 11, 2009
Non-Agricultural Pool:	June 11, 2009
Agricultural Pool:	June 16, 2009

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

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

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

Watermaster address:

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

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

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CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730
Tel: (909) 484.3888 Fax: (909) 484-3890 www.cbwm.org

KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

DATE: June 5, 2009
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

Summary –

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

Issue –

- Notice of Sale or Transfer – Chino Basin Watermaster will purchase 3,400,000 acre-feet of water from the Marygold Mutual Water Company. Watermaster will purchase the water at \$295.00 per acre-foot, which is the MWD replenishment rate (not including IEUA and OCWD fees). The transfer will be made from Marygold Mutual Water Company's water in storage. This transfer will solely offset Fontana Water Company's current (Assessment Year 2008-2009) replenishment obligation.

Recommendation –

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

Fiscal Impact –

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

Background

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

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

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

- Notice of Sale or Transfer – Chino Basin Watermaster will purchase 3,400,000 acre-feet of water from the Marygold Mutual Water Company. Watermaster will purchase the water at \$295.00 per acre-foot, which is the MWD replenishment rate (not including IEUA and OCWD fees). The transfer will be made from Marygold Mutual Water Company's water in storage. This transfer will solely offset Fontana Water Company's current (Assessment Year 2008-2009) replenishment obligation.

Notice of the water transaction identified above was mailed on June 5, 2009 along with the materials submitted by the requestors.

DISCUSSION

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

Chino Basin Watermaster has a total replenishment obligation (due to overproduction within the Basin) of 20,833.80 AF for Assessment Year 2008-09. Due to the fact that MWD does not expect to have replenishment water available this fiscal year and perhaps not next fiscal year either, Watermaster wishes to use the option to purchase water from appropriators to fulfill the replenishment obligation. Watermaster is taking advantage of Marygold Mutual Water Company's offer to sell 3,400,000 AF of water to Watermaster. The transfer will be made from Marygold Mutual Water Company's water in storage. This transfer will solely offset Fontana Water Company's current (Assessment Year 2008-2009) replenishment obligation. The 85/15 Rule does not apply to this transfer because 85/15 payments and credits were already established in the Assessment Package. This transfer is functioning in a similar manner as replenishment Watermaster purchases from MWD/IEUA.



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

June 2, 2009

Justin Brokaw
Marygold Mutual Water Company
9725 Alder Street
Bloomington, CA 92316-1637

RE: Purchase of replenishment water from Marygold Mutual Water Company to Watermaster

Dear Mr. Brokaw:

Chino Basin Watermaster has a total replenishment obligation (due to overproduction within the Basin) of 20,833.80 AF for Assessment Year 2008-09. Due to the fact that MWD does not expect to have replenishment water available this fiscal year and perhaps not next fiscal year either, Watermaster wishes to use the option to purchase water from appropriators to fulfill the replenishment obligation.

Watermaster would like to take advantage of Marygold Mutual Water Company's offer to sell 3,400,000 AF of water to Watermaster. Watermaster will purchase the water at \$295.00 per acre-foot, which is the 2009 MWD replenishment rate (not including IEUA and OCWD fees). The transfer will be made from Marygold Mutual Water Company's stored water. This transfer will solely offset Fontana Water Company's current (Assessment Year 2008-2009) replenishment obligation.

Please sign the attached forms (listed below). Once Watermaster has received these completed forms, the transaction will be Noticed and agendized in the same manner that any other water transfer would be handled.

If you have any questions, please feel free to contact myself or Danni Maurizio.

Sincerely,

Kenneth R. Manning,
Chief Executive Officer

Attachments:

- Marygold Mutual Water Company's Acceptance of Watermaster's Water Transfer Terms
- Form 3: Application for Sale or Transfer of Right to Produce Water from Storage
- Form 4: Application or Amendment to Application to Recapture Water in Storage



CHINO BASIN WATERMASTER

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KENNETH R. MANNING
Chief Executive Officer

June 2, 2009

MARYGOLD MUTUAL WATER DISTRICT'S ACCEPTANCE OF WATERMASTER'S WATER TRANSFER TERMS

Chino Basin Watermaster will purchase 3,400,000 AF of water from Marygold Mutual Water Company. Watermaster will purchase the water at \$295.00 per acre-foot, which is the 2009 MWD replenishment rate (not including IEUA and OCWD fees). The transfer will be made from Marygold Mutual Water Company's stored water.

If these terms are acceptable to Marygold Mutual Water Company, please sign below and return to Watermaster at your earliest convenience.

Signature: Justin Brokaw

Printed Name: Justin Brokaw

Title: General Manager

Date Signed: 6-4-09

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

TRANSFER FROM LOCAL STORAGE AGREEMENT # -

Marygold Mutual Water Company

06/02/09

Name of Party

Date Requested

Date Approved

9725 Alder Street

3,400.000 Acre-feet

Acre-feet

Street Address

Amount Requested

Amount Approved

Bloomington

CA

92316-1637

City

State

Zip Code

Telephone: 909- 877-0516

Facsimile: 909- 877-6609

Justin Sanchez Applicant

TRANSFER TO:

Chino Basin Watermaster

Attach Recapture Form 4

Name of Party

9641 San Bernardino Road

Street Address

Rancho Cucamonga

CA

91730

City

State

Zip Code

Telephone: 909-484-3888

Facsimile: 909-484-3890

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

Yes [] No [X]

WATER QUALITY AND WATER LEVELS

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

This transfer will have no affect on water quality or water levels. The water has already been pumped from the Basin by overproducers and this transfer will help fulfill Watermaster's replenishment obligation.

MATERIAL PHYSICAL INJURY

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

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

-

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]

Applicant



TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

**APPLICATION OR AMENDMENT TO APPLICATION
TO
RECAPTURE WATER IN STORAGE**

APPLICANT

<u>Chino Basin Watermaster</u>			<u>06/02/09</u>	
Name of Party			Date Requested	Date Approved
<u>9641 San Bernardino Road</u>			<u>3,400.000</u> Acre-feet	<u> </u> Acre-feet
Street Address			Amount Requested	Amount Approved
<u>Rancho Cucamonga</u>	<u>CA</u>	<u>91730</u>	<u>N/A</u>	<u>N/A</u>
City	State	Zip Code	Projected Rate of Recapture	Projected Duration of Recapture
Telephone: <u>909-484-3888</u>			Facsimile: <u>909-484-3890</u>	

IS THIS AN AMENDMENT TO A PREVIOUSLY APPROVED APPLICATION? [] YES [X] NO
IF YES, ATTACH APPLICATION TO BE AMENDED

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

PURPOSE OF RECAPTURE

- Pump when other sources of supply are curtailed
- Pump to meet current or future demand over and above production right
- Pump as necessary to stabilize future assessment amounts
- Other, explain Watermaster is purchasing from Marygold Mutual to meet its replenishment obligation.

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

The water has already been pumped from the Basin by overproducers located throughout the Basin.

PLACE OF USE OF WATER TO BE RECAPTURED

The water has already been pumped from the Basin by overproducers located throughout the Basin.

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

-

WATER QUALITY AND WATER LEVELS

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

This transfer will have no affect on water quality or water levels. The water has already been pumped from the Basin by overproducers and this transfer will help fulfill Watermaster's replenishment obligation.

MATERIAL PHYSICAL INJURY

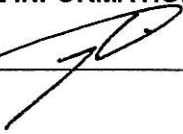
Is the Applicant aware of any potential Material Physical Injury to a party to the Judgment or the Basin that may be caused by the action covered by the application? Yes [] No [X]

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

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]

Applicant



TO BE COMPLETED BY WATERMASTER

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

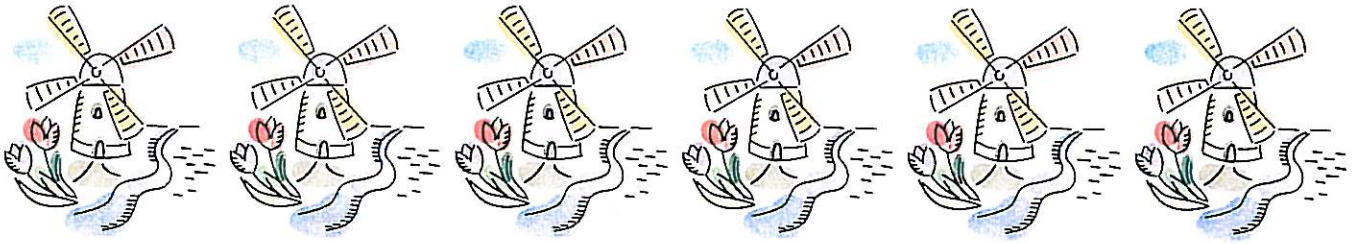
DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

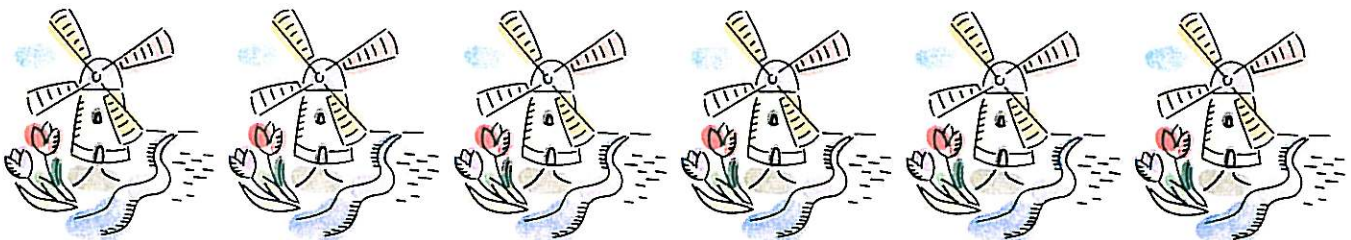


CHINO BASIN WATERMASTER

II. BUSINESS ITEM

A. OVERLYING NON-AGRICULTURAL POOL AUCTION ISSUES

1. Storage & Recovery Agreement
2. Broad Benefit
3. Determination on Material Physical Injury





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: June 11, 2009
June 16, 2009

TO: Pool Committee Members

SUBJECT: Non-Agricultural Pool Stored Water Auction

SUMMARY

Summary: Action items required in order for the Non-Agricultural Pool stored water auction to move forward as reported and discussed at prior pool meetings.

Recommendation: Staff recommends: (1) adoption of proposed allocation of auction funds in order to provide broad mutual benefit; (2) adopt findings regarding potential for material physical injury; (3) approval of the draft storage and recovery agreement through an auction process; and (4) retain a qualified auction consultant, subject to approved terms.

Background

One part of the Peace II Measures is the Purchase and Sale Agreement for the Purchase of Water by Watermaster from the Overlying (Non-Agricultural) Pool. (See Exhibit "G" to Watermaster Resolution 07-05 (Resolution 07-05 is Exhibit "1" to the Peace II Agreement).)

Section "C" of the Purchase and Sale Agreement says that within 24 months of the final Court approval of the Peace II Measures (December 21, 2007), Watermaster will provide written notice of intent to purchase the water held in storage by the Non-Agricultural Pool as of June 30, 2007. The amount of water held in storage by the Non-Agricultural Pool as of June 30, 2007 is approximately 40,000 acre-feet. Under section "E" of the Purchase and Sale Agreement, 10% of this quantity will be dedicated to desalter production without compensation to the Non-Agricultural Pool. Under section "F" of the Purchase and Sale Agreement, Watermaster will take possession of the remaining water and make use of the water in a manner consistent with Section 5.3(e) of the Peace Agreement.

Section 5.3(e) of the Peace Agreement says that members of the Non-Agricultural Pool may transfer or lease their quantified production rights within the Pool or to Watermaster to use for desalter replenishment or for use in the storage and recovery program. All transfers made under Peace Agreement Section 5.3 are subject to the requirements stated in 5.3(a) that no transfer shall be approved unless it is consistent with the Judgment and the Peace Agreement and will not cause Material Physical Injury. In addition, under Peace Agreement section 5.2(c)(iv)(b), Watermaster will give first priority to Storage and Recovery Programs that provide broad mutual benefits.

Watermaster staff has been working with the members of the Appropriative Pool to develop a proposed approach for disposition of the water obtained through the Purchase and Sale Agreement. A proposal has emerged whereby a storage account containing the water will be put up for auction according to terms and conditions as described in the storage and recovery account agreement. Before the auction can take place, the Watermaster Board must approve its willingness to enter in to the storage and recovery agreement with the successful bidder, whoever that might be. Pursuant to the Peace Agreement, as a precondition to this Board action, the Board will also be required to find that the storage and recovery agreement will not cause Material Physical Injury, and must find that the agreement will provide broad mutual benefit. Staff recommendations regarding these finds as well as the storage and recovery agreement itself are described below.

1. Recommendation Regarding Broad Mutual Benefit

As a precondition to Board and Court approval of the Storage and Recovery Agreement, there must be a finding that the program will provide broad mutual benefit. Pursuant to Sections 5.2(b)(xi) and 5.3(c)(iv) of the Peace Agreement, Watermaster must provide first priority to Storage and Recovery Agreements that will offer broad mutual benefits to the parties to the Judgment. The members of the Overlying (Non-Agricultural) Pool and the Appropriative Pool are exclusively entitled to all the compensation received from the Storage and Recovery Agreement. (Peace Agreement Section 5.2(c)(v).)

With regard to the Purchase and Sale Agreement with the Overlying (Non-Agricultural) Pool, the members of the Non-Ag Pool will receive the compensation as set forth in the Purchase and Sale Agreement. The members of the Appropriative Pool will obtain the revenue received from any third party in excess of the purchase price under the Purchase and Sale Agreement.

To meet the broad mutual benefit standard, Watermaster staff proposes that the revenues received from the auction that are in excess of the purchase price set forth in the Purchase and Sale Agreement be escrowed in an interest bearing account and earmarked by Watermaster for the following purpose:

“Upon receipt of a written recommendation from the Appropriative Pool and further Board approval, Watermaster may authorize the use of excess revenues received from the Purchase and Sale Agreement for capital improvements to be spread equitably among management zones and that are: (i) designed, approved and scheduled for timely implementation under the Court approved Recharge Master Plan or any approved yield enhancement/preservation program and (ii) will facilitate Watermaster’s recharge goals of maintaining hydrologic balance within each Management Zone and the Basin. “Capital improvements” means physical facilities that will be actually used in the production, storage, treatment and distribution of water that will recharge the Chino Basin, including but not limited to recharge basins, injection wells, pipelines and water supplies. The qualifying capital improvements may facilitate recharge directly or indirectly through approved in-lieu strategies.”

Watermaster staff recommends that the Pools recommend to the Advisory Committee and Board that approval of the auction storage and recovery agreement be conditioned upon the use of the auction proceeds consistent with the above proposal.

2. Material Physical Injury Analysis

As a precondition to Board and Court approval of the Storage and Recovery Agreement, there must be finding that no unmitigated Material Physical Injury exists. Watermaster staff considered the following uses of the water being sold and stored pursuant to the proposed Auction Floor Agreement (“AFA”) with respect to determining the potential for Material Physical Injury due to the proposed storage and recovery agreement:

- Storage – The AFA Party would obtain a storage account pursuant to the AFA and place the water in storage for subsequent use.
- Use by a Judgment Party to offset a replenishment obligation pursuant to the Judgment – The AFA Party would, by means provided for in the Judgment and the Peace Agreement, provide the water to a Judgment Party, and the Judgment Party would use the water to offset a replenishment obligation.
- Physical export of the water by an AFA Party or Judgment Party – The AFA Party or Judgment Party would produce the AFA Party's water through new or existing facilities and convey that water out of the Chino Basin through surface facilities for subsequent use on lands that do not overlie or are not tributary to the Chino Basin.
- Exchange export by a Judgment Party – The AFA Party would provide water to a Judgment Party, substituting that water for water that would otherwise be imported to the Basin; the avoided imported water would then be provided to some other non-Judgment entity at the direction of the AFA Party.
- Other unknown uses –Uses other than those listed above.

The potential for material physical injury from these proposed AFA related water uses is analyzed below. The basis for these findings is WEI's recent groundwater management alternative analyses, including the Peace II Agreement, investigations required by the December 2007 Court Order, and the proposed Dry-Year Yield Program expansion.

No significant changes in groundwater quality are expected from the first four uses listed above. Liquefaction potential and rising water will be unchanged with the first use, and liquefaction potential and rising water will be reduced with the second through fourth uses. No findings can be made regarding "other unknown uses." Groundwater level changes and the potential for subsidence will be addressed in this material physical injury analysis.

Storage. Currently, the water being sold under the AFA is in storage and is not causing material physical injury. Neither granting a new storage agreement to the AFA Party nor the maintenance of this water in storage will cause material physical injury to the Basin or a Party, provided that it is managed pursuant to the Judgment and the Peace Agreement.

Use by a Judgment Party to Offset a Replenishment Obligation Pursuant to the Judgment. Under this use, the AFA Party would, by means provided for in the Judgment and the Peace Agreement, provide some or all of the AFA Party's water to a Judgment Party, and the Judgment Party would use the water to offset a replenishment obligation. The net effect to the Basin will be a slight lowering of groundwater levels but only slightly more than would have occurred if the Overlying Non-Agricultural Pool Parties had produced their water. This lowering of groundwater levels will be less than 10 feet and will be in addition to the lowering of groundwater levels caused by re-operation. No material physical injury will occur to the Basin, provided that this lowering of groundwater levels does not contribute to subsidence in Management Zone 1 (MZ1).

As to the individual Parties, there will be no material physical injury, provided that this lowering of groundwater levels is addressed in the ongoing Recharge Master Plan Update, in future Recharge Master Plan updates, and in Watermaster's continuing assessment of the balance of recharge and discharge pursuant to the Peace Agreement, and provided that this lowering of groundwater levels does not contribute to subsidence in MZ1.

As to subsidence in MZ1, strict adherence to the long-term MZ1 subsidence management plan will ensure that subsidence is controlled in the managed area. Potential subsidence north of the managed area is an unresolved issue, and the use of water provided by an AFA Party to offset a Judgment Party's production in this area of MZ1 will require a specific and detailed production and replenishment proposal and additional analysis outside the scope of this material physical analysis.

Physical Export of the Water by an AFA Party or Judgment Party. Under this use, an AFA Party or Judgment Party would produce the AFA Party's water through new or existing facilities, convey that water out of the Chino Basin through surface facilities for subsequent use on lands that do not overlie or are not tributary to the Chino Basin. To the Basin as a whole, the impacts would be identical to the previous water use alternative. The loss of return flows from the export of this water would be compensated by return flows from supplemental water.

As to individual Parties, there will be no material physical injury, provided that this lowering of groundwater levels is addressed in the ongoing Recharge Master Plan Update, in future Recharge Master Plan updates, and in Watermaster's continuing assessment of the balance recharge and discharge pursuant to the Peace Agreement, and provided that this lowering of groundwater levels does not contribute to subsidence in MZ1.

As to subsidence in MZ1, strict adherence to the long-term MZ1 subsidence management plan will ensure that subsidence is controlled in the managed area. Potential subsidence north of the managed area is an unresolved issue, and the production and export of an AFA Party's water from this area in MZ1 by the AFA Party or a Judgment Party will require a specific and detailed production and replenishment proposal and additional analysis outside the scope of this material physical analysis.

Exchange Export by a Judgment Party. Under this use, the AFA Party would provide water from its storage account to a Judgment Party, substituting that water for water that would otherwise be imported into the Basin; the avoided imported water would then be provided to some other non-Judgment entity at the direction of the AFA Party. To the Basin as a whole, the impacts would be identical to the physical export alternative.

As to individual Parties, there will be no material physical injury, provided that this lowering of groundwater levels is addressed in the ongoing Recharge Master Plan Update, in future Recharge Master Plan updates, and in Watermaster's continuing assessment of the balance recharge and discharge pursuant to the Peace Agreement, and provided that this lowering of groundwater levels does not contribute to subsidence in MZ1.

As to subsidence in MZ1, strict adherence to the long-term MZ1 subsidence management plan will ensure that subsidence is controlled in the managed area. Potential subsidence north of the managed area is an unresolved issue, and the production of an AFA Party's water from this area in MZ1 by an AFA Party and its exchange to a Judgment Party will require a specific and detailed production and replenishment proposal and additional analysis outside the scope of this material physical analysis.

Other Unknown Uses. No material physical injury findings can be made regarding any other uses.

Conclusion: No material physical injury will result from the anticipated known uses of the stored water so long as the storage and recovery agreement is conditioned upon adherence to the Judgment, the Peace Agreement, and the MZ1 Plan for the Management of Subsidence. The storage and recovery agreement should also contain a condition such that any proposed production of the stored water in the northern MZ1 area not covered by the Subsidence Management Plan will require Watermaster approval of a separate and detailed production proposal. Lowered water levels resulting from the withdrawal of the stored water should be addressed through the update to the Recharge Master Plan.

3. Storage and Recovery Agreement

Included with this staff report is a draft template storage and recovery agreement. This agreement contains conditionality with regard to prevention of Material Physical Injury as described below. The agreement is based on the terms that have been under discussion by the members of the Appropriative Pool for several months.

This agreement will need Court approval. Assuming approval by the Watermaster Board at its June meeting, staff and legal counsel will be prepared to submit the agreement to the Court for approval in the July time-frame.

Throughout the process of development of the terms of the storage and recovery agreement, the issue of whether the stored water may be available for export has been highlighted and thus it is relevant to address it at length here.

Staff and legal counsel believe there is a reasonable basis to conclude that the stored water may be exported without the imposition of a replenishment assessment.

The Judgment does not prohibit exports. When allocating storage capacity, Watermaster must give priority to the overlying needs of the parties over exports. (Judgment Paragraph 12.) In fact, Watermaster has consistently adhered to the goal by facilitating local storage opportunities. Today more than 200,000 acre-feet of water is stored within the Basin for local, predominantly overlying use.

The only reference to the export of water derives from the Appropriative Pool Pooling Plan. (Judgment Exhibit H.) The Plan establishes a requirement that Watermaster replenish water that is exported from the Basin by Appropriators. However, it already exempts certain exports from the requirement. Thus, the condition is not absolute as it applies to the members of the Appropriative Pool.

In the instant case, the water stored by the Overlying (Non-Agricultural) Pool derives from overlying water rights. The Pooling Plan for the Overlying (Non-Agricultural) Pool does not contain an export limitation. That is, absent a court adjudication, overlying water rights are generally not transferable. They also cannot be stored.

The Judgment did provide members of the Pool with right to make assignments to appropriators. Later, the Peace Agreement and further Judgment amendment expanded the transferability of the Overlying (Non-Agricultural) Pool water rights, and the Peace II Agreement extended this right further still. Moreover, the Judgment has always allowed members of the Overlying (Non-Agricultural) Pool to store water as Carry-Over. (Exhibit G Paragraph 7). It also should be noted that the Judgment actually facilitates the prospect of Carry-Over and storage by expressly authorizing members of the Pool to receive imported water and to Carry-Over the unused quantity. Modernly, we generally refer to such activity as "in lieu" storage. (Exhibit G Paragraph 8).

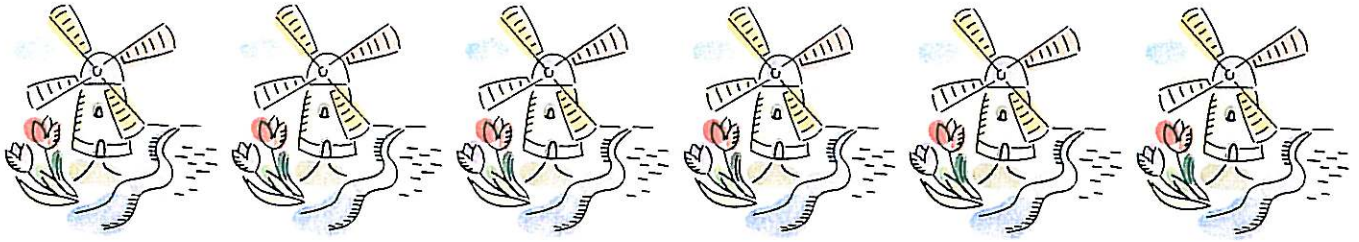
Regardless, up until the Peace Agreement, the exportation of stored water originating from the Overlying (Non-Agricultural) Pool was simply not addressed. Generally, the replenishment condition on exports was linked to the quantity of water physically exported in 1976. Staff's view is that the Judgment simply sought to protect the Basin's safe yield and its historical forms of recharge. Indeed, the subject of recharge remains a key concern for Watermaster in the future, but the likelihood that the return flows from the applied water that could be beneficially used by the members of the Pool had the water not been stored, would be relatively miniscule.

On the basis of the above, staff recommends that the Pools recommend approval of the draft storage and recovery agreement as a template agreement for use with the successful auction bidder as conditioned with respect to avoidance of Material Physical Injury as described above and conditioned upon the use of auction proceeds as described above.

Professional Consulting Services:

Auctions have long been relied upon to create an open and transparent process to establish a fair market value price for an asset. Auction of real property assets have occurred within a fairly routine and generic process. However, in the case of the auction of the Overlying (Non-Agricultural) Pool water and the related storage and recovery agreement, the characterization of the asset and the procedure is more complex. While there have been auctions of water and water rights, Watermaster staff and counsel believe that Watermaster should retain professional support to assist in publicizing and conducting the auction. The assets are of extreme importance to the stakeholders and professional help is prudent. Watermaster has contacted public and private professionals to obtain their opinion as to qualified parties to conduct these services and it has obtained conceptual and specific proposals as to conducting the services and as for success fees. Watermaster will present a summary of its findings in closed session. Staff recommends that subject to reaching an agreement on terms, Watermaster should retain a qualified provider of auction and publicity services

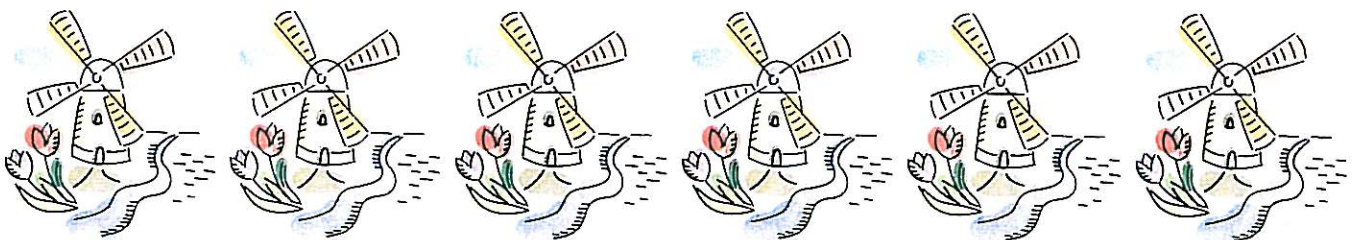
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CHINO BASIN WATERMASTER

IV. INFORMATION

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Norco considers deal with prison and state over water and sewer service

10:00 PM PDT on Tuesday, May 5, 2009

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10:00 PM PDT on Tuesday, May 5, 2009

By ALICIA ROBINSON
The Press-Enterprise

A proposed water and sewer deal would bring the city of Norco two big wastewater customers -- the state prison and Navy base on the city's west side -- but likely would not come with a financial windfall, city Public Works Director Bill Thompson said.

Officials with the three agencies have been talking about water and sewer issues for about eight years, Thompson said. The Norco City Council will consider a preliminary agreement tonight, with sign-off by Navy and prison officials expected later.

The complex deal would solve several problems, including where prison and Navy sewage go, who pays for the Navy's water and sewer service, and how the historic lake on the base is kept full.

The situation that created the need for the water deal is complex. For years, the Navy base has not paid for water and sewer services, because a 1985 agreement called for the state to pay in exchange for a piece of land that contained drinking water wells, Navy spokesman Gregg Smith said.

But the well water was declared unfit for drinking around 2000, and since then officials have been debating whether the Navy should start paying, Thompson said.

Sewage from the California Rehabilitation Center and Naval Surface Warfare Center has long flowed in a regional line to Orange County. The new deal would allow the sewage to be treated at a local plant operated by the Western Municipal Water District, and the Navy would pay its share of that.

"The prison gets the entire water bill right now and the entire sewer bill," Thompson said. "In simple terms, they will only get (a bill for) what they use in the future."

The city would build infrastructure to take about 250,000 gallons of wastewater a day to the local treatment plant, and the city would take over the responsibility of filling Lake Norconian.

In exchange, the city would control the prison's and Navy's capacity in the industrial waste line, which could be sold or leased, and the city would receive a 14-acre parcel for a reservoir.

"There's no big windfall here. There's not a huge amount of money, but we will not lose money," Thompson said.

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5. Man arrested after chase in Upland
6. Baby falls out of moving vehicle on Victorville road
7. Arizona woman dies of injuries from head-on collision in Needles
8. Chino Hills house fire kills two dogs, severely damages home
9. Patients rush to beat cutoff for Medi-Cal
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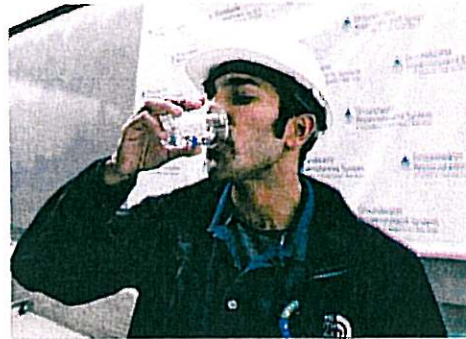
Treated sewage proves safe for consumption

By Rebecca Kimitch, Staff Writer
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Tasting the clean, clear water that comes out of the Orange County Water District treatment facilities gives no indication of what the liquid was 14 hours earlier: raw sewage.

That's because in those 14 hours, the effluent has gone through an extensive purification process to make it cleaner than much of the water that comes out of household faucets. Since last year, the water district has been using the process to clean nearly half of the county's sewage water for public consumption.

And water districts across the region are now taking steps to follow suit.



Shivaji Deshmukh, P.E., Groundwater Replenishment System Program Manager at the Orange County Water District, drinks some of the ultra pure water made from raw sewage in Fountain Valley, Ca., on Tuesday May 12, 2009.

Armed with Orange County's success, and facing increasingly scarce water supplies, water managers in the San Gabriel Valley and Inland Empire, as well as in Los Angeles and San Diego, are in the early stages of developing water recycling projects that would similarly purify wastewater to drinkable levels.

It's not a new idea. The last drought in the 1990s brought similar proposals throughout the Southland. But back then, public disgust and politics, and, eventually, rainfall drowned the projects before they could move forward. Instead, water managers have focused on using recycled water to water golf courses, parks and cemeteries and for industrial purposes.

But public opposition to drinking recycled water seems to have subsided, according to water managers.

"As a society we have learned to trust technology," said Tim Jochem, general manager of the Upper San Gabriel Valley Municipal Water District, which is leading a joint project to recycle sewage water to drinkable standards in the San Gabriel Valley.

"The technology has performed as promised, and we are willing to lend it that trust," he said.

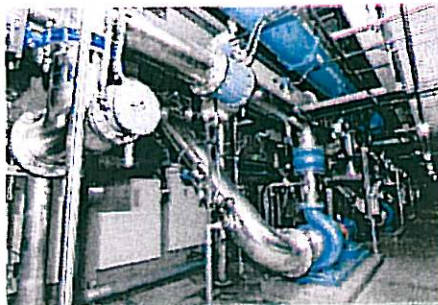
During the process, the water is treated as it would be for normal discharge into the ocean except chlorine is not added. Instead, the water goes through a process of microfiltration and reverse osmosis, through which the water is pushed through a

plastic-like membrane that removes all viruses, hormones, pharmaceuticals and salts. What results is a nearly pure product. It then passes under a series of UV lights that disinfect the water. Few chemicals are used in the process.

"If you just talk to people, and explain how the water is recycled and how the quality is ensured, they understand," said Shivaji Deshmukh, program manager for Orange County's groundwater replenishment system.

"Perception is changing, but it's the result of us being very proactive with outreach," he said. "We have known since the 1970s we can turn any level of water to drinking water, what we didn't know is whether the public would be supportive."

The OC facility has more than public support. It has fans. Tour groups flow through the facilities once a month, and most are excited to see and taste the product, according to Deshmukh.



Pumps and pipes at the Orange County Water District move treated effluent through the plant as it becomes ultra pure water, in Fountain Valley, Ca.

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That product is not pumped directly into households. It goes through a final, natural stage of cleansing. It is placed in percolation ponds, through which it seeps into the groundwater aquifer that lies below much of the county, to be pumped up later by water users. It is also directly injected into the aquifer.

A similar method would be used in two projects proposed for the San Gabriel Valley and the area around the city of San Bernardino.

As in Orange County, residents in both inland areas rely heavily on groundwater supplies. These massive underground aquifers serve as giant storage tanks that are refilled with rain and snow runoff from the nearby mountains as well as with water imported from northern California.

But that imported water is becoming less available, and without it replacing pumped water, groundwater supplies will drop unchecked. The statewide drought, along with a decision to reduce imported water supplies to protect an endangered fish, has meant imported water for replenishment has not been available for the past two years.

In the future, imported water will likely be available to refill the aquifers only three out of 10 years.

Water levels in the aquifer under the San Gabriel Valley have reached historic lows for this time of year, according to Carol Williams, director of the Main San Gabriel Basin Watermaster, which is responsible for managing groundwater in the Main San Gabriel Basin.

Williams called recycled water the "best option" to refilling the depleting aquifer.

"This is a critical component of our water supply picture for the future," Williams said. "We have absolutely no idea about how available imported water will be for us in the future."

Sewage water has actually been recycled for drinking purposes for decades. Since 1962, the Sanitation Districts of Los Angeles County has been treating wastewater and using it to replenish the Central Basin aquifer, which stretches south of Whittier Narrows and supplies water to dozens of cities including La Habra Heights, Montebello, Monterey Park, Norwalk, Pico Rivera, Santa Fe Springs, and Whittier.

This water is not treated to the levels of the Orange County facility nor to the levels proposed under the new projects, but because it goes through a natural cleansing process as it slowly seeps into the ground, and then mixes with other water, health officials have determined it to be safe, according to Earle Hartling, water recycling coordinator for the agency.

Water recycling advocates often point out that most water is recycled. Throughout the country, water is consumed in upstream cities and wastewater is produced, treated and discharged into rivers, where cities downstream then consume it.

The new project planned for the San Gabriel Valley is still in early stages. Officials are in the process of analyzing its feasibility, and comparing it to alternatives such as aggressive conservation. Environmental studies and pursuit of federal and state grant money are next on the to-do list.

If everything goes smoothly, construction of a treatment plant - which would be located next to the San Jose Creek Water Reclamation Plant in Whittier, where sewage is currently treated to lesser levels - could begin in two years, Jochem said.

The project would be built in two phases, with the first producing approximately 20,000 acre feet of water, enough for 40,000 typical families for a year. Half of the water would go into the San Gabriel Basin aquifer and half for the Central Basin aquifer.

The first phase of the project would cost at least \$125 million. Supporters are hopeful that the end cost of the water would be similar to the cost of untreated imported water, Jochem said.

"I am confident this will get done," he said.

In San Bernardino, city and regional water officials are also in the preliminary design stage of a similar facility that would treat and purify water and use it to recharge the groundwater basin.

Right now, wastewater from San Bernardino, Highland, Loma Linda, and Redlands is treated to what are known as tertiary levels and sent down river to Orange County.

"We are talking about reclaiming that water and keeping it here, where we can use it," said Randy Van Gelder, general manager for the San Bernardino Valley Municipal Water District.

Van Gelder wouldn't provide an estimated cost or time line for the project, citing too many variables, such as environmental costs. The size of the project is still being determined as well. The city treats about 40 million gallons of wastewater a day and Van Gelder is hopeful three quarters of that - enough water for about 68,000 families - could be recycled for potable use.

Other water districts are exploring much smaller projects that would take wastewater leaving cities, before it gets to the county sanitation district's main facility, treat it and recharge the aquifer. But talks are only preliminary, Williams said.

"Water districts were wary that the public wouldn't be supportive, but now that they know it can be, we'll see a lot more projects in the next few years," Deshmukh said.

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