



CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Thursday, October 28, 2010

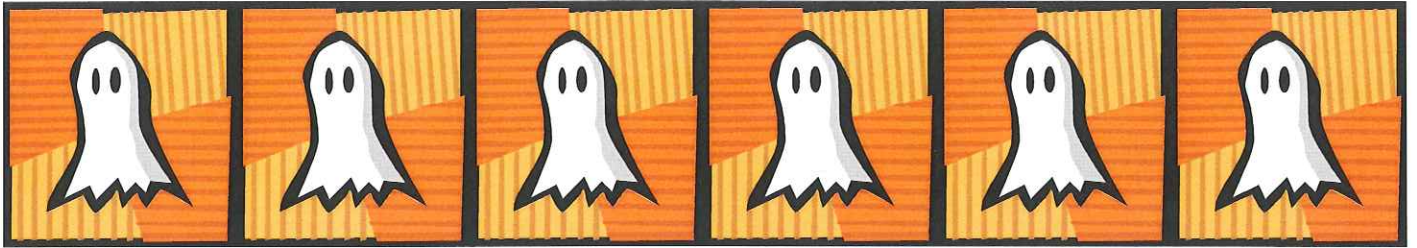
11:00 a.m. – Watermaster Board Meeting

(Lunch will be served)

AT THE CHINO BASIN WATERMASTER OFFICES

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



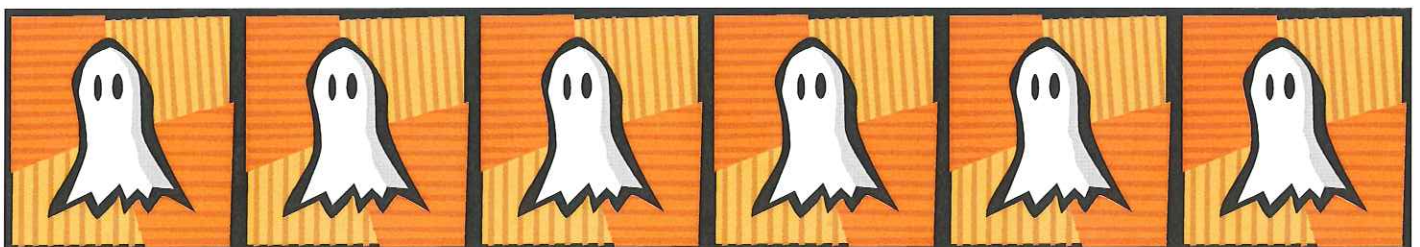


CHINO BASIN WATERMASTER

Thursday, October 28, 2010

1:00 a.m. – Watermaster Board Meeting

AGENDA PACKAGE



**CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING**

11:00 a.m. – October 28, 2010

WITH

*Mr. Ken Willis, Chair, Appropriative Pool
Mr. Michael Camacho, Vice-Chair, Municipals*

At The Offices Of

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

AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE

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 Watermaster Board Meeting held September 23, 2010 *(Page 1)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of August 2010 *(Page 7)*
2. Watermaster Visa Check Detail for the month of August 2010 *(Page 19)*
3. Combining Schedule for the Period August 1, 2009 through August 31, 2010 *(Page 23)*
4. Treasurer's Report of Financial Affairs for the Period August 1, 2010 through August 31, 2010 *(Page 27)*
5. Budget vs. Actual July 2010 through August 2010 *(Page 31)*

II. BUSINESS ITEMS

A. WATERMASTER RESOLUTION NO. 10-04 FOR PHASE III DESALTER EXPANSION

Consider Approval for Proposed Chino Basin Watermaster Resolution No. 10-04 for Phase III Desalter Expansion *(Page 35)*

B. CHINO BASIN WATERMASTER 2010-2011 ASSESSMENT PACKAGE

Consider Approval of the Chino Basin Watermaster 2010-2011 Assessment Package *(Page 199)*

C. SAN SEVAINE CHANNEL REPAIR AGREEMENT

Consider Approval of the Proposed Agreement between the San Bernardino County Flood Control District, the Inland Empire Utilities Agency, and the Chino Basin Watermaster Concerning the Repair of the San Sevaime Channel *(Page 246)*

D. BUDGET MODIFICATION

Consider Approval in the Amount of \$63,333 to Be Added to the Approved 2010/2011 Fiscal Year Budget as Recommended by the Chino Basin Watermaster Outside Audit Firm of Mayer Hoffman McCann *(Page 258)*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. October 8, 2010 Hearing
2. Paragraph 31 Appeal

B. ENGINEERING REPORT

1. Progress Report on Safe Yield Determination

C. CEO/STAFF REPORT

1. Legislative Update
2. Recharge Update
3. Strategic Planning Conference Notes/Update (Page 260)
4. Budget Projections

IV. INFORMATION

1. Cash Disbursements for September 2010 (Page 270)
2. Newspaper Articles (Page 282)

V. BOARD MEMBER COMMENTS

VI. OTHER BUSINESS

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to Article 2.6 of the Watermaster Rules & Regulations, a Confidential Session may be held during the Watermaster committee meeting for the purpose of discussion and possible action.

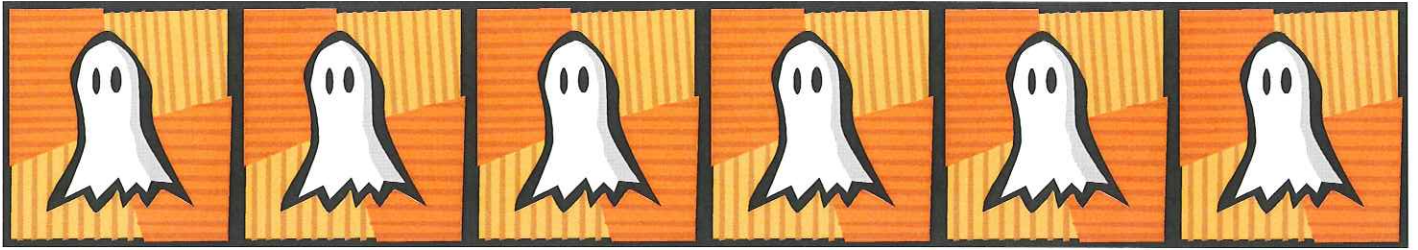
- 1) CDA Expansion Issues
- 2) Non-Agricultural Pool Appeal

VIII. FUTURE MEETINGS

Tuesday, October 26, 2010	9:00 a.m.	GRCC Committee Meeting @ CBWM
Thursday, October 28, 2010	11:00 a.m.	Watermaster Board Meeting @ CBWM
* Thursday, November 4, 2010	9:00 a.m.	Agricultural Pool Meeting @ IEUA
Thursday, November 4, 2010	1:00 p.m.	Appropriative Pool Meeting @ CBWM
Thursday, November 4, 2010	2:30 p.m.	Non-Agricultural Pool Conference Call Meeting
Thursday, November 18, 2010	8:00 a.m.	IEUA DYY Meeting @ CBWM
Thursday, November 18, 2010	9:00 a.m.	Advisory Committee Meeting @ CBWM
* Thursday, November 18, 2010	11:00 a.m.	Watermaster Board Meeting @ CBWM
Thursday, December 2, 2010	1:00 p.m.	Appropriative Pool Meeting @ CBWM
Thursday, December 2, 2010	2:30 p.m.	Non-Agricultural Pool Conference Call Meeting
Thursday, December 9, 2010	9:00 a.m.	Agricultural Pool Meeting @ IEUA
Thursday, December 16, 2010	8:00 a.m.	IEUA DYY Meeting @ CBWM
Thursday, December 16, 2010	9:00 a.m.	Advisory Committee Meeting @ CBWM
* Thursday, December 16, 2010	11:00 a.m.	Watermaster Board Meeting @ CBWM
Thursday, January 6, 2011	1:00 p.m.	Annual Appropriative Pool Meeting @ CBWM
Thursday, January 6, 2011	2:30 p.m.	Annual Non-Agricultural Pool Conf Call Meeting
Thursday, January 13, 2011	9:00 a.m.	Annual Agricultural Pool Meeting @ IEUA
Tuesday, January 18, 2011	9:00 a.m.	GRCC Committee Meeting @ CBWM
Thursday, January 20, 2011	8:00 a.m.	IEUA DYY Meeting @ CBWM
Thursday, January 20, 2011	9:00 a.m.	Annual Advisory Committee Meeting @ CBWM
Friday, January 21, 2011	10:30 a.m.	CBWM Court Hearing @ Chino Courthouse
Thursday, January 27, 2011	11:00 a.m.	Annual Watermaster Board Meeting @ CBWM

*** Note: Date changes due to holiday schedules**

Meeting Adjourn

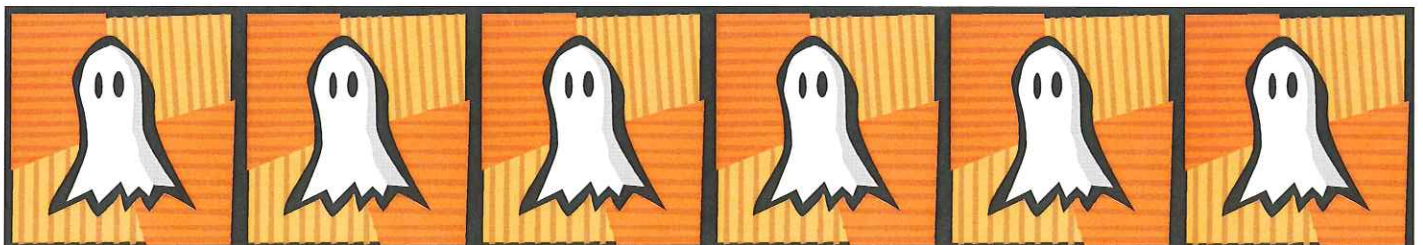


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Watermaster Board Meeting held on September 23, 2010



Draft Minutes
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING

September 23, 2010

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on September 23, 2010 at 11:00 a.m.

WATERMASTER BOARD MEMBERS PRESENT

Ken Willis, Chair
Michael Camacho
Charles Field
David DeJesus
Robert Young
Bob Bowcock
Tom Haughey
Bob Feenstra
Paul Hofer

West End Consolidated Water Company
Inland Empire Utilities Agency
Western Municipal Water District
Three Valleys Municipal Water District
Fontana Water Company
Vulcan Materials Company
City of Chino
Agricultural Pool
Agricultural Pool

WATERMASTER BOARD MEMBERS ABSENT

Bob Kuhn
Michael Whitehead
Geoffrey Vanden Heuvel

Three Valleys Municipal Water District
Fontana Water Company
Agricultural Pool

Watermaster Staff Present

Kenneth R. Manning
Joe Joswiak
Danielle Maurizio
Ben Pak
Sherri Lynne Molino

Chief Executive Officer
Chief Financial Officer
Senior Engineer
Senior Project Engineer
Recording Secretary

Watermaster Consultants Present

Scott Slater
Michael Fife
Mark Wildermuth

Brownstein, Hyatt, Farber & Schreck
Brownstein, Hyatt, Farber & Schreck
Wildermuth Environmental, Inc.

Others Present Who Signed In

Jack Safely
Mark Kinsey
Dave Crosley
Ron Craig
Ben Lewis
Ryan Shaw
Terry Catlin
Andy Campbell
Steven G. Lee
Jeff Pierson
Josh Swift
Robert Young
Ben Lewis
Raul Garibay
Ken Jeske
Anthony La
Eunice Ulloa

Western Municipal Water District
Monte Vista Water District
City of Chino
City of Chino Hills
Golden State Water Company
Inland Empire Utilities Agency
Inland Empire Utilities Agency
Inland Empire Utilities Agency
Reid & Hellyer for the Agricultural Pool
Ag Pool – Crops
Fontana Union Water Company
Fontana Water Company
Golden State Water Company
City of Pomona
Visitor
City of Upland
Chino Basin Water Conservation District

Rick Hansen
 Steve Kennedy
 Mohamed El-Amamy
 Gary Meyerhofer
 Karen Johnson

Three Valleys Municipal Water District
 Three Valleys Municipal Water District
 City of Ontario
 Carollo Engineering
 Water Resources Planning

Chair Willis called the Watermaster Board meeting to order at 11:02 a.m.

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

No additions or reorders were made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Watermaster Board Meeting held August 26, 2010

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of July 2010
2. Watermaster Visa Check Detail for the month of July 2010
3. Combining Schedule for the Period July 1, 2009 through July 31, 2010
4. Treasurer's Report of Financial Affairs for the Period July 1, 2010 through July 31, 2010
5. Budget vs. Actual July 2010 through July 2010

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Monte Vista Water District will purchase 1,000 acre-feet of water from the City of Upland. This purchase is made first from the City of Upland's net underproduction in Fiscal Year 2009-10, with any remainder from the Excess Carryover Account – Date of Notice: July 2, 2010
2. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company will purchase 10,000 acre-feet of water from the City of Upland's annual production right, then any additional from Excess Storage – Date of Notice: July 2, 2010
3. **Consider Approval for Notice of Sale or Transfer** – Chino Basin Watermaster will purchase 500,000 acre-feet of water from West Valley Water District (WVWD). The transfer will be made from WVWD's storage account – Date of Notice: July 2, 2010
4. **Consider Approval for Notice of Sale or Transfer** – Monte Vista Water District will purchase 4,000 acre-feet of water from the City of Upland. This purchase is made first from the City of Upland's net underproduction in Fiscal Year 2010-11, with any remainder from the Excess Carryover Account – Date of Notice: July 29, 2010

Motion by DeJesus, second by Camacho, and by unanimous vote

Moved to approve Consent Calendar items A through C, as presented

II. BUSINESS ITEMS

A. PEACE II AGREEMENT AND PHASE III DESALTER EXPANSION

Mr. Manning stated this item is being introduced today to allow dialogue prior to the item coming back in October through the Watermaster process for approval. Counsel Slater noted a workshop regarding this item was held recently to present the draft resolution. Counsel Slater stated the Pools and the Advisory Committee have received all the documents related to this item during their prospective meetings this month for review and discussion. Counsel Slater stated a meeting took place recently with the non-participating Appropriative Pool members who are not part of the expansion efforts or part of the CDA to receive their feedback. Counsel Slater stated counsel will meet with the State of California and the Agricultural Pool prior to another revision of the resolution being vetted. Counsel Slater stated the Watermaster process will begin in October for this item; no objections have been received. Mr. Bowcock inquired about what the Watermaster Board is looking at today. Counsel Slater stated a hearing will be

held and the Board has a duty under the Judgment, the Peace Agreement and the Peace II Agreement to make findings. Facts are going to be presented to this Board. The Board will then be asked to make findings based upon those facts and certain conclusions. Once that is done, the entire package will be taken to the court and the court will issue an order. Counsel Slater stated the court order will provide two things: 1) Direction for the parties who are proceeding with the expansion project, to proceed without concern that somebody has a lingering claim about the legitimacy of what is being done, and, 2) Will provide certain assurance and clearance to the Watermaster family as a whole for the reasons that relate to the original OBMP. Counsel Slater stated the original OBMP said to do 40,000 acre-feet of desalting capacity and the court affirmed the agreement saying that once this round is complete, it is finished and Watermaster will receive a release/waiver to that fact; that portion of the OBMP will have come to conclusion.

No action taken.

III. REPORTS/UPDATES

A. **WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. September 24, 2010 Hearing

Counsel Slater stated the September 24th hearing has been postponed to October 8, 2010 and a notice has been distributed. Counsel Slater stated the primary focus of this hearing is to make a showing on the proposed Recharge Master Plan context. Counsel Slater stated the other item being presented is the Non-Agricultural volume vote motion, which is unopposed.

2. Non-Agricultural Pool Appeal

Counsel Slater stated the Non-Agricultural Pool's appeal is continuing to move forward. The court of appeal has filed a request for further information from the Overlying Non-Agricultural Pool regarding the nature of the appeal. Counsel Slater stated staff and counsel are waiting to see the response from the Non-Agricultural Pool and if necessary to augment the filing which will first be presented through the Watermaster process with a recommendation.

B. **ENGINEERING REPORT**

1. Basin Plan Amendment Update

Mr. Wildermuth stated this particular Basin Plan Amendment covers subjects which includes a new wasteload allocation for the waste discharges on the Santa Ana River and the maximum reclamation plans. Mr. Wildermuth stated that with maximizing reclamation in the watershed, there are no issues, which is good for Inland Empire Utilities Agency (IEUA) as well as the other dischargers. Mr. Wildermuth stated one of the controversial parts for the Watermaster and IEUA is that there are certain monitoring obligations which are expensive that are in the Basin Plan as it exists today; that is going to be completely lifted from the Basin Plan. This does not mean the monitoring for Maximum Benefit purposes is going to go away, it means the monitoring is going to be substantially reduced. The Basin Plan is going to be rewritten to say that the Max Benefit parties are going to be asked to submit monitoring plans to the Regional Water Quality Control Board and it will be up to the executive officer to approve them. The Regional Board is developing a monitoring plan for the entire watershed and some, not all, parties will be asked to perform some monitoring. The Regional Board is still working on their CEQA process which is not complete to date. Mr. Manning stated it is Watermaster's estimate that approximately a full year's benefit in the next fiscal year of about \$200,000 will be saved with the reduction of monitoring requirements.

Added Comment:

Mr. Manning stated a copy of a letter written on behalf of the Association of Groundwater Agencies is available on the back table. Mr. Manning stated there were concerns regarding the Metropolitan Water Districts IRP process and this letter address that issue as well as some other items.

C. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated the governor has until the end of the month to sign bills or veto them, or they go into law without his signature. There have been discussions regarding the long awaited budget.

2. Recharge Update

Mr. Manning stated there has been some urban runoff along with a good quantity of recycled water, and there is still no imported water available. In working with Inland Empire Utilities Agency, Three Valleys Municipal Water District and Western Municipal Water District, if any additional water to put into the basins Watermaster will take advantage of that.

3. GRCC Recharge Improvement Activities Ahead of Recharge Improvement Implementation

Mr. Pak gave the GRCC Update presentation. Mr. Pak noted the GRCC Committee is meeting on a regular basis. Mr. Pak stated the committee has discussed planning activities that would improve or enhance recharge in the near future which would be of no cost, or low cost to the existing budget, or by grants or other possibilities. Mr. Pak reviewed the current conditions, solutions, and costs and benefits in detail for the Grove Basin, the Etiwanda Basin, the Jurupa Basin, the Eastern Drainage Channel, the Wineville Basin, the Turner Basin, the North Miliken Grade separation Project, and Turbid Water. Mr. Pak also discussed the Total Added Recharge numbers for the presented basins/projects in detail. A brief discussion regarding the Grove Basin ensued.

4. Discussion on Closed Session Rules for Policy Manual

Mr. Manning stated Watermaster staff is working on putting together the Policy Manual and one of the elements that are being worked on first is the section having to do with meetings, and rules for meetings. There are currently rules in our Rules and Regulations regarding meetings; however, since that was adopted, and especially more recently, there have been many closed sessions called. What is currently in the Policy Manual regarding this matter reflects what actually occurring in the Pools. Mr. Manning stated he as tasked Counsel Fife to coordinate with the attorneys of the Pools to help Watermaster understand and put down in writing what rules they apply; not dictating what rules Watermaster wants them to apply, but to ask what rules they currently apply so those can be captured as part of what goes into the Policy Manual. Counsel Fife has been in contact with all three attorneys and is working with them on this matter.

5. Auction Oversight Committee

Mr. Manning stated during the recent Appropriative Pool meeting, there was a reaffirmation of the Auction Oversight Committee and there is a meeting of that committee scheduled in the near future.

6. Assessment for Regional Board Fine

Mr. Manning stated the Appropriative Pool asked Watermaster staff to come up with a variety of ways that Watermaster parties could approach the Regional Board fine. Mr. Manning noted he explained at their last meeting that Watermaster has only one method by which Watermaster can assess the parties unless there is a voluntary agreement amongst those parties other than the one method. If the Appropriative Pool wants to have some other formula other than what would normally be used, they need to begin dialog within themselves. Mr. Manning stated that other ways were presented to the

Pool members and they have been meeting on this issue. Mr. Manning stated staff is putting together the Assessment Package and changes can be made to it if the Appropriative Pool comes up with a different formula.

IV. INFORMATION

- 1. Cash Disbursements for August 2010 as of August 25, 2010
No comment was made regarding this item.
- 2. Newspaper Articles
No comment was made regarding this item.

V. BOARD MEMBER COMMENTS

Chair Willis stated there is a flyer on the back table for the upcoming Coro Foundation Program. Chair Willis offered comment on the Coro Foundation, the speakers presenting, and the topics which will be discussed at the program.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to Article 2.6 of the Watermaster Rules & Regulations, a Confidential Session may be held during the Watermaster committee meeting for the purpose of discussion and possible action.

No confidential session was called.

VIII. FUTURE MEETINGS

- Thursday, September 23, 2010 11:00 a.m. Watermaster Board Meeting @ CBWM
- *Tuesday, September 28, 2010 10:00 a.m. Water Auction Sub-Committee Meeting @ CBWM**
- *Thursday, September 30, 2010 1:30 p.m. Assessment Package Workshop @ CBWM**
- Monday, October 4-5, 2010 7:30 a.m. CBWM Strategic Planning Conference - Frontier
- Thursday, October 7, 2010 1:00 p.m. Appropriative Pool Meeting @ CBWM
- Thursday, October 7, 2010 2:30 p.m. Non-Agricultural Pool Conference Call Meeting
- **Friday, October 8, 2010 10:30 a.m. CBWM Hearing @ Chino Courthouse**
- Thursday, October 7, 2010 1:00 p.m. Appropriative Pool Meeting @ CBWM
- Thursday, October 14, 2010 9:00 a.m. Agricultural Pool Meeting @ IEUA
- Thursday, October 21, 2010 8:00 a.m. IEUA DYY Meeting @ CBWM
- Thursday, October 21, 2010 9:00 a.m. Advisory Committee Meeting @ CBWM
- **Thursday, October 21, 2010 11:00 a.m. Water Quality Meeting @ CBWM**
- Thursday, October 28, 2010 11:00 a.m. Watermaster Board Meeting @ CBWM

*** New Scheduled Meetings**

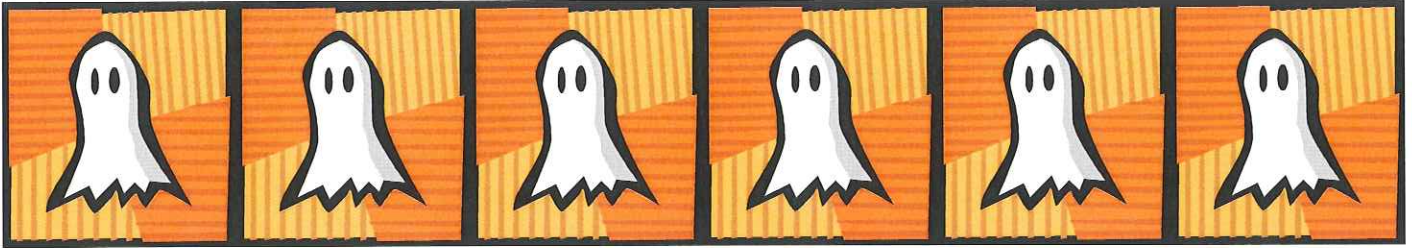
**** New Dates**

The Watermaster Board meeting was dismissed by Chair Willis at 11:40 a.m.

Secretary: _____

Minutes Approved: _____

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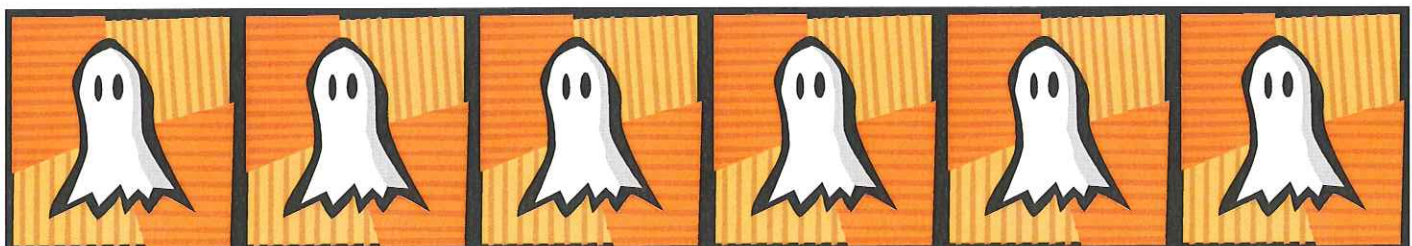


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of August 2010
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CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: October 28, 2010
TO: Board Members
SUBJECT: Cash Disbursement Report – Financial Report B1

SUMMARY

Issue – Record of cash disbursements for the month of August 2010.

Recommendation – Staff recommends the Cash Disbursements for August 2010 be received and filed as presented.

Fiscal Impact – Funds disbursed were included in the FY 2010-2011 Watermaster Budget.

BACKGROUND

A monthly cash disbursement report is provided to keep all members apprised of Watermaster expenditures.

DISCUSSION

Total cash disbursements during the month of August 2010 were \$303,596.88. The most significant expenditures during the month were Brownstein Hyatt Farber Schreck in the amount of \$161,616.62 (check number 14387 dated August 4, 2010 and check number 14461 dated August 25, 2010), payroll related expenses for the period August 8, 2010 to August 21, 2010 in the amount of \$33,536.16 (general journal 08/08/10-08/21/10 dated August 21, 2010) and payroll related expenses for the period July 25, 2010 to August 7, 2010 in the amount of \$32,632.65 (general journal 07/25/10-08/07/10 dated August 7, 2010).

Actions:

October 7, 2010 Appropriative Pool – Approved Unanimously
October 7, 2010 Non-Agricultural Pool – Moved to Receive & File Unanimously
October 14, 2010 Agricultural Pool – Approved Unanimously
October 21, 2010 Advisory Committee – Approved Unanimously
October 28, 2010 Watermaster Board –

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CHINO BASIN WATERMASTER
Cash Disbursements for the Month of
August 2010

Type	Date	Num	Name	Memo	Account	Paid Amount
General Journal	08/02/2010	08/02/10	Wage Works Direct Debit 08/02/10	Wage Works Direct Debit 08/02/10	1012 - Bank of America Gen'l Ckg	2,039.24
				Employee Flexible Spending Deduction	1012 - Bank of America Gen'l Ckg	2,039.24
TOTAL						
Bill Pmt -Check	08/04/2010	14387	BROWNSTEIN HYATT FARBBER SCHRECK		1012 - Bank of America Gen'l Ckg	35,612.55
Bill	06/30/2010	435336		435336 - Legal expenses	6907.3 - WM Legal Counsel	562.05
Bill	06/30/2010	435337		435337 - Santa Ana River	6907.34 - Santa Ana River	21,278.70
Bill	06/30/2010	435338		435338 - Legal expenses	6907.3 - WM Legal Counsel	57,453.30
TOTAL						
Bill Pmt -Check	08/04/2010	14388	APPLIED COMPUTER TECHNOLOGIES	1969	1012 - Bank of America Gen'l Ckg	2,107.25
Bill	07/31/2010	1969		Database Services - July 2010	6052.2 - Applied Computer Technol	2,107.25
TOTAL						
Bill Pmt -Check	08/04/2010	14389	BOWCOCK, ROBERT	7/15/10 Advisory Meeting	1012 - Bank of America Gen'l Ckg	125.00
Bill	07/22/2010	7/15 Advisory Mtg		7/15/10 Advisory Meeting	6311 - Board Member Compensation	125.00
TOTAL						
Bill Pmt -Check	08/04/2010	14390	CAMACHO, MICHAEL	7/02/10 CDA Meeting	1012 - Bank of America Gen'l Ckg	125.00
Bill	07/02/2010	7/02 CDA Meeting		7/02/10 CDA Meeting	6311 - Board Member Compensation	125.00
Bill	07/09/2010	7/09 Admin Mtg		7/09/10 Admin Meeting	6311 - Board Member Compensation	125.00
Bill	07/15/2010	7/15 Advisory Comm		7/15/10 Advisory Committee Meeting	6311 - Board Member Compensation	125.00
Bill	07/22/2010	7/22 Board Meeting		7/22/10 Board Meeting	6311 - Board Member Compensation	125.00
Bill	07/23/2010	7/23 CDA Meeting		7/23/10 CDA Meeting	6311 - Board Member Compensation	125.00
Bill	07/29/2010	7/29 Admin Mtg		7/29/10 Admin Meeting	6311 - Board Member Compensation	125.00
Bill	07/30/2010	7/30 CDA Meeting		7/30/10 CDA Meeting	6311 - Board Member Compensation	125.00
TOTAL						875.00
Bill Pmt -Check	08/04/2010	14391	CITISTREET	Payroll and Taxes for 07/11/10-07/24/10	1012 - Bank of America Gen'l Ckg	1,321.09
General Journal	07/24/2010	07/11/10-07/24/10	CITISTREET	Staff's 457 Retirement Deductions	2000 - Accounts Payable	1,321.09
TOTAL						
Bill Pmt -Check	08/04/2010	14392	FEENSTRA, BOB	7/22/10 Board Meeting	1012 - Bank of America Gen'l Ckg	125.00
Bill	07/22/2010	7/22 Board Meeting		7/22/10 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						
Bill Pmt -Check	08/04/2010	14393	HAUGHEY, TOM	7/22/10 Board Meeting	1012 - Bank of America Gen'l Ckg	125.00
Bill	07/22/2010	7/22 Board Meeting		7/22/10 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						

CHINO BASIN WATERMASTER
Cash Disbursements for the Month of
August 2010

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	08/04/2010	14394	HSBC BUSINESS SOLUTIONS	7003-7309-1000-2744	1012 · Bank of America Gen'l Ckg	
Bill	07/30/2010	7003730910002744		misc. office supplies-drinks, coffee, paper goods	6031.7 · Other Office Supplies	418.13
TOTAL						418.13
Bill Pmt -Check	08/04/2010	14395	INLAND EMPIRE UTILITIES AGENCY	1800001728	1012 · Bank of America Gen'l Ckg	
Bill	07/30/2010	1800001728		Fee for OC59 Wheeling charge	6031.7 · Other Office Supplies	122.14
TOTAL						122.14
Bill Pmt -Check	08/04/2010	14396	JAMES JOHNSTON	205	1012 · Bank of America Gen'l Ckg	
Bill	07/31/2010	205		Website Services - July 2010	6053 · Internet Expense	855.00
TOTAL						855.00
Bill Pmt -Check	08/04/2010	14397	KUHN, BOB	7/22/10 Board Meeting	1012 · Bank of America Gen'l Ckg	
Bill	07/22/2010	7/22 Board Meeting		7/22/10 Board Meeting	6311 · Board Member Compensation	125.00
TOTAL						125.00
Bill Pmt -Check	08/04/2010	14398	PARK PLACE COMPUTER SOLUTIONS, INC.	441	1012 · Bank of America Gen'l Ckg	
Bill	07/31/2010	441		IT Services - July 2010	6052.1 · Park Place Comp Solutn	3,600.00
TOTAL						3,600.00
Bill Pmt -Check	08/04/2010	14399	PIERSON, JEFFREY	7/22/10 Board Meeting	1012 · Bank of America Gen'l Ckg	
Bill	07/22/2010	7/22 Board Meeting		7/22/10 Board Meeting	6311 · Board Member Compensation	125.00
TOTAL						125.00
Bill Pmt -Check	08/04/2010	14400	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	Payor #3493	1012 · Bank of America Gen'l Ckg	
General Journal	07/24/2010	07/11/10-07/24/10		CalPERS for 07/11/10-07/24/10	2000 · Accounts Payable	6,946.90
TOTAL						6,946.90
Bill Pmt -Check	08/04/2010	14401	PURCHASE POWER	8000909000168851	1012 · Bank of America Gen'l Ckg	
Bill	07/30/2010	8000909000168851		postage refill and check to SWRCB	6042 · Postage - General	2,518.61
TOTAL						2,518.61
Bill Pmt -Check	08/04/2010	14402	STAPLES BUSINESS ADVANTAGE	8016063339	1012 · Bank of America Gen'l Ckg	
Bill	07/24/2010	8016063339		misc. office supplies - pens, folders, corr. tape	6031.7 · Other Office Supplies	187.43
TOTAL						187.43
Bill Pmt -Check	08/04/2010	14403	VANDEN HEUVEL, GEOFFREY	6311	1012 · Bank of America Gen'l Ckg	
Bill	07/02/2010	7/02 CDA Meeting		7/02/10 CDA Meeting	6311 · Board Member Compensation	125.00

CHINO BASIN WATERMASTER
Cash Disbursements for the Month of
August 2010

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	07/09/2010	7/09 CDA Meeting		7/09/10 CDA Meeting	6311 · Board Member Compensation	125.00
Bill	07/23/2010	7/23 CDA Meeting		7/23/10 CDA Meeting	6311 · Board Member Compensation	125.00
Bill	07/30/2010	7/30 CDA Meeting		7/30/10 CDA Meeting	6311 · Board Member Compensation	125.00
TOTAL						500.00
Bill Pmt -Check	08/04/2010	14404	VERIZON		1012 · Bank of America Gen'l Ckg	
Bill	07/30/2010	012519116950792103		communication services - July 2010	6022 · Telephone	438.74
Bill	08/03/2010	012561121521714508		communication services - July 2010	7405 · PE4-Other Expense	156.45
TOTAL						595.19
Bill Pmt -Check	08/04/2010	14405	WHITEHEAD, MICHAEL	7/22/10 Board Meeting	1012 · Bank of America Gen'l Ckg	
Bill	07/22/2010	7/22 Board Meeting		7/22/10 Board Meeting	6311 · Board Member Compensation	125.00
TOTAL						125.00
Bill Pmt -Check	08/04/2010	14406	WILLIS, KENNETH		1012 · Bank of America Gen'l Ckg	
Bill	07/21/2010	7/21 Agenda Mtg		7/21/10 Agenda Meeting	6311 · Board Member Compensation	125.00
Bill	07/22/2010	7/22 Board Meeting		7/22/10 Board Meeting	6311 · Board Member Compensation	125.00
TOTAL						250.00
Bill Pmt -Check	08/04/2010	14407	YUKON DISPOSAL SERVICE	08-K2 213849	1012 · Bank of America Gen'l Ckg	
Bill	08/03/2010	08-K2 213849		Service for August 2010	6024 · Building Repair & Maintenance	177.88
TOTAL						177.88
Bill Pmt -Check	08/05/2010	14408	FIVE STAR CATERING		1012 · Bank of America Gen'l Ckg	
Bill	08/04/2010			deposit to caterer for Strategic Planning Conf.	6191 · Conferences - General	2,744.04
TOTAL						2,744.04
Bill Pmt -Check	08/05/2010	14409	FRONTIER PROJECT FOUNDATION		1012 · Bank of America Gen'l Ckg	
Bill	08/04/2010			Strategic Planning Conference	6193.1 · Strategic Planning Conference	700.00
TOTAL						700.00
Bill Pmt -Check	08/05/2010	14410	SIERRA LAKES GOLF CLUB		1012 · Bank of America Gen'l Ckg	
Bill	08/04/2010			Deposit due for Oct. 3, 2010 Golf Tournament	6193.1 · Strategic Planning Conference	200.00
TOTAL						200.00
General Journal	08/07/2010	07/25/10-08/07/10	Payroll and Taxes for 07/25/10-08/07/10		1014 · Bank of America P/R Ckg	7,204.70
			Payroll Taxes for 07/25/10-08/07/10		1012 · Bank of America Gen'l Ckg	25,427.95
			Direct Deposits for 07/25/10-08/07/10		1012 · Bank of America Gen'l Ckg	32,632.65
TOTAL						65,265.30

CHINO BASIN WATERMASTER
Cash Disbursements for the Month of
August 2010

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	08/13/2010	14411	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14412	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14413	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14414	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14415	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14416	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14417	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14418	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14419	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14420	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14421	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14422	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14423	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						

CHINO BASIN WATERMASTER
Cash Disbursements for the Month of
August 2010

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	08/13/2010	14424	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 · Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14425	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 · Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14426	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 · Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14427	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 · Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14428	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 · Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14429	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 · Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14430	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 · Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14431	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 · Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14432	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 · Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14433	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 · Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14434	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 · Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14435	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 · Bank of America Gen'l Ckg	
TOTAL						
General Journal	08/16/2010	08/16/10	Wage Works Direct Debit 08/16/10	Wage Works Direct Debit 08/16/10 Employee Flexible Spending Deduction	1012 · Bank of America Gen'l Ckg 1012 · Bank of America Gen'l Ckg	1,039.24

CHINO BASIN WATERMASTER
Cash Disbursements for the Month of
August 2010

Type	Date	Num	Name	Memo	Account	Paid Amount
TOTAL						1,039.24
Bill Pmt -Check	08/17/2010	14436	FIRST AMERICAN REAL ESTATE SOLUTIONS	12913434	1012 · Bank of America Gen'l Ckg	
Bill	07/31/2010	12923434		12913434	7103.7 · Grdwtr Qual-Computer Svc	62.50
				12913434	7101.4 · Prod Monitor-Computer	62.50
TOTAL						125.00
Bill Pmt -Check	08/17/2010	14437	PAYCHEX	2010072900	1012 · Bank of America Gen'l Ckg	
Bill	07/31/2010	2010072900		July 2010	6012 · Payroll Services	255.02
TOTAL						255.02
Bill Pmt -Check	08/17/2010	14438	PUMP CHECK	3902	1012 · Bank of America Gen'l Ckg	
Bill	07/31/2010	3902		3902 - In-Line - Calib & Test	7102.8 · In-Line - Calib & Test	1,140.00
				3902 - In-Line Meters	7102.7 · In-Line Meters	56.25
TOTAL						1,196.25
Bill Pmt -Check	08/17/2010	14439	SAFEGUARD DENTAL & VISION	3255122	1012 · Bank of America Gen'l Ckg	
Bill	07/31/2010	3255122		Dental premium for August 2010	60182.2 · Dental & Vision ins	7.91
TOTAL						7.91
Bill Pmt -Check	08/17/2010	14440	STREETWIZE	84424	1012 · Bank of America Gen'l Ckg	
Bill	08/12/2010	84424		change hours of operation on front door	6031.7 · Other Office Supplies	64.65
TOTAL						64.65
Bill Pmt -Check	08/17/2010	14441	THE STANDARD INSURANCE COMPANY	160-513170-00006	1012 · Bank of America Gen'l Ckg	
Bill	08/12/2010	16051317000006		Dental insurance premium - September 2010	60182.2 · Dental & Vision ins	313.12
TOTAL						313.12
Bill Pmt -Check	08/17/2010	14442	W.C. DISCOUNT MOBILE AUTO DETAILING		1012 · Bank of America Gen'l Ckg	
Bill	08/12/2010			Truck washing service	6177 · Vehicle Repairs & Maintenance	100.00
				truck washing 4 trucks		100.00
TOTAL						100.00
Bill Pmt -Check	08/17/2010	14443	WESTERN DENTAL SERVICES, INC.	002483	1012 · Bank of America Gen'l Ckg	
Bill	08/12/2010	002483		Dental premium - September 2010	60182.2 · Dental & Vision ins	28.06
TOTAL						28.06
Bill Pmt -Check	08/18/2010	14444	BANC OF AMERICA LEASING	011591268	1012 · Bank of America Gen'l Ckg	
Bill	08/17/2010	011591268		Minolta lease - billing period 08/01/10-08/31/10	6043.1 · Ricoh Lease Fee	3,913.48
TOTAL						3,913.48

CHINO BASIN WATERMASTER
Cash Disbursements for the Month of
August 2010

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	08/18/2010	14445	CALPERS	1741	1012 - Bank of America Gen'l Ckg	
Bill	08/17/2010	1741		Medical insurance premium - September 2010	60182.1 - Medical Insurance	3,758.46
TOTAL						3,758.46
Bill Pmt -Check	08/18/2010	14446	CITISTREET	Payroll and Taxes for 07/25/10-08/07/10	1012 - Bank of America Gen'l Ckg	
General Journal	08/07/2010	07/25/10-08/07/10	CITISTREET	Staff 457 retirement deductions	2000 - Accounts Payable	1,829.87
TOTAL						1,829.87
Bill Pmt -Check	08/18/2010	14447	COMPUTER NETWORK	79163	1012 - Bank of America Gen'l Ckg	
Bill	08/12/2010	79163		port switch	6055 - Computer Hardware	41.33
TOTAL						41.33
Bill Pmt -Check	08/18/2010	14448	CUCAMONGA VALLEY WATER DISTRICT	Lease due September 1, 2010	1012 - Bank of America Gen'l Ckg	
Bill	08/16/2010			Lease due September 1, 2010	1422 - Prepaid Rent	5,792.00
TOTAL						5,792.00
Bill Pmt -Check	08/18/2010	14449	GUARANTEED JANITORIAL SERVICE, INC.	28092	1012 - Bank of America Gen'l Ckg	
Bill	08/17/2010	28092		service -August 2010	6024 - Building Repair & Maintenance	865.00
TOTAL						865.00
Bill Pmt -Check	08/18/2010	14450	MCI	66084522	1012 - Bank of America Gen'l Ckg	
Bill	08/17/2010	66084522		66084522 - Internet service	6053 - Internet Expense	1,235.80
TOTAL						1,235.80
Bill Pmt -Check	08/18/2010	14451	PRE-PAID LEGAL SERVICES, INC.	111802	1012 - Bank of America Gen'l Ckg	
Bill	08/17/2010	111802		August 2010	60194 - Other Employee Insurance	77.70
TOTAL						77.70
Bill Pmt -Check	08/18/2010	14452	PREMIERE GLOBAL SERVICES	03282737	1012 - Bank of America Gen'l Ckg	
Bill	07/31/2010	03282737		CDA calls on 6/30, 7/02, 7/07, 7/09, 7/14, 7/16, 7/21 7305 - PE3&5-Supplies		823.75
				7/07 water auction call, 7/08 CGC call, 7/10 SEIR ca 6909.1 - OBMP Meetings		416.12
				7/01 Non Agricultural Pool Meeting call	8512 - Meeting Expense	107.96
				monthly fee	6022 - Telephone	9.95
TOTAL						1,357.78
Bill Pmt -Check	08/18/2010	14453	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	Payor #3493	1012 - Bank of America Gen'l Ckg	
General Journal	08/07/2010	07/25/10-08/07/10		CalPers retirement payments	2000 - Accounts Payable	6,950.53
TOTAL						6,950.53

CHINO BASIN WATERMASTER
Cash Disbursements for the Month of
August 2010

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	08/18/2010	14454	REID & HELLNER	170918	1012 · Bank of America Gen'l Ckg	
Bill	07/31/2010	170918		170918 - Ag Pool Legal services	8467 · Ag Legal & Technical Services	8,373.00
				170918 - Ag Pool Legal services	8467.1 · Frank B. & Associates	962.50
TOTAL						9,335.50
Bill Pmt -Check	08/18/2010	14455	STAULA, MARY L	Retiree Medical premium	1012 · Bank of America Gen'l Ckg	
Bill	08/31/2010				60182.4 · Retiree Medical	136.61
TOTAL						136.61
Bill Pmt -Check	08/18/2010	14456	UNION 76	300-732-989	1012 · Bank of America Gen'l Ckg	
Bill	07/31/2010	300732989		Fuel expense - July 2010	6175 · Vehicle Fuel	190.19
TOTAL						190.19
Bill Pmt -Check	08/18/2010	14457	UNITED PARCEL SERVICE	2x81x0	1012 · Bank of America Gen'l Ckg	
Bill	07/31/2010	2x81x0		miscellaneous correspondence	6042 · Postage - General	103.24
TOTAL						103.24
Bill Pmt -Check	08/18/2010	14458	VERIZON WIRELESS	0894094256	1012 · Bank of America Gen'l Ckg	
Bill	08/17/2010	0894094256		monthly service	6022 · Telephone	528.90
TOTAL						528.90
General Journal	08/21/2010	08/08/10-08/21/10	Payroll and Taxes for 08/08/10-08/21/10	Payroll and Taxes for 08/08/10-08/21/10	1012 · Bank of America Gen'l Ckg	
				Payroll Taxes for 08/08/10-08/21/10	1012 · Bank of America Gen'l Ckg	7,356.55
				Direct Deposits for 08/08/10-08/21/10	1012 · Bank of America Gen'l Ckg	26,179.61
TOTAL						33,536.16
Bill Pmt -Check	08/23/2010	14459	BANK OF AMERICA	4024-4200-0193-8341	1012 · Bank of America Gen'l Ckg	
Bill	07/31/2010	4024420001939341		savings club	6031.7 · Other Office Supplies	12.00
				to purchase licenses for anti virus software	6054 · Computer Software	250.00
				travel expenses for Ben Pak	6191 · Conferences - General	1,127.60
				lunch for 7/22/10 Watermaster Board Meeting	6212 · Meeting Expense	285.19
TOTAL						1,674.79
General Journal	08/24/2010	08/24/10	Wage Works Direct Debit 08/24/10	Wage Works Direct Debit 08/24/10	1012 · Bank of America Gen'l Ckg	
				Employee Flexible Spending Deduction	1012 · Bank of America Gen'l Ckg	1,400.00
TOTAL						1,400.00
Bill Pmt -Check	08/25/2010	14460	AMERICAN WATER WORKS ASSOCIATION	7000256584	1012 · Bank of America Gen'l Ckg	

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CHINO BASIN WATERMASTER
Cash Disbursements for the Month of
August 2010

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	08/23/2010	7000256584		membership dues - D. Maurizio	6111 - Membership Dues	201.00
TOTAL						<u>201.00</u>
Bill Pmt -Check	08/25/2010	14461	BROWNSTEIN HYATT FARBNER SCHRECK		1012 - Bank of America Gen'l Ckg	
Bill	07/31/2010	435651		435651 - General expense	6907.3 - WM Legal Counsel	16,732.96
				435651 - Desalter negotiations	6907.33 - Desalter Negotiations	1,206.00
				435651 - Santa Ana Sucker	6907.36 - Santa Ana Sucker	1,026.00
				435651 - Paragrapph 31 motion	6907.35 - Purchase & Sale Agreement NOI	1,583.55
				435651 - Chino Airport Plume	6907.32 - Chino Airport Plume	171.00
				435652 - Santa Ana River Application	6907.34 - Santa Ana River	310.79
				435653 - Ontario Airport Plume	6907.31 - Ontario Airport Plume	126.90
				435654 - Chino Airport Plume	6907.32 - Chino Airport Plume	29,017.57
				435655 - Desalter Negotiations	6907.33 - Desalter Negotiations	29,224.95
				435656 - Paragrapph 31 motion	6907.35 - Purchase & Sale Agreement NOI	20,442.60
				435657 - Santa Ana Sucker	6907.36 - Santa Ana Sucker	4,321.00
TOTAL						<u>104,163.32</u>
Bill Pmt -Check	08/25/2010	14462	GLOBAL PRESENTER.COM		1012 - Bank of America Gen'l Ckg	
Bill	08/23/2010	51942		balance due-Digital Audio Recorder-Boardroom	6055 - Computer Hardware	3,129.89
TOTAL						<u>3,129.89</u>
Bill Pmt -Check	08/25/2010	14463	KONICA MINOLTA BUSINESS SOLUTIONS		1012 - Bank of America Gen'l Ckg	
Bill	08/23/2010	215463702		Minolta - copier charge	6043.2 - Ricoh Maintenance Fee	0.15
Bill	08/23/2010	215463703		Minolta - copier charge	6043.2 - Ricoh Maintenance Fee	11.36
Bill	08/23/2010	215463704		Minolta - copier charge	6043.2 - Ricoh Maintenance Fee	0.90
TOTAL						<u>12.41</u>
Bill Pmt -Check	08/25/2010	14464	VISION SERVICE PLAN		1012 - Bank of America Gen'l Ckg	
Bill	08/23/2010	001017890001		Vision insurance premium - September 2010	60182.2 - Dental & Vision Ins	64.98
TOTAL						<u>64.98</u>
General Journal	08/30/2010	08/30/10	Wage Works Direct Debit 08/30/10		1012 - Bank of America Gen'l Ckg	
			Employee Flexible Spending Deduction		1012 - Bank of America Gen'l Ckg	1,039.24
TOTAL						<u>1,039.24</u>
General Journal	08/31/2010		BANK OF AMERICA		1012 - Bank of America Gen'l Ckg	
			Service Charge		6031.7 - Other Office Supplies	21.42
TOTAL						<u>21.42</u>
Bill Pmt -Check	08/31/2010	14465	INLAND EMPIRE UTILITIES AGENCY		1012 - Bank of America Gen'l Ckg	
TOTAL						<u>21.42</u>

CHINO BASIN WATERMASTER
Cash Disbursements for the Month of
August 2010

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	07/31/2010	90006103		90006103	8456 · IEUA Readyness To Serve	400.98
TOTAL						400.98
Bill Pmt -Check	08/31/2010	14466	TELECOM SERVICES	5212	1012 · Bank of America Gen'l Ckg	981.60
Bill	06/19/2010	5212		purchase and installation of policorn sound station-conference phone for Board room	6022 · Telephone	981.60
TOTAL						981.60
Bill Pmt -Check	08/31/2010	14467	INLAND EMPIRE UTILITIES AGENCY	90006121	1012 · Bank of America Gen'l Ckg	731.60
Bill	07/31/2010	90006121			5011 · Replenishment Water	731.60
TOTAL						731.60
Total Disbursements:						303,596.88



CHINO BASIN WATERMASTER

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KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: October 28, 2010
TO: Board Members
SUBJECT: VISA Check Detail Report – Financial Report B2

SUMMARY

Issue – Record of VISA credit card payment disbursed for the month of August 2010.

Recommendation – Staff recommends the VISA Check Detail Report for August 2010 be received and filed as presented.

Fiscal Impact – Funds disbursed were included in the FY 2010-2011 Watermaster Budget.

BACKGROUND

A monthly VISA Check Detail report is provided to keep all members apprised of Watermaster expenditures charged against the CEO and/or CFO's Bank of America VISA card.

DISCUSSION

Total cash disbursement during the month of August 2010 was \$1,674.79. The monthly charges for August 2010 were for routine and customary expenditures and properly documented with receipts.

Actions:

October 7, 2010 Appropriative Pool – Approved Unanimously
October 7, 2010 Non-Agricultural Pool – Moved to Receive & File Unanimously
October 14, 2010 Agricultural Pool – Approved Unanimously
October 21, 2010 Advisory Committee – Approved Unanimously
October 28, 2010 Watermaster Board –

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CHINO BASIN WATERMASTER
 VISA Check Detail Report
 August 2010

Type	Num	Date	Name	Memo	Account	Paid Amount
Bill Pmt -Check	14459	08/23/2010	BANK OF AMERICA	4024-4200-0193-9341	1012 · Bank of America Gen'l Ckg	
Bill	4024420001939341	07/31/2010		savings club	6031.7 · Other Office Supplies	12.00
				purchase add'l licenses for anti virus software	6054 · Computer Software	250.00
				travel expenses for Ben Pak to attend the Sept. 12-16191 · Conferences - General		1,127.60
				lunch for 7/22/10 Watermaster Board Meeting	6212 · Meeting Expense	285.19
						<u>1,674.79</u>

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CHINO BASIN WATERMASTER

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KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: October 28, 2010
TO: Board Members
SUBJECT: Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2010 through August 31, 2010 - Financial Report B3

SUMMARY

Issue – Record of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2010 through August 31, 2010.

Recommendation – Staff recommends the Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2010 through August 31, 2010 be received and filed as presented.

Fiscal Impact – Funds disbursed were included in the FY 2010-2011 Watermaster Budget.

BACKGROUND

A Combining Schedule of Revenue, Expenses and Changes in Working Capital for the period July 1, 2010 through August 31, 2010 is provided to keep all members apprised of the FY 2010/2011 cumulative Watermaster revenues, expenditures and changes in working capital for the period listed.

DISCUSSION

The Combining Schedule of Revenue, Expenses and Changes in Working Capital has been created from various financial reports and statements created from QuickBooks Enterprise Solutions 9.0, the Watermaster accounting system. The Combining Schedule provided balances to the supporting documentation in the Watermaster accounting system as presented.

Actions:

October 7, 2010 Appropriative Pool – Approved Unanimously
October 7, 2010 Non-Agricultural Pool – Moved to Receive & File Unanimously
October 14, 2010 Agricultural Pool – Approved Unanimously
October 21, 2010 Advisory Committee – Approved Unanimously
October 28, 2010 Watermaster Board –

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CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE PERIOD JULY 1, 2010 THROUGH AUGUST 31, 2010

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION & SPECIAL PROJECTS		GROUNDWATER OPERATIONS		EDUCATION FUNDS	GRAND TOTALS	BUDGET 2010-2011
			APPROPRIATIVE POOL	AG POOL	NON-AG POOL	GROUNDWATER REPLENISHMENT			
Administrative Revenues:									
Administrative Assessments	111,000								\$6,358,070
Interest Revenue	111,000								175,010
Mutual Agency Project Revenue									148,410
Grant Income									0
Miscellaneous Income									0
Total Revenues	111,000							111,000	6,681,490
Administrative & Project Expenditures:									
Watermaster Administration	94,450							94,450	512,546
Watermaster Board-Advisory Committee	11,350							11,350	73,073
Pool Administration			7,132	24,728	19,251			51,111	261,523
Optimum Basin Mgmt Administration		383,351						383,351	1,350,390
OBMP Project Costs		543,835						543,835	3,772,619
Debt Service		637,198						637,198	700,964
Education Funds Use									375
Mutual Agency Project Costs									10,000
Total Administrative/OBMP Expenses	105,800	1,564,383	7,132	24,728	19,251			1,721,294	6,681,490
Net Administrative/OBMP Expenses	5,200	(1,564,383)	(3,576)	(1,447)	(177)				
Allocate Net Admin Expenses To Pools		927,186	637,580	257,959	31,646				
Allocate Net OBMP Expenses To Pools		637,198	637,198						
Allocate Debt Service to App Pool		281,241	(281,241)						
Agricultural Expense Transfer*		1,559,575			50,719			1,721,294	6,681,490
Total Expenses		(1,559,575)			(50,719)			(1,610,294)	
Net Administrative Income									
Other Income/(Expense)									0
Replenishment Water Assessments									0
Interest Revenue									0
Water Purchases									0
Balance Adjustment									0
Other Water Purchases									0
Groundwater Replenishment						(732)		(732)	0
Net Other Income						(732)		(732)	0
Net Transfers To/(From) Reserves		(1,611,026)			(50,719)			(1,611,026)	
Working Capital, July 1, 2010		6,219,006	473,483	256,632	158,251		1,001	8,478,365	
Working Capital, End Of Period		4,659,431.23	473,483.08	205,913.11	1,369,259.68		1,000.86	6,867,338.96	6,867,339
09/10 Assessable Production		78,733,238	31,854,766	3,907,911				114,495,915	
09/10 Production Percentages		68.765%	27.822%	3.413%				100.000%	

*Fund balance transfer as agreed to in the Peace Agreement.

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CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: October 28, 2010
TO: Board Members
SUBJECT: Treasurer's Report of Financial Affairs for the Period August 1, 2010 through August 31, 2010 - Financial Report B4

SUMMARY

Issue – Record of increases or decreases in the cash position, assets and liabilities of Watermaster for the Period of August 1, 2010 through August 31, 2010.

Recommendation – Staff recommends the Treasurer's Report of Financial Affairs for the Period August 1, 2010 through August 31, 2010 be received and filed as presented.

Fiscal Impact – Funds disbursed were included in the FY 2010-2011 Watermaster Budget.

BACKGROUND

A Treasurer's Report of Financial Affairs for the Period August 1, 2010 through August 31, 2010 is provided to keep all members apprised of the total cash in banks (Bank of America and LAIF) and on hand at the Watermaster office (petty cash) at the end of the period stated. The Treasurer's Report details the change (increase or decrease) in the overall cash position of Watermaster, as well as the changes (increase or decrease) to the assets and liabilities section of the balance sheet. The report also provides a detailed listing of all deposits and/or withdrawals in the California State Treasurer's Local Agency Investment Fund (LAIF), the most current effective yield as of the last quarter, and the ending balance in LAIF as of the reporting date.

DISCUSSION

The Treasurer's Report of Financial Affairs has been created from various financial reports and statements created from QuickBooks Enterprise Solutions 9.0, the Watermaster accounting system. The Treasurer's Report provided, balances to the supporting documentation in the Watermaster accounting system, as well as the supporting bank statements.

Actions:

October 7, 2010 Appropriative Pool – Approved Unanimously
October 7, 2010 Non-Agricultural Pool – Moved to Receive & File Unanimously
October 14, 2010 Agricultural Pool – Approved Unanimously
October 21, 2010 Advisory Committee – Approved Unanimously
October 28, 2010 Watermaster Board –

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**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
AUGUST 1 THROUGH AUGUST 31, 2010**

DEPOSITORIES:			
Cash on Hand - Petty Cash	\$	500	
Bank of America			
Governmental Checking-Demand Deposits	\$	154,113	
Zero Balance Account - Payroll	\$	-	
Local Agency Investment Fund - Sacramento			
TOTAL CASH IN BANKS AND ON HAND		8/31/2010	
TOTAL CASH IN BANKS AND ON HAND		7/31/2010	
PERIOD INCREASE (DECREASE)		\$ (192,864)	

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets:			
Accounts Receivable	\$	111,000	
Assessments Receivable		508	
Prepaid Expenses, Deposits & Other Current Assets		-	
(Decrease)/Increase in Liabilities			
Accounts Payable	372,319		
Accrued Payroll, Payroll Taxes & Other Current Liabilities	46,694		
Transfer to/(from) Reserves	(723,386)		
PERIOD INCREASE (DECREASE)		\$ (192,864)	

SUMMARY OF FINANCIAL TRANSACTIONS:

	Petty Cash	Gov't'l Checking Demand	Zero Balance Account Payroll	Local Agency Investment Funds	Totals
Balances as of 7/31/2010	\$ 500	\$ 346,978	\$ -	\$ 7,344,588	\$ 7,692,065
Deposits	-	117,806	-	-	117,806
Transfers	-	(66,169)	66,169	-	-
Withdrawals/Checks	-	(244,502)	(66,169)	-	(310,670)
Balances as of 8/31/2010	\$ 500	\$ 154,113	\$ -	\$ 7,344,588	\$ 7,499,201
PERIOD INCREASE OR (DECREASE)	\$ -	\$ (192,864)	\$ -	\$ -	\$ (192,864)



CHINO BASIN WATERMASTER

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KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: October 28, 2010
TO: Board Members
SUBJECT: Budget vs. Actual Report for the Period July 1, 2010 through August 31, 2010 - Financial Report B5

SUMMARY

Issue – Record of revenues and expenses of Watermaster for the Period of July 1, 2010 through August 31, 2010.

Recommendation – Staff recommends the Budget vs. Actual Report for the Period July 1, 2010 through August 31, 2010 be received and filed as presented.

Fiscal Impact – Funds disbursed were included in the FY 2010-2011 Watermaster Budget.

BACKGROUND

A Budget vs. Actual Report for the period July 1, 2010 through August 31, 2010 is provided to keep all members apprised of the total revenues and expenses for the current fiscal year. The expense section is categorized into four distinct sections. Those sections are: General and Administrative Expenses; Optimal Basin Management Program Expenses; Project Expenses; and Other Income/Expenses.

DISCUSSION

The Budget vs. Actual report has been created from QuickBooks Enterprise Solutions 9.0, the Watermaster accounting system. The Budget vs. Actual report provided, balances to the supporting documentation in the Watermaster accounting system, as well as the supporting bank statements.

Year-To-Date (YTD) for the two month period ending August 31, 2010 of the fiscal year, all categories were at or below the projected budget with the exception of category 6900 (Optimum Basin Mgmt Plan). Within the 6900 category is the regional board fine in the amount of \$62,675 which was posted to account 6909 (OBMP Other Expenses). If you recall, this item was not included as part of the fiscal year 2010/2011 budget. Also recorded within this category are the Watermaster's legal expenses. Currently, the legal expenses are above the Y-T-D

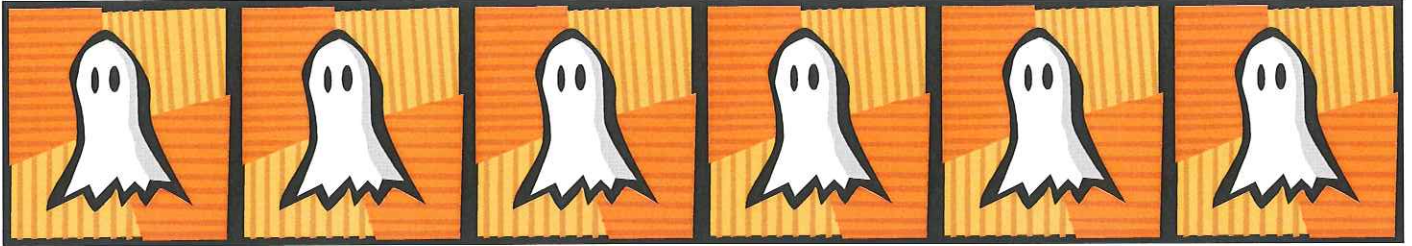
budget as a direct result of the ongoing Desalter Negotiations of \$62,916, the Chino Airport Plume of \$45,268 and the Paragraph 31 Motion activity of \$29,774. The budgeted amount for legal expenses for the year of \$450,000 was allocated at \$37,500 per month. This allocated monthly amount of \$37,500 may need to be adjusted to account for the added expenses in the early part of the fiscal year and reduced in the later months. At the quarterly review next month, an in-depth analysis of the legal expenses will be provided, along with a projection of ongoing anticipated costs.

Actions:

- October 7, 2010 Appropriative Pool – Approved Unanimously
- October 7, 2010 Non-Agricultural Pool – Moved to Receive & File Unanimously
- October 14, 2010 Agricultural Pool – Approved Unanimously
- October 21, 2010 Advisory Committee – Approved Unanimously
- October 28, 2010 Watermaster Board –

	<u>Jul - Aug</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	111,000	148,410	-37,410	75%
Total Income	111,000	148,410	-37,410	75%
Gross Profit	111,000	148,410	-37,410	75%
Expense				
6010 · Salary Costs	77,114	77,574	-460	99%
6020 · Office Building Expense	14,838	17,199	-2,361	86%
6030 · Office Supplies & Equip.	2,932	6,250	-3,318	47%
6040 · Postage & Printing Costs	11,014	12,200	-1,186	90%
6050 · Information Services	21,766	26,783	-5,017	81%
6060 · Contract Services		16,000	-16,000	
6080 · Insurance	15,607	17,575	-1,968	89%
6110 · Dues and Subscriptions	20,132	20,250	-118	99%
6140 · WM Admin Expenses		500	-500	
6150 · Field Supplies		200	-200	
6170 · Travel & Transportation	4,135	5,560	-1,425	74%
6190 · Conferences & Seminars	4,342	5,250	-908	83%
6200 · Advisory Comm - WM Board	3,075	3,745	-670	82%
6300 · Watermaster Board Expenses	8,274	8,434	-160	98%
8300 · Appr PI-WM & Pool Admin	7,132	10,210	-3,078	70%
8400 · Agri Pool-WM & Pool Admin	3,909	4,691	-782	83%
8467 · Ag Legal & Technical Services	20,819	19,667	1,152	106%
8470 · Ag Meeting Attend -Special		2,000	-2,000	
8500 · Non-Ag PI-WM & Pool Admin	19,251	26,944	-7,693	71%
6500 · Education Funds Use Expens		375	-375	
9500 · Allocated G&A Expenditures	-77,429	-81,355	3,926	95%
6900 · Optimum Basin Mgmt Plan	361,719	172,826	188,893	209%
9501 · G&A Expenses Allocated-OBMP	21,631	23,776	-2,145	91%
7101 · Production Monitoring	21,707	22,175	-468	98%
7102 · In-line Meter Installation	2,196	11,113	-8,917	20%
7103 · Grdwtr Quality Monitoring	22,174	33,833	-11,659	66%
7104 · Gdwtr Level Monitoring	27,959	58,207	-30,248	48%
7105 · Sur Wtr Qual Monitoring		755	-755	
7107 · Ground Level Monitoring	108,233	120,103	-11,870	90%
7108 · Hydraulic Control Monitoring	40,339	82,283	-41,944	49%
7109 · Recharge & Well Monitoring Prog	5,198	8,440	-3,242	62%
7200 · PE2- Comp Recharge Pgm	196,992	229,920	-32,928	86%
7300 · PE3&5-Water Supply/Desalte	41,428	39,925	1,503	104%
7400 · PE4- Mgmt Plan	1,590	15,416	-13,826	10%
7500 · PE6&7-CoopEfforts/SaltMgmt	15,694	25,697	-10,003	61%
7600 · PE8&9-StorageMgmt/Conj Use	4,528	11,404	-6,876	40%

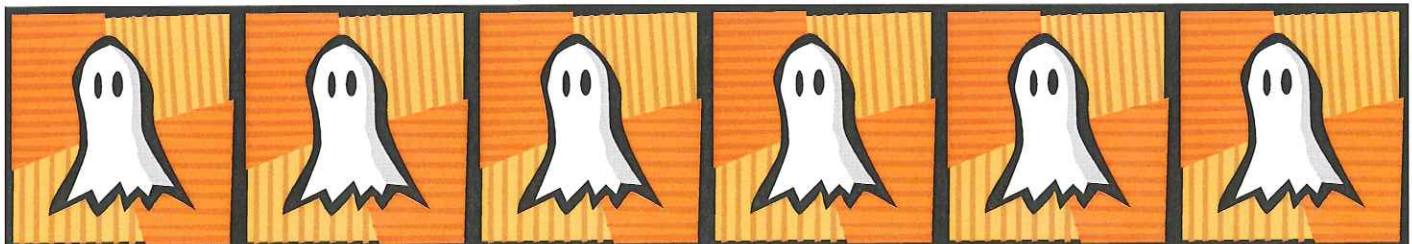
	<u>Jul - Aug</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7690 · Recharge Improvement Debt Pymt	637,198	700,964	-63,766	91%
7700 · Inactive Well Protection Prgm		353	-353	
9502 · G&A Expenses Allocated-Projects	55,798	57,579	-1,781	97%
Total Expense	<u>1,721,295</u>	<u>1,814,821</u>	<u>-93,526</u>	<u>95%</u>
Net Ordinary Income	<u>-1,610,295</u>	<u>-1,666,411</u>	<u>56,116</u>	<u>97%</u>
Other Income/Expense				
Other Expense				
5010 · Groundwater Replenishment	732			
9999 · To/(From) Reserves	-1,611,026			
Total Other Expense	<u>-1,610,294</u>			
Net Other Income	<u>1,610,294</u>			
Net Income		<u><u>-1,666,411</u></u>	<u><u>1,666,411</u></u>	



CHINO BASIN WATERMASTER

II. BUSINESS ITEM

A. PEACE II AGREEMENT AND PHASE III DESALTER EXPANSION





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: October 28, 2010
TO: Board Members
SUBJECT: Progress Report on Phase III Desalter Expansion

SUMMARY

This Staff Report supplements prior written and verbal Staff Reports provided in August regarding review and potential approval of Watermaster Resolution 2010-04, reciting specific evidence, proposing findings and reaching proposed conclusions regarding the Phase III Desalter Expansion. This revised Staff Report describes stakeholder feedback and modifications to the Proposed Resolution 2010-04, following a Watermaster workshop, receipt of Pool comments, and further stakeholder meetings.

For ease of review, both a clean and a redlined version, along with all Exhibits referenced therein have been enclosed with this Staff Report to facilitate your review.

Issue – Review and potential approval of Proposed Watermaster Resolution 2010-04 regarding future desalters, including making the identified findings and reaching the conclusions stated therein. If approved by Watermaster, the Proposed Resolution will be transmitted to the Court, coupled with a request for further approval of the action and direction.

Recommendation – Approve the Proposed Resolution 2010-04 as amended to incorporate stakeholder comments.

Financial Impact – Potential increases in groundwater monitoring costs for the purposes of monitoring and avoiding land subsidence [\$100-200,000 annually].

Background

In 2000, the Court ordered Watermaster to proceed in accordance with the terms of the Peace Agreement and the Optimum Basin Management Plan (OBMP) Implementation Plan. Watermaster committed to expanded desalting capacity for a variety of beneficial purposes, including but not limited to yield preservation, yield enhancement, salt management and water supply. Desalter commitments with regard to the Chino I Expansion and the Chino II Desalter were contained within the Peace Agreement, and potential obligations related to the construction and operation of Future Desalters were reserved for further agreement.

As planned, various Parties to the Judgment proceeded to construct and acquire desalter facilities in a manner consistent with the OBMP Implementation Plan. The Chino Basin Desalter Authority (CDA) was formed by Parties to the Judgment that were to purchase product water from the Desalters and the Court approved the proposed plan as being in conformity with its earlier orders.

Subsequently, Maximum Benefit was formally unveiled by Watermaster as a water quality and yield management strategy. Watermaster proposed to couple the previously identified benefits associated with the OBMP with a more refined water quality strategy known as Hydraulic Control. This strategy relied upon Basin Re-Operation to dewater a portion of the Basin and limit outflow to the Santa Ana River. One additional significant benefit, among others, was the expected opportunity to expand the use of recycled water.

Watermaster proposed that Hydraulic Control could be achieved in a manner consistent with the objective of expanding Desalter capacity and addressing the need to construct Future Desalters. The Court approved the Peace II Measures in December 2007 and incorporated the performance milestones for implementing the Supplement to the OBMP, inclusive of securing Hydraulic Control through Basin Re-Operation. The Court conditionally authorized Watermaster to allow 400,000 acre-feet of water to be produced by the Desalters (existing and proposed) without incurring any Replenishment obligation.

The Basin Re-Operation was intended to dewater the Basin and reduce water levels to effectuate the strategy. This lowering of the water table was evaluated extensively in 2007 and reported to the Court. The benefits of this strategy were analyzed extensively by Dr. David Sunding in his reports to Watermaster and these benefits were equitably spread across the Basin.

The Watermaster and Court-approved strategy called for the Western Municipal Water District (WMWD) independently, or in its complete discretion with the City of Ontario (Ontario) and the Jurupa Community Services District (Jurupa), to construct an additional 9 MGD of Desalters. (Peace II Agreement)

The well-field identified to effectuate Hydraulic Control is commonly referred to as the Chino Creek Well-Field. WMWD has exercised its discretion to work with Ontario and Jurupa (Expansion Parties) to carry out the Phase III Desalter Expansion. Through a series of agreements, most notably the Water Purchase and Sale Agreement, the Phase III Desalter Expansion (Expansion) will become a Chino Basin Desalter Authority (CDA) project whereby the Expansion Parties will completely fund the Expansion through CDA.

Pressed by concerns arising from compliance with Regional Board permits and the prior orders of the Court, in May 2010 the Watermaster Board requested General Counsel and Staff to support efforts among the various stakeholders to facilitate the timely completion of documentation that would allow the Expansion to proceed. Initially a set of principles were agreed upon by the stakeholders as a framework for further agreement and the concurrent adoption of the Milestone Schedule presented to the Regional Board (See Exhibit "A"), and Watermaster and Inland Empire Utilities Agency (IEUA) paid a fine to the Regional Board.

The Water Purchase and Sale Agreements include key provisions that are consistent with the approved principles and will remove the previously identified barriers to project acceptance and construction. Specifically, WMWD's obligations for buying into the project are resolved through the terms of the Water Purchase and Sale Agreements.

A representative final draft of the Water Purchase and Sale Agreements are attached to this Staff Report as Exhibit "B."

Other related actions will be required by CDA. In summary, it will revise the Preliminary Design Report (PDR) to reflect the appropriate number of wells, their location and the permitted zone of production. It will adopt a Mitigated Negative Declaration in connection with the Expansion Project. This environmental review is in addition to the Supplemental Environmental Impact Report on the Peace II Measures completed by IEUA earlier this month and referenced in Watermaster Resolution 2010-04.

CDA will need to finalize a complementary Intergovernmental Agreement, further describing the construction contract administration responsibility of the Expansion Parties. There appear to be no material issues to be resolved as to this Intergovernmental Agreement.

Finally, the individual members of CDA are expected to adopt the Proposed Appropriator Resolution committing each entity to supporting the approved Expansion Project as described below.

Workshop and Stakeholder Comments

The draft resolution and accompanying exhibits were presented at a Watermaster workshop on September 14, 2010. Staff presented testimony in support of the proposed findings. An outline of these comments is attached hereto.

Watermaster requested the stakeholders to provide written comments, if any. Following the workshop, further introductory meetings were held with each of the Pools and the Advisory Committee. In addition, meetings were held with a representative group of members of the Appropriative Pool that were not involved in the CDA or the Expansion Project. These meetings led to the generation of further input and comments that focused on the draft resolution and requested modifications to address the following: (1) a more complete inclusion of the parties' collective Replenishment obligations for the Desalters and to include an express reference to the potential re-opener if there is a material reduction in the net cost of product water; (2) clarification that no amendment to the Judgment, the Peace Agreement and Peace II Measures was intended; (3) the assumption of responsibility for project completion by each of the members of CDA rather than WMWD alone; and (4) a requirement that WMWD pay a sum to the Watermaster for purposes of offsetting historical contributions to the OBMP. (See Peace Agreement Section 5.5(e).)

Items 1 and 2 were easily effectuated in the amended Resolution. Items 3 and 4 were addressed as follows below.

Individual Undertaking

CDA is not a Party to the Judgment, and it has been steadfast in its desire to maintain its independence from the Judgment. WMWD took on a conditional obligation to plan, design and construct the Future Desalters as described in Article V of the Peace II Agreement. Although the Peace II Agreement contemplated that WMWD might join with the other Expansion Parties and ultimately implement the Expansion Project through the CDA, there is no existing commitment from the CDA members to support the completion of the Expansion Project. The absence of a commitment by each of the members of CDA that are also Parties to the Judgment left Watermaster and stakeholders outside of the CDA with risk and uncertainty that future delays in the completion of the Expansion Project could subject them to considerable economic exposure. Because WMWD was the sole CDA member that had undertaken the obligation to complete the Expansion Project, there was the potential that another member of CDA could impede progress.

The draft Appropriator Resolution (Exhibit I) has been crafted to account for an anticipated undertaking by each of the members of the CDA (but not CDA) to make a commitment regarding the Expansion Project. That is, each of the members of CDA would agree to exercise good faith and reasonable best efforts toward completing the Expansion Project as it is approved by CDA. This would not be tantamount to a guarantee of project completion – it would make each of the members of CDA accountable for supporting the completion of the Expansion Project as approved by CDA.

The proposed Appropriator Resolution is conditioned on all other CDA Appropriators passing a similar Resolution, Watermaster's action, Court approval and the final execution of Water Purchase Agreements by CDA along with CDA's final action. Although executed versions are not presently available, Staff and Counsel for the participating stakeholders have agreed to recommend that each of their respective entities adopt the Resolutions in a form substantially similar to the Draft attached as Exhibit I.

Based upon information received and the urgency of the required action, Watermaster reasonably expects that these Appropriator Resolutions can and will be adopted and transmitted to Watermaster prior to the end of this calendar year. If there is a failure to provide the requested Appropriator Resolutions, Watermaster can revisit the basis for its findings and take corrective action.

As for the importance of the Appropriator Resolution, once adopted it will provide a basis for Watermaster to receive quarterly progress reports regarding the Expansion Project which will improve the reporting process with the Court and the Regional Board. Once there is a Court order approving Watermaster's action and directing it to proceed, there will also be a form of direct accountability for performance by all CDA members, which is what Watermaster and the stakeholders have sought to achieve.

Make Whole for Historical Investments in the OBMP

Based upon the total investment and risk profile assumed by WMWD (See WMWD financial profile), it will expend tens of millions of dollars in furtherance of an important OBMP function; Hydraulic Control through Basin Re-Operation. WMWD assumed the primary responsibility for implementation of the proposed Expansion Project under Article V of the Peace II Agreement and it has already made substantial progress towards completion. As of this writing, WMWD has spent \$5 million in out-of-pocket costs and the Expansion Parties have incurred \$15 million in total. While as much of 1/3 of these expenses may be reimbursable by third parties, the effort has been substantial. Given the amount of expenditures made to date, the anticipated further expenditures and the risks associated with capital construction and third-party grants, it is reasonable to conclude that WMWD need make no further contributions pursuant to Section 5.5(e) of the Peace II Agreement for sole and exclusive purpose of this Watermaster approval.

However, the prospect that WMWD might intervene into the Appropriative Pool, concurrent with the approval of the Expansion Project, led some parties to conclude that the total number of benefits received by WMWD would exceed those required for the Expansion Project to proceed. There are also other matters in which the extent of WMWD's historical contributions might become relevant.

While WMWD did not agree or disagree with the estimations of potential value of intervention into the Appropriative Pool, it could not be fairly asked to complete that assessment and close on these terms now. Accordingly, the proposed resolution offers WMWD a 24-month window to elect to either negotiate terms under which it will intervene into the Appropriative Pool or assign its Production attributable to the Desalters to an Appropriator member of the CDA. The assignment is for accounting purposes only and it would have no impact on rights or obligation of any party. Moreover, the consideration of "historical contributions" for this purpose (Expansion Project Approval) will have no bearing whatsoever on any further determinations on any other provision of the Peace II Agreement.

Watermaster Findings and Determinations

In addition to Watermaster's strong interest in a timely completion of the Expansion, it also has a keen interest in making findings and determinations regarding the consistency of the proposed Expansion with prior agreements, court orders and Regional Board permits. Moreover, on behalf of the Parties to the Judgment and in its own capacity, Watermaster desires verification that the proposed suite of actions will satisfy the outstanding obligations of the parties for Future Desalters. (Peace Agreement, Peace II

Agreement). The Parties to the Judgment will all want the security of the release presumed by Peace Agreement Section 10.2. IEUA and WMWD desire release from their funding obligations under Section 10.4 of the Peace II Agreement upon completion of the construction of the Expansion Project.

Watermaster has specific interests in the location of the Chino Creek Well-Field so as to effectuate the purpose of Hydraulic Control (inclusive of well depth and pumping), the avoidance of land subsidence; and the avoidance of Material Physical Injury.

The potential impacts attributable to the general lowering of the water table were analyzed in connection with the Court approval of the Peace II Measures in 2007. The more specific impact in the immediate vicinity of the Expansion Project was addressed in the SEIR completed by IEUA for the Peace II Measures.

To avoid potential Material Physical Injury, Watermaster is requiring compliance with the SEIR mitigation measures and it will monitor the potential land subsidence, develop protocols and will act in a manner similar to how it has in Management Zone Number 1. Funds will be required to implement this expanded monitoring program and Watermaster will report further on the specific elements of this plan prior to the Expansion Project going "on-line."

As for individual well impacts, Watermaster has identified 8-9 agricultural wells that may be subject to differential draw-down approximately 15 feet greater than in a no-project scenario. CDA has an existing Emergency Response Plan and it is expected that it will expand the Plan to cover these 8-9 wells. The present plan has been included within the package, and CDA will provide Watermaster with its updates.

Following the Watermaster Strategic Planning Conference, additional questions were raised by stakeholders regarding the integration of the Recharge Master Planning efforts and the Expansion Project. Consequently, the Watermaster Resolution underscores the linkage between a successful implementation of the Recharge Master Plan and the continued availability of the 400,000 acre-feet of controlled overdraft in support of Hydraulic Control.

In addition to these measures and clarifications, the Watermaster Resolution does not preclude any common law rights or defenses, whatever they may be. There are several factual acknowledgements that are material to the reasonableness of well depths and perforated zones which reflect common and customary engineering practices. (See Whereas 39-43)

As for WMWD's intervention into the Appropriative Pool, initially, it was thought that WMWD might seek to intervene into the Appropriative Pool. Under the proposed Resolution 2010-04, as amended, this decision has been decoupled from Watermaster's approval of the Project as described above. There is a general desire for a restatement of the Desalter Replenishment obligations for the avoidance of doubt, and this has been carried forward in the revised Proposed Resolution in a more complete fashion, as noted above.

For all these reasons, the Parties to the Judgment desire an evidentiary record be developed to provide substantial evidence of the proposed findings and determinations that can be presented to the Court. Following a hearing before the Court, Watermaster's request would be for any concerned parties to present objections and that the Court would direct Watermaster to proceed. This would provide the clarification and certainty desired to establish a foundation to invest tens of millions in proposed improvements.

CDA

Staff and Counsel are recommending that Watermaster approve the proposed Draft Resolution in its final form prior to action by CDA which, depending upon the expected actions from the Metropolitan Water District (MWD), should be between December 2010 and February 2011. To stay within the commitments to the Court and the Regional Board, Watermaster is concerned about a further delay in the approval of agreements.

There are, however, potential impediments to closing in this time frame. They include timely approval of the Appropriator Resolutions, timely completion of environmental review, a MWD decision as to whether to authorize a Local Resources Program stipend or subsidy, and water quality negotiations with the County of San Bernardino over the cleanup of the Chino Airport contamination.

It is also possible that the failure to timely resolve one or more of these matters may cause the WMWD to exercise an option under the Peace II Agreement to decline proceeding with the Expansion because the identified costs exceed the established "cost-cap." While WMWD has expressed its desire to proceed with the Expansion, it has also stated there are financial limitations on its ability to do so.

In addition, the failure to resolve these issues may impact CDA's ability to act as planned. However, in the opinion of Staff and Counsel, Watermaster can revisit the matter if good cause is presented.

Staff Recommendation

Staff recommends approval of the Resolution as conditioned therein.

Actions:

October 7, 2010 Appropriative Pool – Moved to Hold a Special Meeting on October 21, 2010 at 8:00 a.m.
 October 7, 2010 Non-Agricultural Pool – Moved to Authorize Bob Bowcock to Support the Motion made at the Advisory Committee and Watermaster Board meetings and Advocate any Edits Made at the Advisory Committee and Watermaster Board Meetings
 October 14, 2010 Agricultural Pool – Moved to Conditionally approve Resolution Subsequent to the Final Approval by the Agricultural Pool Chair, Vice-chair, Director Vanden Heuvel, and Director Hofer
 October 21, 2010 Special Appropriative Pool – Move to approve Resolution 10-04 subject to approval of the Appropriator Resolution in Exhibit "I" by the individual CDA Appropriators and recommend Watermaster Board approval of the Resolution
 October 21, 2010 Advisory Committee – Move to approve Resolution 10-04 subject to approval of the Appropriator Resolution in Exhibit "I" by the individual CDA Appropriators and recommend Watermaster Board approval of the Resolution. Non-Agricultural Pool voted no
 October 28, 2010 Watermaster Board –

Exhibit A

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**PROPOSED PRINCIPLES FOR FACILITATING
PHASE III OF THE CHINO BASIN DESALTERS**

Objectives:

1. Provide reasonable assurances to the Expansion Group (Western Municipal Water District, the City of Ontario, and the Jurupa Community Services District.) so that it may first proceed with expenditures for the construction of two new test wells and related monitoring wells now and the further efforts to secure hydraulic control under consideration without risk that the Expansion Project will be rejected by the Chino Basin Desalter Authority (CDA a joint powers agency comprised of the cities of Chino, Chino Hills, Ontario, Norco, the Jurupa Community Services District, the Santa Ana River Water Company, the Inland Empire Utilities Agency (IEUA) as a non-voting member and the Western Municipal Water District as a non-voting member) for reasons related to the determination of projected O&M costs for the consolidated Desalter facilities (Phases I, II and III) are greater than 10 percent.

2. Provide reasonable assurances to the non-participating CDA members (the Cities of Chino, Chino Hills, Norco, Santa Ana River Water Company and IEUA) that the Expansion Project will not cause them to incur unreasonable risk and expense upon acceptance of the Expansion Project by the CDA.

3. Provide reasonable assurances to the Court and to the Regional Water Quality Control Board regarding the parties' progress of the Expansion Project and achievement of Hydraulic Control.

Proposal:

1. There is a presently defined "check-in" period as identified in the JPA Amendment No. 2. This "check-in" was intended to provide certainty regarding the potential economic impact of the Expansion Project (as defined in the Preliminary Design Report) on existing operations and maintenance expenses (O&M). However, the lack of certainty regarding the timing and the methodology applicable to the "check-in" has actually caused uncertainty and chilled the Expansion Group's desire to commit to certain potential expenditures until the parties reached 90% final design. Accordingly, as a surrogate for and in complete satisfaction of the existing "check in" at the 90% final design stage as described in JPA Amendment No. 2, the CDA and the Expansion Parties would instead use the following criteria.

(a) There are the two reports prepared by Carollo and RBF Engineers which now demonstrate that the expected O&M costs will not exceed 10%. The RBF and Carollo reports have been further adjusted to incorporate actual historical cost data. Consequently, prior to the Expansion Group proceeding further with the drilling of the

wells referenced in the revised Project description and subsequently proceeding with additional measures that are reasonably calculated to achieve hydraulic control, the CDA should receive the two reports, and including the revisions to reflect actual historical data and provisionally find that the cost projections contained therein are within the 10% cap for O&M (and will not be exceeded other than as may result from water quality risks see (b)(i) below and MWD's failure to fund the expected Local Resources Program (LRP) see Section 2(b)(ii) below.) The Parties will deem this review sufficient to account for all O&M quantification issues for purposes of calculating whether the 10% cap for O&M has been exceeded other than for water quality treatment costs.

(b) With respect to water quality treatment costs, to fairly balance the need for the Expansion Group to proceed with the construction of the Chino Creek Well-Field (the revised Project description – two wells) and to continue with additional measures to secure Hydraulic Control pursuant to the Expansion Project, a subsequent exceedance of the 10% cap on O&M costs for reasons related to the cost of treatment for water quality will become a contingent economic tail obligation (condition subsequent establishing a defined financial obligation) and not a further condition of acceptance of the project.

i. The cost of treating for water quality unrelated to the identified contamination from the Chino Airport plume will be determined at the time there is sufficient information obtained from the new test wells contemplated by the revised Project description. If the representative sampling is sufficient to reasonably project future O&M costs related to the treatment of water quality other than contamination, then the future O&M will be determined at this time. There is a preference for maintaining a "postage stamp" O&M rate for CDA water, consequently, if the cost of water quality treatment, when added to the O&M cost increase predicted by the average of revised RBF and Carollo reports, do not cause total projected O&M costs to exceed 10 percent, then there will be no further Expansion Group responsibility for incremental water quality treatment costs and the matter will be closed. If the projected cost of water quality treatment will cause the total O&M costs to exceed 10% because of the Expansion Project, the O&M rate paid by the Expansion Group will be subject to a surcharge for the increment of the O&M cost exceeding 10% (Water Quality Surcharge). Thereafter, if the Water Quality Surcharge is implemented, it will be subject to discretionary review by CDA no more frequently than once every three years, whereby CDA will consider all actual historical O&M costs, including cost reductions, for purposes of calculating whether O&M costs, inclusive of water quality treatment (for other than contamination from the Chino Airport Plume) have been less than 10% and whether they can be reasonably projected to remain less than 10%. If the cumulative actual O&M costs are greater than 10% (other than for contamination) the Water Quality Surcharge will be maintained. If actual costs and reasonable projections indicate that the cumulative O&M costs (for other than contamination from the Chino Airport Plume) will not exceed 10%, the Water Quality Surcharge will be terminated; there will be no further re-openers and the matter will be closed.

ii. Assuming Metropolitan Water District (MWD) approves either a uniform Local Resources Program (LRP) funding for all three Phases of the Desalters or one for the Expansion Project alone, the subsequent continuing availability of some or all of the LRP funding shall not be considered a benefit received or an obligation independently incurred by either the Expansion Group or the Non-Participating members for purposes of any O&M cost calculation. However, if MWD does not approve, or reduces or increases, LRP funding for either the uniform or the Expansion Project, then the Expansion Group may elect in its complete discretion to proceed with the Expansion Project and pay the incremental expense in O&M costs greater than 10%, withdraw from the Expansion Project, secure third-party funding or engage in negotiations with non-participating CDA members for purposes of effectuating the intentions expressed in this Subsection ii and maintaining an equitable apportionment of O&M costs with knowledge of the facts available at that time. The non-participating CDA members will not be compelled to incur an increase in O&M costs greater than 10% because of the CDA's election to proceed forward despite MWD's failure to fund the requested LRP.

iii. As between CDA and Watermaster, Watermaster will remain primarily responsible for addressing the contamination from the Chino Airport Plume and in continuing cooperation and coordination with CDA will pursue the Responsible Parties for all incremental CDA capital costs and operations and maintenance costs. To the extent capital and O&M costs attributable to redressing water quality degradation from the Responsible Parties is incurred prior to resolution of threatened or actual litigation, CDA will front (cover) the added costs as a form of bridge financing (current and expanded). CDA may elect to request Watermaster to fund the bridge costs but Watermaster's agreement shall not be a requirement of this Agreement. The proceeds from any recovery will be paid to CDA and used to defray the actual incremental cost attributable to treating the contaminated water. Additional proceeds may be distributed and used in the discretion of the CDA.

iv. The water purchase agreements will be amended to account for this knowable and defined cost in the event either contingency occurs.

2. The Inter-governmental agreement will be amended to reflect that there will be "two test wells" - rather than "up to". A reference to the possibility that the wells might be converted to production wells after further compliance with CEQA is desired.

3. The CDA Board and the Expansion Group will independently approve the provisional revised schedule that is transmitted to the Regional Board by Watermaster. Watermaster will not request and the CDA and the Expansion Group do not intend through their actions to become permittees or to assume a direct or indirect relationship with the Regional Board through this acknowledgment.

4. The Expansion Parties reserve the right to address the proposed mitigation, their responsibility for the identified measures and the projected costs prior to proceeding with the Expansion Project.

5. These principles are expressly subject to Watermaster determinations that the well-field operation will not cause Material Physical Injury and that the wells will effectuate the purposes of hydraulic control. The Expansion Group and the non-participating CDA members will exercise good faith and reasonable efforts to comply with Watermaster directives. So long as CDA complies with Watermaster's directives concerning the location, construction and operation of the wells used to secure Hydraulic Control, CDA does not expect to incur additional costs or third-party liability and it does not intend to assume any such liability.

6. The Expansion Group covenants that it will pay for all capital costs for the entire Expansion Project.

7. The parties will exert reasonable best efforts to effectuate these principles, conforming legal instruments and expeditiously determine the relative "buy-in" so as to eliminate further uncertainties.