Exhibit “A”

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117°40'0"W

34°0'0"N

Chino Ave
Schaefer Ave
Edison Ave
Euclid Ave
Grove Ave
Archibald Ave
Haven Ave
Hamner Ave
15
Bellegrave Ave
Cucamonga Creek
Merrill Ave
Kimball Ave
Chino Creek
Pine Ave
Winevile Ave
Limonite Ave
Chino-Corona Rd
71
Santa Ana River
Prado Flood Control Basin
McCarty Rd
OCWD Prado Wetlands

-5
-10
-15
-20
-25
-30

I-1 I-2 I-3 I-4 I-5 I-6 I-7 I-8 I-9 I-10 I-11 I-13 I-14 I-15

II-1 II-2 II-3 II-4 II-6 II-7 II-8 II-9

117°40'0"W

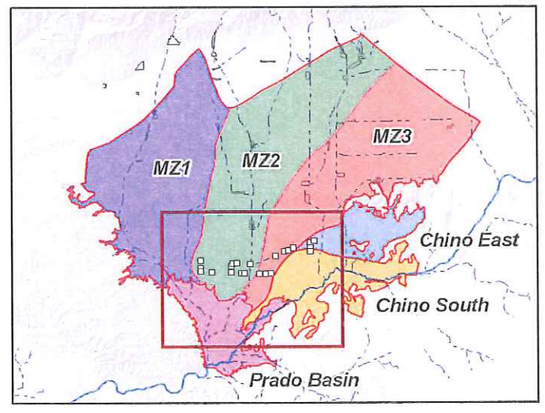
Maximum Projected Drawdown Caused by Expansion of the Chino Desalter Program

-5 to -10 ft
-10 to -15
-15 to -20
-20 to -25
-25 to -30
-30 to -35
-35 to -40

-20

The Mitigation Area is defined by maximum projected drawdown greater than 20 ft.

- Existing Active Production Well
- Existing Inactive/Abandonded Production Well
- Proposed Chino Creek Well Field
- Existing Chino Desalter Well
- Nested HCMP Monitoring Well
- Unconsolidated Sediments
- Management Zone Boundaries



Prepared by:

WILDERMUTH ENVIRONMENTAL INC.

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Lake Forest, CA 92630
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Author: AEM
Date: 20100816
File: CCWF_Drawdown.mxd

0 1 Miles
0 2 KM

Prepared for:

CEQA Mitigation Monitoring and Reporting Program
Peace II SEIR

Mitigation Area for Groundwater-Level Decline Caused by Expansion of the Chino Desalter Program

Figure x-x

Exhibit "B"

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WILDERMUTH™
ENVIRONMENTAL INC.

November 13, 2008

Chino Basin Watermaster
Attention: Kenneth R. Manning
Chief Executive Officer
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

Subject: Response to Condition Subsequent Number 7

Dear Mr. Manning:

Pursuant to your request, Wildermuth Environmental, Inc. (WEI) reviewed the December 20, 2007 Special Referee's Report and the Honorable Judge Gunn's December 21, 2007 Court Order with regard to Condition Subsequent No. 7 (CS7). Specifically, you asked WEI to develop and recommend a response to CS7 for the Watermaster's consideration and use in the Watermaster's response to the Court. Our review and recommendations are summarized below.

Condition Subsequent No. 7

CS7 reads:

> By December 31, 2008, Watermaster shall prepare and submit to the Court for approval a revised schedule to replace the initial corrected schedule, which submittal shall include a reconciliation of new yield and storm water estimates for 2000/01 through 2006/07, and a discussion of how Watermaster will account for un-replenished overproduction for that period.

There are two issues posed by the CS7. The first issue relates to under-replenishment of the Chino Basin desalters during the 2000/01 through 2006/07 period. The following questions need to be answered to resolve this issue:

- What was the magnitude of said under-replenishment?
- How will the Watermaster fulfill the replenishment obligation?

The second issue relates to how Watermaster accounts for the new yield created by the operation of the recently constructed recharge improvements, referred to as the Chino Basin Facilities Improvement Program (CBFIP). To resolve this issue, the following questions need to be answered:

- What was the volume of storm water recharge over the 2000/01 through 2006/07 period?
- What part of this recharge is "new" and how will the Watermaster account for this new recharge?

Under-Replenishment of the Chino Desalters During the 2000/01 through 2006/07

The *Chino Basin Water Resources Management Study* (MW, 1993) and the subsequent early desalter engineering studies used groundwater flow models to evaluate groundwater basin response to desalter proposals and concluded that the inducement of new Santa Ana River inflow to the Chino Basin would occur from the then proposed Chino desalters. Subsequent investigations during the development of the Optimum Basin Management Program (OBMP) produced a similar result. One of the conditions necessary to generate new yield with the desalters is to assume that new yield will occur and to conduct replenishment operations with that assumption. At the time of the desalter startup, around 2000, WEI used Watermaster's *Rapid Assessment Model* (RAM) of the Chino Basin to determine how much new yield could be obtained from the Santa Ana River. (RAM is a steady state model that produces an equilibrium response to any prescribed groundwater management plan.) Through the application of RAM, it was determined that Watermaster should assume that about half of the desalter production would come from the River.

Our current models are, by contrast, very detailed transient models. The recent modeling work done for the Peace II process suggests a very different answer for the new yield associated with the desalters and the reoperation authorized by the Peace II Agreement. In analyzing future reoperation alternatives, it was determined that the induced Santa Ana River recharge lagged the dedication of groundwater storage to desalter replenishment by several years. Table 1 shows the Initial Corrected Schedule[1] referred to in CS7. The planning simulation for this schedule started in July 2006. This table contains the estimated new yield from the Santa Ana River and the time history of withdrawals from the reoperation accounts used to satisfy the desalter replenishment obligation. Note that new yield from the river appears to start in fiscal year 2011/12 and rises to about 5,000 acre-ft/yr by 2021/2022. The column titled "Residual Replenishment Obligation" is the desalter replenishment obligation that must be satisfied through either physical recharge, other sources provided for in the Peace II Agreement, water acquired from other storage accounts, or a combination of these sources. One of the take aways from Table 1 is that the induced Santa Ana River recharge originally projected to occur in the 2000/01 through 2006/07 period did not occur.

Table 2 shows desalter production during the 2000/01 through 2006/07 period, which totals to about 91,200 acre-ft. This production must be fully replenished. The table shows that 36,400 acre-ft of replenishment obligation was provided by the Desalter Account, that 25,700 acre-ft was provided by the CDA reoperation account, and that about 29,100 acre-ft was provided projected new Santa Ana River recharge. However, as mentioned above, the new modeling results strongly suggest that new Santa Ana River recharge did not occur; thus, there is an outstanding replenishment obligation of about 29,100 acre-ft.

There are four water sources that can be used to make up the outstanding replenishment obligation, including 1) physical (wet-water) recharge with supplemental water, 2) a debit from the non-Western Municipal Water District (WMWD) reoperation account[2], 3) other sources provided for in the Peace

[1] The term *Initial Corrected Schedule* refers to the specific schedule of desalter production, projected new yield, use of reoperation water for desalter replenishment, and other desalter replenishment that was requested by the Court during the Peace II process.

[2] It is likely that the WMWD will become a member of the CDA before the end of 2008. The WMWD reoperation account refers to the water in storage that is dedicated to desalter capacity that will be constructed by the WMWD

II Agreement, 4) water acquired from other storage accounts, or a combination of these sources. Physical recharge is the least desirable alternative because it will retard the projected buildup in new yield (as shown in Table 1), it works counter to hydraulic control, and it will come at a great cost. Figure 1 shows the time history of projected Santa Ana River recharge attributed to desalter production with reoperation and the estimated retardation of the projected buildup in new yield if the 29,100 acre-ft were replenished with physical recharge. A better approach is acquire the replenishment water either from the non-WMWD reoperation account, other sources provided for in the Peace II Agreement, other water from existing storage accounts if available, or a combination thereof. Table 3 presents a modified version of the Initial Corrected Schedule, extended back to fiscal 2000/01, that shows historical and projected desalter production, projected new yield, the time history of withdrawals from the Desalter Account, projected withdrawals from the reoperation accounts, and the historical and projected residual replenishment obligation. In this schedule, it was assumed that the Watermaster would debit the non-WMWD reoperation account in fiscal 2009/10; although it could be done this year as well. If the replenishment water was supplied from the non-WMWD reoperation account, the non-WMWD reoperation account would be depleted one year earlier than initially projected in Table 1.

Reconciliation of Storm Water Recharge for the 2000/01 through 2006/07 Period

In addition to the new yield created by new Santa Ana River recharge, the Peace Agreement provides for new yield created by new storm water recharge. New storm water recharge refers to the additional storm water recharge that results from the CBFIP and subsequent storm water recharge enhancements. New storm water recharge is equal to the total volume of storm water recharge minus the storm water recharge that would have occurred without the CBFIP and subsequent storm water recharge enhancements.

The CBFIP was mostly completed during fiscal 2004/05. The Inland Empire Utilities Agency (IEUA) managed CBFIP construction and currently operates the CBFIP facilities. These facilities are operated pursuant to an agreement between the Watermaster, the IEUA, the Chino Basin Water Conservation District, and the County of San Bernardino. The IEUA collects data and prepares storm water recharge estimates for each of the recharge basins in the Chino Basin. The IEUA reviews its calculations with the Groundwater Recharge Coordinating Committee and provides the final estimates to the Watermaster. Recently, we developed pre-CBFIP storm water recharge estimates for use in our groundwater modeling work for both the Peace II Agreement and, more recently, the material physical injury analysis of the Dry Year Yield Program Expansion. The WEI and IEUA estimates are provided in Table 4. The recharge facility locations are shown in Figure 2.

In contrast to the new yield developed by the desalters, the new recharge from recharge improvements varies significantly from year to year as a function of precipitation, storm water management practices, and the state of the recharge facilities. In 2003, Watermaster investigated two methods for computing new storm water recharge. The first method involves preparing estimates of the long-term average annual storm water recharge with and without the CBFIP and calculating the new yield as the difference. Modeling tools would be used to estimate recharge, and

and will be exclusively available to the WMWD. The non-WMWD reoperation account refers to the other water in the reoperation account.

the new yield estimate would be refined over time if historical observations demonstrated that the assumptions, data, and/or models needed to be refined. With this approach, the new yield estimate is more stable over time, providing certainty to the members of the Appropriative Pool. Moreover, the yield of the Chino Basin is based on recharge components, some of which are highly variable over time (stormwater recharge and the deep percolation of precipitation), yet the yield is a constant value. This occurs because the Chino Basin is a large storage reservoir that buffers the effects of wet and dry periods. The use of a long-term average annual estimate of new recharge is consistent with the notion of the safe yield of the Chino Basin and other basins that are managed to a safe yield.

The second method would be to estimate actual recharge annually, based on observed data, and what would have recharged had the CBFIP not been implemented. The difference would equal the new yield. With this approach, the new yield estimate would be highly variable over time.

In April 2003, Watermaster adopted the first approach. The procedures for implementing this approach are as follows:

1. The volume of recharge provided by the pre-CBFIP facilities was assumed to be 5,600 acre-ft/yr (baseline) per the Peace Agreement implementation plan.
2. Assumptions were made about the additional recharge that would result from the CBFIP.
3. It was assumed that the CBFIP would produce a long-term average new recharge of 12,000 acre-ft/yr.
4. This assumed long-term average recharge (12,000 acre-ft/yr) would be used for the first five years of new recharge facility operations.
5. Each year, the performance characteristics and actual additional recharge would be determined.
6. At the end of five years, a new long-term average estimate of new recharge would be computed, based on the actual performance characteristics of the facilities
7. Any credit or debit that results from the initial estimate of additional recharge being too low or high, respectively, would be spread evenly over the next five-year period.
8. Repeat items 5 through 7 every five years.

This process started in fiscal 2004/05; thus, the five-year period will end in June 2009. The Watermaster is charged with developing a new long-term average recharge estimate using the recharge monitoring and performance data collected by the IEUA. The Watermaster should be able to prepare this estimate by the end of August 2009 and will then be in a position to execute step 7 listed above. Table 5 and Figure 3 show how such a calculation will be performed. In this example, the initial long-term average of new recharge was assumed to be 12,000 acre-ft/yr through 2008/09. A new long-term average of new recharge of 6,000 acre-ft/yr is computed in the summer of 2009 and is used for the next five years. Note that this estimate of new storm water recharge means that the Watermaster overestimated new storm water recharge by 6,000 acre-ft/yr for the first five years, resulting a cumulative overestimate of 30,000 acre-ft through the end of 2008/09. This overestimate is debited from the new recharge estimates for the 2009/10 through 2013/14 period and, in this example, results in a new recharge credit of zero acre-ft/yr through 2013/14. And, the initial overestimate is completely debited from the appropriators.

Recommended Responses to CS7

In response to the questions posed by CS7 as they relate to the under-replenishment of the Chino Basin desalters during the 2000/01 to 2006/07 period, our recommended answers are as follows:

1. What was the magnitude of the desalter under replenishment during this period? The estimated under replenishment is 29,070 acre-ft as shown in Table 2 and is numerically equal to the projected new Santa Ana River recharge.
2. How will Watermaster fulfill the replenishment obligation? Our recommendation is that Watermaster use either water from the non-WMWD reoperation account, other water that it can acquire from sources provided for in the Peace II Agreement, water acquired from other storage accounts, or a combination of these sources. Physical recharge will retard full acquisition of hydraulic control and will lead to reduced Santa Ana River recharge of about 5,000 acre-ft through 2030. There are no hydrologic or economic advantages to replenishing with physical recharge, only disadvantages.

In response to the questions posed by CS7 as they relate to the reconciliation of the new storm water recharge, our recommended answers are as follows:

1. What was the storm water recharge over the 2000/01 through 2006/07 period? The volume of storm water recharged during this period is provided in Table 4. The period through 2003/04 represents the pre-CBFIP period, as does the first part of the fiscal 2004/05. Thereafter, the storm water recharge totals include new storm water recharge.
2. What part of this recharge is "new" and how will the Watermaster account for this new recharge? The Watermaster will use the process described above, specifically steps 6 and 7, to account for new recharge. Watermaster will perform its first reconciliation in fiscal 2009/10 pursuant to the new storm water recharge policy it adopted in April 2003.

Please call me if you have any questions or need further assistance.

Wildermuth Environmental, Inc.

Mark J. Wildermuth
Chairman

cc.
Sheri Rojo, Chino Basin Watermaster
Ben Pak, Chino Basin Watermaster
Scott Slater, Brownstein Hyatt Farber Schreck
Michael Fife, Brownstein Hyatt Farber Schreck

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Table 1
Initial Corrected Schedule

(acre-ft)

Fiscal Year	Desalter Pumping	New Yield	Re-Operation			Residual Replenishment Obligation
			Replenishment Allocation for Desalter III	Replenishment Allocation to CDA	Balance	
					400,000	0
2006 / 2007	26,350	0	0	26,350	373,650	0
2007 / 2008	26,350	0	0	26,350	347,300	0
2008 / 2009	26,356	0	0	26,356	320,944	0
2009 / 2010	26,356	0	0	26,356	294,588	0
2010 / 2011	28,965	0	0	28,965	265,622	0
2011 / 2012	31,574	75	0	31,500	234,123	0
2012 / 2013	34,182	442	5,000	28,740	200,383	0
2013 / 2014	36,791	962	10,000	25,829	164,554	0
2014 / 2015	39,320	1,629	10,000	4,554	150,000	23,137
2015 / 2016	39,320	2,255	10,000	0	140,000	27,065
2016 / 2017	39,320	2,771	10,000	0	130,000	26,549
2017 / 2018	39,320	3,275	10,000	0	120,000	26,045
2018 / 2019	39,320	3,767	10,000	0	110,000	25,553
2019 / 2020	39,320	4,283	10,000	0	100,000	25,037
2020 / 2021	39,320	4,764	10,000	0	90,000	24,556
2021 / 2022	39,320	5,198	10,000	0	80,000	24,122
2022 / 2023	39,320	5,570	10,000	0	70,000	23,750
2023 / 2024	39,320	5,854	10,000	0	60,000	23,466
2024 / 2025	39,320	5,959	10,000	0	50,000	23,361
2025 / 2026	39,320	5,834	10,000	0	40,000	23,486
2026 / 2027	39,320	5,698	10,000	0	30,000	23,622
2027 / 2028	39,320	5,546	10,000	0	20,000	23,774
2028 / 2029	39,320	5,479	10,000	0	10,000	23,841
2029 / 2030	39,320	5,594	10,000	0	0	23,726
Totals	866,045	74,953	175,000	225,000		391,091

1 -- Note that the new yield projection shown above relates only to the storage reduction caused by the use of the reoperation water listed in this schedule. There was over 60,000 acre-ft of additional storage reduction that occurred during 2000/01 and 2005/06 that is not reflected in the new yield schedule. In the near future, Watermaster will determine the additional new yield created by the Pre Peace II reductions in storage and will include a new schedule for yield.

Table 2
Desalter Production and Replenishment 2000/01 through 2006/07
(acre-ft)

Fiscal Year	Desalter Production	Desalter Replenishment		
		Initial Projection of SAR Recharge	Desalter (aka Kaiser) Account	Re-operation Account
2000/01	7,989	3,995	3,995	
2001/02	9,458	4,729	4,729	
2002/03	10,439	5,220	5,220	
2003/04	10,605	5,303	5,303	
2004/05	9,854	4,927	4,927	
2005/06	16,476	4,897	11,579	
2006/07	26,356	0	608	25,748
Totals	91,177	29,070	36,360	25,748

Table 3
Initial Corrected Schedule Updated to Show Desalter Replenishment Accounting and Santa Ana River Inflow From 2000/01 through 2029/30, Shortfall Deducted from Non-WMWD Reoperation Account

(acre-ft)

Fiscal Year	Desalter Pumping	New Yield[1]	Desalter Replenishment				Residual Replenishment Obligation
			Desalter (aka Kaiser) Account	Re-Operation			
				Replenishment Allocation for Desalter III	Replenishment Allocation to CDA	Balance	
2000 / 2001	7,989	0	3,995				3,995
2001 / 2002	9,458	0	4,729				4,729
2002 / 2003	10,439	0	5,220				5,220
2003 / 2004	10,605	0	5,303				5,303
2004 / 2005	9,854	0	4,927				4,927
2005 / 2006	16,476	0	11,579			400,000	4,897
2006 / 2007	26,356	0	608	0	25,748	374,252	0
2007 / 2008	26,356	0	0	0	26,356	347,896	0
2008 / 2009	26,356	0	0	0	55,426	292,470	-29,070
2009 / 2010	26,356	0	0	0	26,356	266,114	0
2010 / 2011	28,965	0	0	0	28,965	237,149	0
2011 / 2012	31,574	75	0	0	31,500	205,649	0
2012 / 2013	34,182	442	0	5,000	28,740	171,909	0
2013 / 2014	36,791	962	0	10,000	1,909	160,000	23,920
2014 / 2015	39,320	1,629	0	10,000	0	150,000	27,691
2015 / 2016	39,320	2,255	0	10,000	0	140,000	27,065
2016 / 2017	39,320	2,771	0	10,000	0	130,000	26,549
2017 / 2018	39,320	3,275	0	10,000	0	120,000	26,045
2018 / 2019	39,320	3,767	0	10,000	0	110,000	25,553
2019 / 2020	39,320	4,283	0	10,000	0	100,000	25,037
2020 / 2021	39,320	4,764	0	10,000	0	90,000	24,556
2021 / 2022	39,320	5,198	0	10,000	0	80,000	24,122
2022 / 2023	39,320	5,570	0	10,000	0	70,000	23,750
2023 / 2024	39,320	5,854	0	10,000	0	60,000	23,466
2024 / 2025	39,320	5,959	0	10,000	0	50,000	23,361
2025 / 2026	39,320	5,834	0	10,000	0	40,000	23,486
2026 / 2027	39,320	5,698	0	10,000	0	30,000	23,622
2027 / 2028	39,320	5,546	0	10,000	0	20,000	23,774
2028 / 2029	39,320	5,479	0	10,000	0	10,000	23,841
2029 / 2030	39,320	5,594	0	10,000	0	0	23,726
Totals	930,877	74,953	36,360	175,000	225,000		419,565

1 -- Note that the new yield projection shown above relates only to the storage reduction caused by the use of the reoperation water listed in this schedule. There was over 60,000 acre-ft of additional storage reduction that occurred during 2000/01 and 2005/06 that is not reflected in the new yield schedule. In the near future, Watermaster will determine the additional new yield created by the Pre Peace II reductions in storage and will include a new schedule for yield.

Table 4
Estimates of Historical Storm Water Recharge in the Chino Basin During the Peace Agreement Period
(acre-ft)

Channel/Recharge Basin	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
San Antonio Channel / CB-59								
College Heights East (MZ1)	0	0	0	0	0	0	1	171
College Heights West (MZ1)	0	0	0	0	0	108	0	1
Upland (MZ1)	572	94	910	397	989	214	195	312
Montclair 1, 2, 3, 4 (MZ1)	1,982	837	3,757	1,296	3,350	1,296	355	859
Brooks (MZ1)	794	133	1,276	563	1,776	524	205	475
West Cucamonga Channel								
15th Street (MZ1)	0	0	0	0	0	0	0	0
8th Street (MZ1)	0	0	0	0	240	918	398	959
7th Street (MZ1)	0	0	0	0	380	353	242	0
Ely 1 (MZ2)	605	446	575	587	2,010	1,409	631	1,603
Ely 2 (MZ2)	0	0	0	0	0	0	0	0
Ely 3 (MZ2)	0	0	0	0	0	122	0	0
Riverside Drive Drain								
Grove (MZ2)	0	0	0	0	0	133	166	326
Cucamonga/Deer Creek Ch / CB-11								
Turner 1& 2 (MZ2)	167	100	192	0	452	1,870	250	1,166
Turner 3 & 4 (MZ2)	0	0	0	0	976	705	156	376
Day Creek Channel / CB-15								
Lower Day (MZ2)	0	0	0	0	2,798	624	78	303
Wineville (MZ3)	0	0	0	0	0	0	0	0
Riverside (MZ3)	0	0	0	0	0	0	0	0
Etiwanda Channel / CB-14								
Etiwanda Debris Basin (MZ2)	0	0	0	0	0	20	0	10
Victoria (MZ2)	0	0	0	0	0	330	260	427
Conservation Ponds (MZ3)	0	0	0	0	0	0	0	0
San Sevaine Channel / CB-13								
San Sevaine #1 (MZ2)	190	250	1,364	512	768	2,072	244	749
San Sevaine #2 (MZ2)	0	0	68	11	0	0	0	0
San Sevaine #3 (MZ2)	66	70	461	157	0	0	0	0
San Sevaine #4 & 5 (MZ2)	0	0	168	38	2,062	0	0	0
San Sevaine Reach (MZ3)	0	0		0	0	0	0	0
Jurupa (MZ3)	0	0	0	0	0	0	0	0
West Fontana Channel / CB-18								
Hickory (MZ2)	37	105	551	224	298	438	536	949
Banana (MZ3)	390	184	366	188	425	300	226	278
Declez Channel								
RP3 Cell 1a (MZ3)	0	0	0	0	1,105	507	237	511
RP3 Cell 3b (MZ3)	0	0	0	0	0	260	565	0
DeClez (MZ3)	0	0	0	0	19	737	0	730
Total Recharge	4,803	2,218	9,688	3,973	17,648	12,940	4,745	10,205
Index Precipitation 1192 Cucamonga (inches)	16.58	7.96	21.6	11.67	33.87	3.15	5.66	14.71
Index Precipitation 2206 Fontana (inches)	12.39	4.52	17.3	7.67	27.6	12.09	4.52	12.35

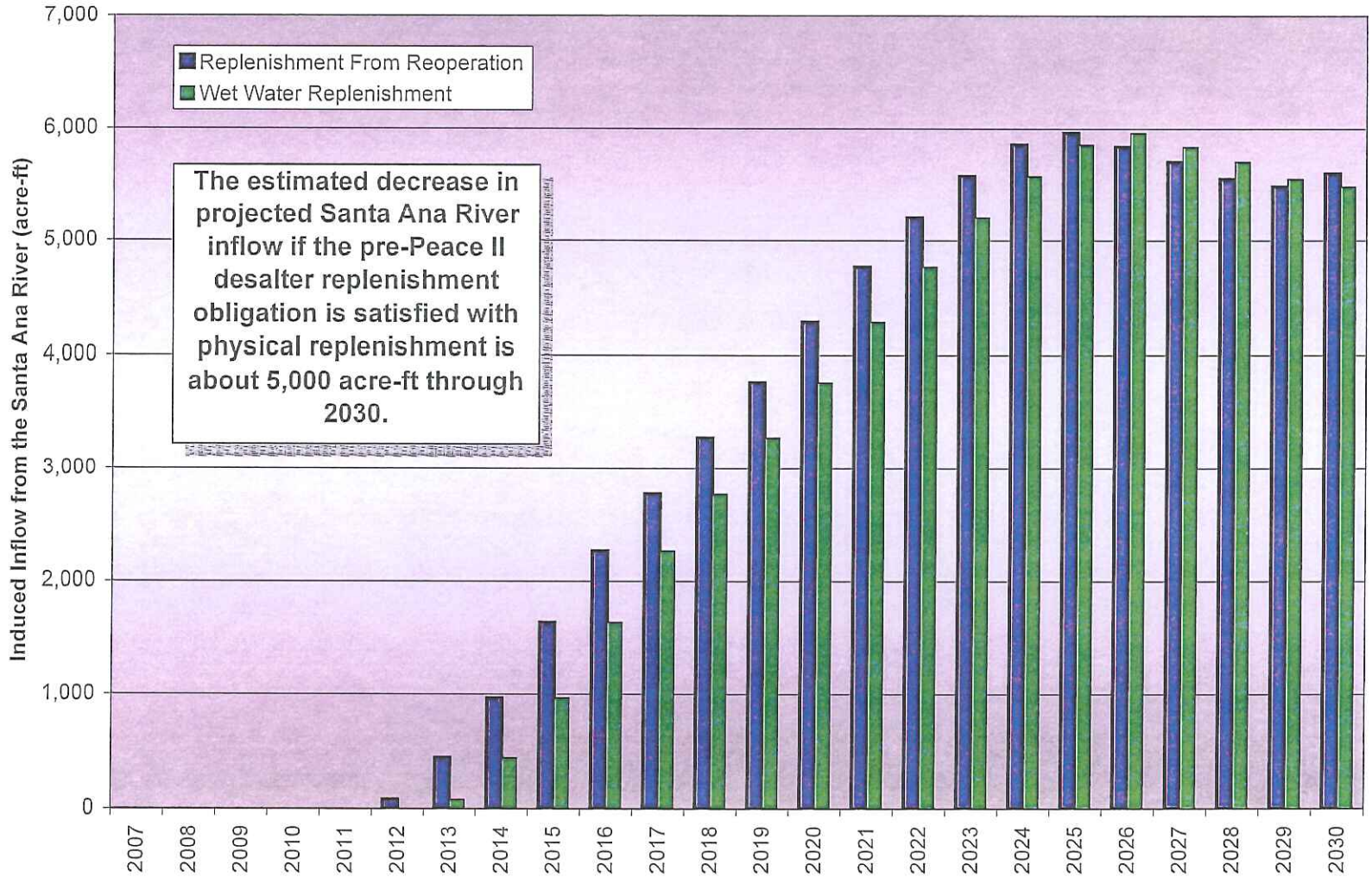
Table 5
Example of New Storm Water Recharge Calculation

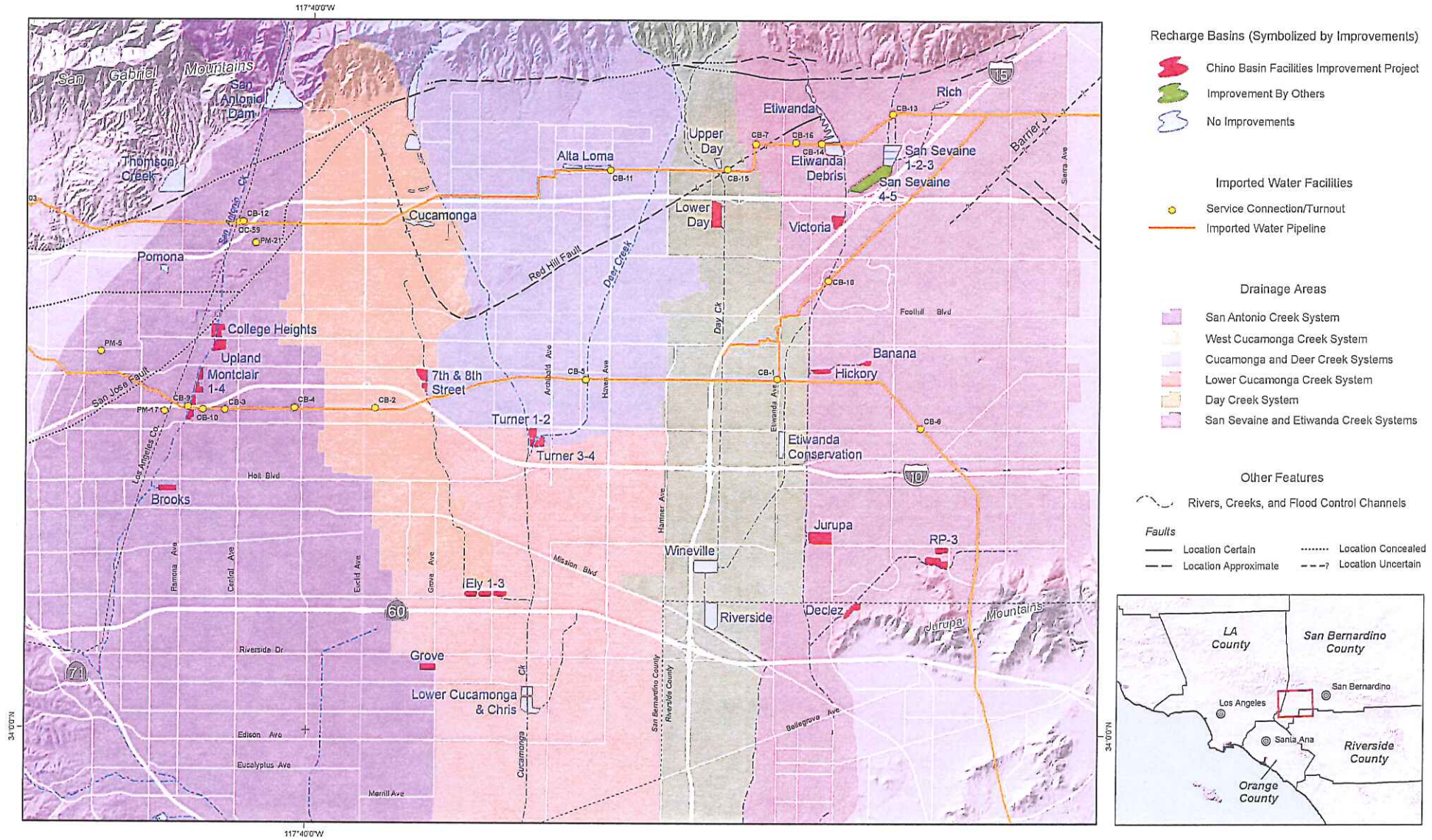
(acre-ft)

Fiscal Year Ending	Pre CBFIP Recharge	Estimated Total Recharge	Projected New Storm Water Recharge	Over Estimate of New Recharge	Cumulative Over (Under) Estimate of New Recharge
2005	5,600	17,600	12,000	6,000	6,000
2006	5,600	17,600	12,000	6,000	12,000
2007	5,600	17,600	12,000	6,000	18,000
2008	5,600	17,600	12,000	6,000	24,000
2009	5,600	17,600	12,000	6,000	30,000
2010	5,600	11,600	0	0	24,000
2011	5,600	11,600	0	0	18,000
2012	5,600	11,600	0	0	12,000
2013	5,600	11,600	0	0	6,000
2014	5,600	11,600	0	0	0
2015	5,600	11,600	6,000	0	0
2016	5,600	11,600	6,000	0	0
2017	5,600	11,600	6,000	0	0
2018	5,600	11,600	6,000	0	0
2019	5,600	11,600	6,000	0	0
2020	5,600	11,600	6,000	0	0
2021	5,600	11,600	6,000	0	0
2022	5,600	11,600	6,000	0	0
2023	5,600	11,600	6,000	0	0
2024	5,600	11,600	6,000	0	0
2025	5,600	11,600	6,000	0	0
2026	5,600	11,600	6,000	0	0
2027	5,600	11,600	6,000	0	0
2028	5,600	11,600	6,000	0	0
2029	5,600	11,600	6,000	0	0
2030	5,600	11,600	6,000	0	0
Totals	145,600	331,600	156,000	30,000	na

Estimated Total Recharge		331,600
Pre Improvement Recharge	-	145,600
Over Estimate of New Recharge	-	30,000
Assumed New Recharge	=	156,000

Figure 1
The Effect of Desalter Replenishment on Santa Ana River Inflow





P138

Produced by:

WILDERMUTH ENVIRONMENTAL INC.
23692 Birtcher Drive
Lake Forest, CA 92630
949.420.3030
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Author: AEM
Date: 20081112
File: Figure_2.mxd

Condition Subsequent 7 Report

Groundwater Recharge and Imported Water Facilities

Figure 2

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WILDERMUTH ENVIRONMENTAL INC.

May 27, 2010

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

Subject: Material Physical Injury Analysis – Wells I-16, I-18, I-MW16, I-MW18 of the Chino Creek Well Field

Dear Mr. Manning:

Per your request, Wildermuth Environmental, Inc. (WEI) has reviewed the *Detailed Technical Specifications for Drilling, Construction, Development, and Testing of Chino Basin Desalter Authority Wells I-16, I-18, I-MW16 and I-MW18, December 24, 2009* prepared by Geoscience Support Services, Inc. for the Chino Desalter Authority (CDA), and has prepared this opinion on consistency with the Optimum Basin Management Program (OBMP) and the Peace II project description, and the potential for material physical injury that could be associated with these proposed wells.

Wells I-16 and I-18 are the first of six production wells that are planned for the so-called Chino Creek Well Field (CCWF), and these wells are the subject of the material physical injury analysis. Wells I-MW16 and I-MW18 are two companion monitoring wells that will be constructed adjacent to the production wells to assist in aquifer testing. We anticipate no material physical injury associated with the drilling, construction, development and testing of the monitoring wells.

There are two main objectives of the CCWF: (1) to develop a supply of raw groundwater for an expansion of the Chino Desalter facilities and (2) to achieve and maintain hydraulic control of groundwater outflow from the Chino Basin. Achievement and maintenance of hydraulic control is a requirement of the Basin Plan as updated in 2004 and the Peace II Agreement as approved by the Court in December 2007.

Our primary concerns for material physical injury associated with the CCWF are the inability to achieve and maintain hydraulic control and the potential for land subsidence and ground fissuring.

Hydraulic Control. Hydraulic control is defined as the elimination of the groundwater discharge from the Chino-North management zone into the Prado Basin management zone (PBMZ). Currently, hydraulic control is not being achieved in the area of the proposed CCWF. Current piezometric data indicates that groundwater originating in the Chino-North management zone is discharging to the south in this area, mainly through the shallow aquifer system, into the PBMZ. The water quality in the shallow aquifer system is generally high in TDS and nitrate concentrations. Watermaster's (and IEUA's) primary objective is to ensure that groundwater pumping at the CCWF achieves hydraulic control in this area, so that these shallow poor-quality groundwaters do not exit the Chino Basin as rising groundwater which could decrease basin yield and degrade the quality of the Santa Ana River. Therefore, the wells of the CCWF should be located, constructed and operated to cause the requisite drawdown in the shallow aquifer system to achieve hydraulic control.

Land Subsidence. Pumping from the deeper confined aquifers (<200 ft-bgs) in the western portion of the Chino Basin can lead to excessive drawdown in these deep aquifers, which can lead to compaction of clay

and silt layers within the aquifer system, which can result in land subsidence and ground fissuring at the land surface. Pumping from the shallow unconfined aquifers typically causes less drawdown within the aquifer system and, hence, lessens the potential for material physical injury associated with land subsidence and ground fissuring.

Preliminary Opinion on Material Physical Injury. Watermaster recently completed and published a groundwater-flow modeling study of the Peace II project description called *2009 Production Optimization and Evaluation of the Peace II Project Description* (WEI, November 25, 2009). In this study, the CCWF was simulated to pump from six wells located in the southwestern portion of the Chino Basin. These wells were simulated to be screened exclusively across the shallow aquifer system which, in this region, is approximately 30-200 feet below ground surface (ft-bgs). The study demonstrated that this design and configuration of the CCWF was capable of (1) achieving and maintaining hydraulic control and (2) not causing excessive drawdown in the deeper confined aquifers that could lead to high rates and magnitudes of land subsidence.

In Figure 1 of the technical specifications referenced above, the production wells I-16 and I-18 are located in approximately the same locations as two of the CCWF wells that have been modeled and approved by Watermaster (WEI, November 25, 2009). If, in addition, these production wells are screened across the shallow aquifer system, then we anticipate no material physical injury associated with not achieving hydraulic control or with pumping-induced land subsidence and ground fissuring.

This opinion of no material physical injury is contingent upon the appropriate operation (pumping) of these wells in the future. We respectfully request the opportunity to opine on the appropriate operation of these wells and the potential for material physical injury after the entire CCWF has been installed and tested.

We appreciate the opportunity to serve the Watermaster and the Parties to the Judgment. Please call me if you have any questions or need additional information.

Very truly yours,

Wildermuth Environmental, Inc.

Mark J. Wildermuth, PE
Chairman

Andrew E. Malone, PG
Principal Geologist

Exhibit "D"

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Exhibit D: Desalter Replenishment Post-Peace II Measures, October 19, 2010

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EXHIBIT "D"

DESALTER REPLENISHMENT POST-PEACE II MEASURES

Summary

Desalter Replenishment is controlled by Peace II Section 6.2, attached hereto. As a result of the methodology referenced below, Western Municipal Water District (WMWD) will not incur *any* replenishment obligation for the 9 mgd expansion. This follows from the fact that WMWD is not a member of the Appropriative Pool and it was not required to become one as a precondition to the approval of the Peace II Measures, although it may elect in its discretion to do so.

WMWD has no share of Operating Safe Yield. Because the formula for apportioning the cost of Replenishment set forth in Section 6.2 attributable to the Desalters expressly excluded Production from the Desalters from the calculation of responsibility, even WMWD's intervention into the Appropriative Pool would not trigger a Replenishment obligation for WMWD. Specifically, without a share of Operating Safe Yield or any eligible groundwater production, there would be no basis to assess WMWD for a Replenishment Assessment.

It is also true that to the extent WMWD shared a portion of its rights to the 9 mgd expansion with Jurupa Community Services District and the City of Ontario as contemplated by Article VI, there would be no impact on the net Replenishment obligation of any other ~~p~~Party to the Judgment because *all* of the projected groundwater production planed for the proposed 9 mgd expansion was to be off-set by the apportionment of 175,000 acre-feet for this purpose; both in the Court proceeding and in the filing in compliance with Condition Subsequent Number 7 (attached hereto as Exhibit "B").[1] (See below.) Replenishment attributable to the Chino I and Chino II Desalters is also addressed by formula in Peace Agreement II Section 6.2(b)(ii).

Replenishment Example

The obligation for Desalter Replenishment, for existing Desalters (as the Expansion was fully off-set) was apportioned among the ~~p~~Parties to the Judgment in accordance with the hierarchy set forth in Peace Agreement II Section 6.2. Thus, assuming in Year X, there was 35,000 acre-feet of Desalter Production, the stated hierarchy of sources would be applied to satisfy the cumulative demand.

[1] Subject to an adjustment in the schedule to reflect actual operations.

(1) Kaiser: (Peace Agreement II Section 6.2(a)(i)
(2) No Ag Dedication (Peace Agreement II Section 6.2(a)(ii)
(3) New Yield other than Storm Water (Peace Agreement II Section 6.2(a)(iii)
(4) Losses from Storage and Recovery Agreements enforced as a Leave Behind (Peace Agreement II Section 6.2(a)(iv).
(5) Contributed safe yield (Peace Agreement II Section 6.2(a)(v)
(6) Controlled Overdraft as authorized (175 / 225). (Judgment Exhibit I.

Assuming for purposes of this example that the sum of (1)-(5) referenced above in Year X was 10,000 acre-feet, there would be a total Replenishment Requirement of 25,000 acre-feet. That quantity apportioned to the Expansion would be apportioned 10,000 acre-feet to off-set that production (assuming the schedule is adhered to) and the balance would be assumed by the Appropriative Pool in accordance with the formula set forth in Section 6.2(b)(ii). In summary, that formula divides the residual Replenishment obligation among the members of the Appropriative Pool on the basis of 50% Base Annual Production Right and 50% actual Production. The actual language of Section 6.2(b)(ii) reads slightly different, but it is not inconsistent. This formula is used elsewhere in the Peace II Agreement and it is commonly understood by the ~~p~~Parties to the Judgment and Watermaster to apply in the manner described in this paragraph and this Exhibit.

T~~ However, t~~he formula expressly, albeit provisionally, excludes Desalter Production from the calculation. This means that the 25,000 acre-feet of production in this example attributed to the Desalters would *not* form a basis to assess any member of CDA a larger assessment simply because they received ~~D~~desalted water. However, if there is a material reduction in the cost of desalted water, this provision was subject to a re-opener. (See below)

This structure preserves the intention of the parties, the Court and Watermaster to remove the Replenishment obligation from the cost consideration of the Expansion Project. The Replenishment obligation attributed to the Chino I and Chino II Desalters was a pre-existing and known obligation prior to Peace II. The use of water made available by the Peace II Measures substantially reduced the projected Replenishment obligation by 225,000 acre-feet.

It is true that there is a provision in Peace Agreement Section 6.2(b)(ii) that reflects that the exclusion of the Desalter production from the calculation might be revisited if the costs of water from the Desalters were to be materially reduced. However, as of October 28, 2010, Watermaster has no present information and thus no good cause that would suggest that the cost of product water from the Desalters is going to be substantially less than the negotiated price cap. Consequently it would appear that there is no present basis to reconsider this element although Watermaster and the Court would be authorized to revisit this provision if good cause were subsequently presented.

The treatment of Replenishment in any Renewal Term (Post-Peace Agreement 2030) is the subject of negotiation. (Peace Agreement II, Section 6.2(c).). This means that the inter-se allocation of the 400,000 acre-feet is fully addressed during the term of the Peace Agreement. The ~~p~~Parties to the Judgment are free to extend the Peace Agreement for the Renewal Term or to renegotiate any provision as a condition of extension.

Any individual member of the Appropriative Pool reserves discretion to meet their Replenishment Obligation in any manner that they may choose that is otherwise consistent with the Judgment. For example, a party may pursue water transfers, remove water from a stored water account or assign a share of Operating Safe Yield to offset their individual Replenishment Assessment. Nothing contained with Peace II and its treatment of Replenishment for the Desalters limited the pre-existing rights of the parties with respect to Replenishment.

Allocation of 400,000 A~~a~~cre-F~~f~~eet

As far as the inter-se apportionment of the allocation, Section 7 of the Peace II Agreement contemplated a fair process to arrive at an apportionment. An initial schedule was transmitted to the Court in response to the Court Order. The schedule was the subject of testimony and further reporting and ultimately a requirement for a schedule to be filed in connection with Condition Subsequent Number 7.

Watermaster filed its apportionment in response to Condition Subsequent Number 7, allocating 175,000 acre-feet to the expansion and 225,000 to the existing Desalters.

Peace Agreement II Section 7.2(e)(ii) authorizes Watermaster to propose revisions to the proposed schedule where good cause exists – supported by a technical explanation. A potential cause to revise the schedule might include the Expansion Project's failure to extract the allocated quantities as a result of delays in construction and operation. It is possible that there may be other public policy reasons that support other potential causes that would support a revision of the schedule, but no such reason has been presented to Watermaster.

In general, modest corrections are fairly likely to be acceptable. Material deviations may suggest a failure in one or more purposes of the OBMP Implementation Plan, and Watermaster is unable to predict how it may respond to the failure of the Expansion Project to proceed as planned.

Legal Effect of WMWD Intervention in the Appropriative Pool

As noted above, there is no requirement in the Peace II Measures that

WMWD intervene into the Appropriative Pool. There is a requirement that WMWD make the Appropriative Pool whole for historic contributions under Peace Agreement II Section 5.5(e). The requirements set forth in Section 5.5(e) of the Peace II Agreement have been satisfied by WMWD's assumption of project risk, out-of-pocket costs presently in excess of $5 million ($15 million for the Expansion Parties) and the further assumption of capital and operations and maintenance costs in excess of expectations (the cost-cap as for WMWD's portion of expenses. However, this finding is made only with regard to WMWD's obligation under Section 5.5 to complete final binding agreement(s) regarding Future Desalters. This finding is not intended to have any bearing or impact on the sufficiency of WMWD's assumption of risk and costs for any other purpose, including the availability of a reduced uniform loss percentage under Peace II Agreement Section 7.4. This finding also does not affect WMWD's rights or obligations to intervene into the Appropriative Pool on the terms and conditions that may be fairly agreed among the Appropriative Pool and WMWD.

Transferability of 400,000 Acre-Feet

There is no allocation of any portion of the 400,000 acre-feet to any individual party. The water is made available for the express purpose of off-setting Desalter production in furtherance of the obtaining Hydraulic Control through Re-Operation. The water is apportioned as provided in Watermaster's Response to Condition Subsequent Number 7 to the December 21, 2007 Order of the Court.

EXHIBIT D-1

PEACE II AGREEMENT: PARTY SUPPORT FOR WATERMASTER'S OBMP IMPLEMENTATION PLAN, – SETTLEMENT AND RELEASE OF CLAIMS REGARDING FUTURE DESALTERS

6.2 Peace II Desalter Production Offsets. To facilitate Hydraulic Control through Basin Re-Operation, in accordance with the 2007 Supplement to the OBMP Implementation Plan and the amended Exhibits G and I to the Judgment, additional sources of water will be made available for purposes of Desalter Production and thereby some or all of a Replenishment obligation. With these available sources, the Replenishment obligation attributable to Desalter production in any year will be determined by Watermaster as follows:

(a) Watermaster will calculate the total Desalter Production for the preceding year and then apply a credit against the total quantity from:

(i) the Kaiser account (Peace Agreement Section 7.5(a).);

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(b) To the extent available credits are insufficient to fully offset the quantity of groundwater production attributable to the Desalters, Watermaster will use water or revenue obtained by levying the following assessments among the members of the Overlying (Non-Agricultural) Pool and the Appropriative Pool to meet any remaining replenishment obligation as follows.

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(ii) A Replenishment Assessment against the Appropriative Pool, pro-rata based on each Producer's combined total share of Operating Safe Yield and the previous year's actual production. Desalter Production is excluded from this calculation. However, if there is a material reduction in the net cost of Desalter product water to the purchasers of product water, Watermaster may re-evaluate whether to continue the exclusion of Desalter Production but only after giving due regard to the contractual commitment of the parties.

(iii) The quantification of any Party's share of Operating Safe Yield does not include the result of any land use conversions.

(c) The rights and obligations of the parties, whatever they may be, regarding Replenishment Assessments attributable to all Desalters and Future Desalters in any renewal term of the Peace Agreement are expressly reserved and not altered by this Agreement.

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Exhibit D – Desalter Replenishment Post-Peace II Measures

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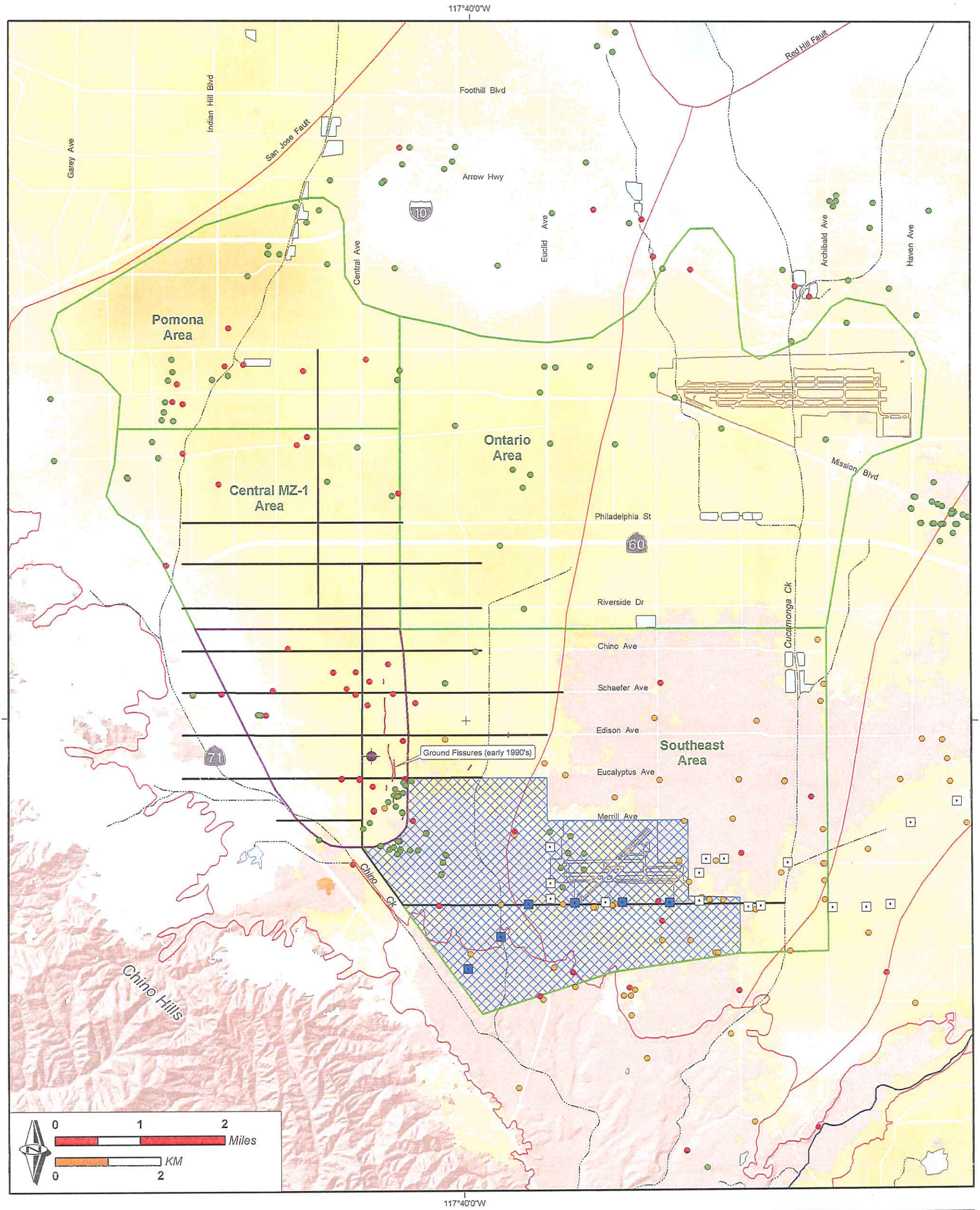


Groundwater-Level Monitoring

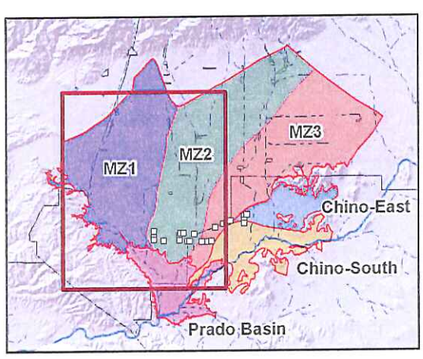
- Monthly Measurement (84 wells)
- Measurement by Transducer (134 wells)
- Owner Measures Water Level (476 wells)

Other Features

- Chino Desalter Well (Existing)
- Proposed Chino Creek Desalter Well
- Chino Basin Management Zones
- Areas of Subsidence Concern
- MZ1 Managed Area

Subsidence Monitoring

- Ayala Park Extensometer
- Leveling Surveys of Benchmarks
- Relative Change in Land Surface Altitude as Measured by InSAR Oct 2007 - Oct 2008 *(feet)*
  + 0.20 ft / 0 / - 0.20
  Tan areas represent regions where InSAR data is absent (incoherent)
- Proposed Area of Expanded Subsidence Monitoring
  Will include monitoring wells, extensometer(s), leveling surveys, and InSAR.



Chino Basin Watermaster's Current and Proposed Subsidence Monitoring Program

Figure x-x

Prepared by:
WILDERMUTH ENVIRONMENTAL INC.
23692 Birtcher Drive
Lake Forest, CA 92630
949.420.3030
www.wildermuthenvironmental.com

CEQA Mitigation Monitoring and Reporting Program

Author: AEM
Date: 20100817
File: Subsidence_Mitigation.mxd

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Implementation of the Peace II Measures (a series of related agreements and an amendment to the OBMP Implementation Plan) will result in a general lowering of groundwater elevation throughout the Chino Basin. This was known and documented in the Peace II engineering work which was referenced initially in *Final Report, 2007 CBWM Groundwater Model Documentation and Evaluation of the Peace II Project Description* (WEI, 2007). This report was submitted to the Court in November 2007 along with the final version of the Peace II Agreement and supporting documents. The Court received direct testimony regarding the report and it was reviewed in detail by the Court and was the subject to analysis by the Special Referee and consulting engineer.

The general lowering of the water table was a known physical condition for which there would be corresponding and off-setting water supply reliability, water quality and economic benefits. As well owners, the parties to the Judgment knowingly accepted the responsibility for redressing their individual impacts attributed to regional draw-down.

The Peace II Measures were approved by each of the three Pools, the Advisory Committee and the Watermaster Board prior to being transmitted to the Court. There was no opposition by the Judgment parties, and the Court subsequently approved the Peace II Measures and ordered Watermaster and the parties to proceed in accordance with the Peace II Measures on December 21, 2007. Since that time there were other investigations related to the Peace II Measures [e.g., *Analysis of Material Physical Injury from the Proposed Expansion of the Dry-Year Yield Program* (WEI, 2008)] that were reported to the Judgment parties, the Watermaster, and the IEUA in a transparent process that included several public meetings and the distribution of reports via email and website postings. The most recent report completed during 2009 was entitled *2009 Production Optimization and Evaluation of the Peace II Project Description* (WEI, 2009). This latest report has been incorporated into the Peace II SEIR. All these subsequent reports projected a general lowering of the groundwater elevation across the Chino Basin.

The projected groundwater elevation change with the implementation of the Peace II Measures is not uniform across the basin, and therefore some water purveyors and private well owners will experience greater lift and related energy expenses from the Re-operation component of the Peace II Agreement and the expansion of the Chino Desalter Program. However, as noted above the corresponding and off-setting benefits received (.e.g. water quality, recycled water, yield enhancement, salt management) were consensually and voluntarily exchanged for the projected increase in energy expenses with the expectation of other financial gains and certainties made possible by implementing the Peace II Measures. Therefore, no unmitigated Material Physical Injury is projected to occur from the decline in groundwater elevation caused by implementing the Peace II Agreement.

There are two sources of groundwater elevation changes that are projected to occur with the implementation of the Peace II Agreement: (1) groundwater elevation changes from Re-operation and (2) groundwater elevation changes from the expansion of the Chino Desalter Program, which includes the installation and operation of the new Chino Creek Well Field (CCWF) and changes in groundwater production at other wells that provide raw groundwater to the Desalters.

Mitigation Requirements for Changes in Groundwater Elevation Due to Re-operation

The parties to the Judgment have previously voluntarily accepted the changes in groundwater elevation due to the Re-operation element of the Peace II Measures in exchange for the individual and collective benefits received and therefore no mitigation is required to offset these changes.

Mitigation Requirements for Changes in Groundwater Elevation Due to the Expansion of the Chino Desalter Program

Figure ___ shows the expected change in groundwater elevation due to the expansion of the Chino Desalter Program (WEI, 2010). The area where mitigation of groundwater-elevation changes caused by the expansion of the desalter program will be limited to where the lowering of groundwater elevation is greater than 20 feet as shown in Figure ___. Hereafter, this area is referred to as the Mitigation Area. The 20-foot metric that establishes the Mitigation Area is based on the following: groundwater elevations in the mitigation area have been stable for the last 20 years through wet periods and dry periods; it is a reasonable expectation that wells should be constructed and operated to maintain production with a 20-foot regional lowering of groundwater elevation; and that well owners have a responsibility to maintain their wells and pumping equipment to maintain production with a 20-foot lowering of groundwater elevation.

Mitigation will be provided to well owners/operators within the Mitigation Area when the well owner/operator cannot produce enough groundwater to meet their needs and the cause of reduced production can be demonstrated to be the expansion of the desalter program. The mitigation will either restore enough of the lost production capacity to ensure that the well owner/operator can produce enough groundwater to meet their needs or provide an alternate source of water to replace the lost production capacity. The method of mitigation will be determined at the discretion of the CDA taking into account the historical fluctuations in the water table, the depth to water, the pump and well efficiency and the reasonableness of the well owner's expectation that the existing well configuration (pump, well and water table) should be partially or fully protected. As a pre-requisite to receiving mitigation, every well owner will be expected to engage in reasonable self-help measures to address inefficient groundwater withdrawal practices.

Prior to start up of the desalter expansion, the Watermaster will survey all the private wells in the Mitigation Area to determine their production capacities, historical water use, motor and pump characteristics, depth of pump bowls, depth to groundwater, depth of

well, depth interval of well screens, and other information. The Watermaster will either manually monitor the groundwater elevation monthly or will install an integrated pressure transducer/data logger into the wells with the goal of obtaining at least one year of groundwater-elevation data for all the wells in the Mitigation Area prior to the start up of the desalter expansion. The Watermaster will also obtain monthly groundwater production estimates for these wells. The Watermaster will provide these data to the CDA and the private well owners. These data will be used as a baseline to assess the impact on the private wells.

There are about eight active wells in the Mitigation Area. Prior to start up of the desalter expansion, the CDA will prepare a contingency response plan that describes how the CDA would mitigate lost production for each private well in the Mitigation Area.

The Watermaster will collect groundwater-elevation data and production estimates monthly for the private wells in the Mitigation Area for five years after start up of the desalter expansion. These data will be provided to the CDA and the private well owners monthly. After this five-year start up period, the Watermaster will collect groundwater-elevation data at the private wells in the Mitigation Area at its discretion, and will obtain groundwater-production estimates at least quarterly.

Well owners/operators with wells outside the Mitigation Area that experience production problems after the desalter expansion start up will not receive mitigation from the CDA, the IEUA or the Watermaster The sources of production problems for groundwater-level declines of less than 20 feet include interference from nearby non-desalter wells, climate variability, poor construction and poor maintenance. These well may be constructed too shallow, their pump intakes too shallow, or the wells screens clogged, any of which could cause production problems of groundwater-elevation changes of less than 20 feet from the desalter expansion. Well owners/operators with wells outside the Mitigation Area will need to engage in reasonable self-help to maintain production after the desalter expansion startup.

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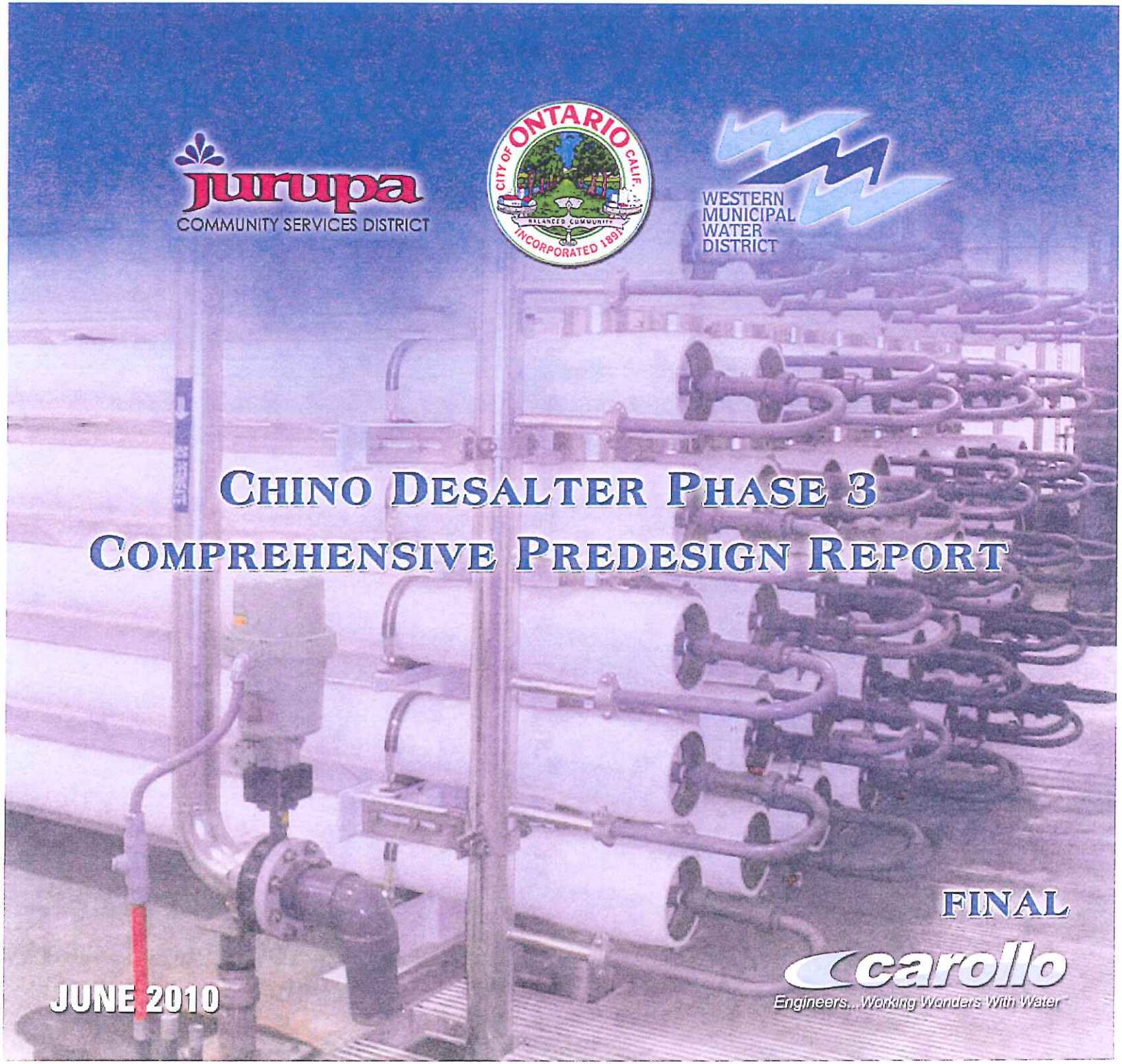
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CITY OF ONTARIO CALIF.
BALANCED COMMUNITY
INCORPORATED 1891
WESTERN MUNICIPAL WATER DISTRICT
CHINO DESALTER PHASE 3
COMPREHENSIVE PREDESIGN REPORT
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75 YEARS

June 2, 2010
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Mr. Jack Safely
Water Resources Director
Western Municipal Water District
450 E. Alessandro Boulevard
Riverside, CA 92517-5286

Mr. Robert Tock
Director of Engineering and Operations
Jurupa Community Services District
11201 Harrel Street
Mira Loma, CA 91752

Mr. Scott Burton
Assistant Utilities Director
City of Ontario
Ontario Municipal Services Center
1425 S Bon View Avenue
Ontario, CA 91761

Subject: Chino Desalter Phase 3 Comprehensive Predesign Final Report
District Contract No. MAG06-720, W.O.# 100-56-900-2856,
Purchase Order No. 35381

Gentlemen:

In accordance with referenced Purchase Order, dated February 13, 2009, Carollo Engineers is pleased to submit 16 copies of the final Chino Desalter Phase 3 Predesign Report (PDR) to the Western Municipal Water District, Jurupa Community Services District, and the City of Ontario.

We appreciate this opportunity to work with you on this interesting project.

Respectfully submitted,

CAROLLO ENGINEERS, P.C.

Matthew R. Marshall, P.E.
Project Manager

Patrick White
Partner

10540 Talbert Avenue, Suite 200 East, Fountain Valley, California 92708
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CHINO DESALTER PHASE 3

Comprehensive Predesign Report

Prepared for

Jurupa Community Services District,
City of Ontario, and
Western Municipal Water District

FINAL

June 2010

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Jurupa Community Services District,
City of Ontario, and
Western Municipal Water District
CHINO DESALTER PHASE 3
COMPREHENSIVE PREDESIGN REPORT

THIS REPORT IS 897 PAGES AND IS AVAILABLE ON A CD ON REQUEST—THANK YOU

May 2010 – FINAL
pw://Carollo/Documents/CA/WMWD/7651C00/Deliverables/Report/ /TOC

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4.0 EMERGENCY RESPONSE AND MITIGATION PLAN

As Chino Desalter operations are anticipated to lower ground water levels, an emergency response and mitigation plan has been developed in the event that existing wells are adversely impacted. Potential impacts requiring mitigation could include:

- Decrease in pump efficiency as a result of lowered ground water levels;
- Ground Water levels lowered below pump intake;
- Ground Water levels lowered below effective depth of well; and
- Increased pumping costs due to lowered ground water levels.

Any claims of well impact attributed to the Chino Desalter well operation will be addressed according to the following general approach:

- Where the reportedly impacted well lies within one thousand (1,000) feet of an active Chino Desalter well, CDA will provide for an interim supply of water to the impacted party, subject to reimbursement by the well owner if CDA is determined not to be the cause of the impact;
- Where the reportedly impacted well lies outside one thousand (1,000) feet of an active Chino Desalter well, CDA will provide for an interim supply of water to the impacted party at the impacted party's expense, subject to reimbursement by CDA if CDA is determined to be the cause of the impact;
- CDA will immediately obtain the information necessary to assess the cause of well/pump problems;
- CDA will review the data and make a determination as to whether the well problem is attributable to Chino Desalter pumping or other factors not associated with Desalter operation;

- If the well/pump impact is determined not to be attributable to Chino Desalter well pumping, CDA will notify the person filing the claim and make arrangements to provide water at the claimant's cost; and

- If the well/pump problem is found by the CDA to be attributable to Chino Desalter pumping, then further mitigation measures will be implemented as described in Section 4.3.

4.1 Emergency Response

Many of the individual well owners in the vicinity of the Chino Desalter have backup plans for an emergency supply of water should their existing water supply system fail. As an additional backup, an emergency response plan has been developed that includes measures for providing temporary water in an emergency that has been attributed to Chino Desalter pumping. The emergency response measures would be immediately implemented until the exact cause of the impact could be determined or, if necessary, mitigation could be implemented. Emergency response measures could include:

- Connections to existing potable, raw water or recycled water supplies in accordance with regulatory and local jurisdictional requirements;

- Use of existing piping/pumping facilities;

- Use of existing well owner back up wells and other miscellaneous facilities available;

- Use of neighboring owners' facilities; and

- Trucking of water to the impacted party in conformance with water quality requirements consistent with intended use of water.

Formal implementation of emergency response measures by the CDA will require a written claim for damages from the impacted party (see Appendix A for Claim for Damages Form). Once the claim form has been received, if necessary, CDA will provide interim water as described immediately hereafter. If the impacted well is located within one thousand (1,000) feet of an active Chino Desalter well, the CDA will immediately arrange an emergency supply of water, subject to the owner's reimbursement of costs incurred by CDA if CDA is determined not to be the cause of the impact. If the affected well is located more than one thousand (1,000) feet from an active Chino Desalter well, CDA will immediately arrange an emergency supply of water at the well owner's cost, subject to reimbursement by CDA in the event that CDA is determined to be the cause of the impact. The claim form will be required to allow the CDA to inspect the well and collect the necessary information to determine the cause of impact during the supply of emergency water. Mitigation water will be discontinued unless the well owner provides inspection access and all available information related to the claim within 24 hours of submitting the claim to CDA.

4.2 Impact Assessment

After a well impact has been reported to the CDA (and concurrent with the supply of emergency water, if needed), the CDA Coordinator will be responsible for the inspection and data collection necessary to assess the cause of the impact. Some basic information must be obtained regarding the well and pumping equipment before an assessment of Desalter Well related impacts and potential mitigation measures can be evaluated (see Appendix B for Private Well Inspection Form). All information collected to assess well impact will be evaluated by CDA and summarized in a brief letter report or technical memorandum for submittal to the Claimant. The report or technical memorandum will include a preliminary determination as to whether the claim is attributable to the Desalter Well operation. It will also summarize future steps, if any, to be taken.

In the event that the claimant wishes to challenge any preliminary determination by the CDA, a copy of the report or technical memorandum will be distributed to the TRT. The TRT will meet and render an opinion regarding the role that Chino Desalter well pumping has on the well/pump-related impact, as described in Section 5. In the event that the TRT determines that the well/pump-related impact is not caused by Chino Desalter well pumping, no mitigation will be recommended. If the TRT determines that the well/pumping-related impact may be a result of Chino Desalter well pumping, the TRT may recommend that the claim be mitigated by the CDA.

If the CDA Board approves the recommendation of the TRT, the CDA will direct CDA staff to carry out the approved mitigation measures in an expedited manner.

The following detailed procedures may be utilized to collect the information necessary to assess impacts to private wells:

- Perform an SCE-type pump test to evaluate pumping and static water levels, current well specific capacity, and current pump condition;
- Temporarily pull pump from well;
- Verify the current pumping equipment, including pump and motor type, pump and motor manufacturer, model number and specifications, pump performance curves, and pump set depth;
- Evaluate SCE test results in conjunction with pump manufacturers' performance specifications and if the pump is found to be worn out, then the owner shall be responsible for pump replacement;
- Measure well diameter and current well depth;
- Conduct a down-hole video log to confirm the condition of the casing and perforated intervals. If the well integrity is questionable due to well age or excessive corrosion, or if the well produces sand due to corrosion holes in the casing, then the owner shall be responsible for well repair or replacement;

- Reinstall the pump. As a preliminary mitigation measure, the pump may be set to a greater depth (if possible, and warranted based on anticipated pumping and static water levels);
- Install a one-inch diameter PVC water-level sounding tube when resetting pump;
- Install a pressure transducer in the sounding tube to obtain ongoing ground water level data from the well. The transducer will provide a continuous record of pumping levels, as well as the approximate static ground water level when the pump is periodically shut off;
- Initiate a monitoring program to collect data regarding the well pumping rate and pressure, cumulative volume pumped, pumping ground water levels, and static ground water levels; and
- Cause a report or technical memorandum summarizing the information collected during the well inspection and testing to be prepared by the CDA or its representative.

4.3 Mitigation Plan

In the event that the CDA or TRT determines that pumping from the Chino Desalter wells has adversely impacted an existing well, CDA will implement a mitigation measure(s) for the existing well to restore the lost production. Mitigation measures that could be adopted to address impacts attributed to the Chino Desalter include the following:

- If pump submergence is inadequate, lower the pump, if possible.
- If well capacity is adequate but pump manufacturer specifications indicate that the current pump is undersized due to additional pumping lift caused by drawdown of the Chino Desalter wells, replace pump with a higher head pump.
- In the event that the well depth limits the ability to mitigate drawdown caused by operation of the Chino Desalter wells, drill a replacement well or provide an alternate source of water.

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Exhibit I - Appropriator Resolution (Resolution of Support for Completion of Future Desalters)

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RESOLUTION OF SUPPORT FOR COMPLETION OF FUTURE DESALTERS

1. **WHEREAS**, _____ is a Party to the Judgment (Chino Basin Municipal Water District v. City of Chino), member of the Appropriative Pool and a member of the Chino Basin Desalter Authority ("CDA");

2. **WHEREAS**, the Western Municipal Water District ("WMWD") previously agreed to exercise its good faith and reasonable best efforts to cause the design, planning and construction of Future Desalters in accordance with the 2007 Supplement to the OBMP Implementation Plan, to account ~~o~~for Hydraulic Control, Re-Operation and Future Desalters;

3. **WHEREAS**, WMWD exercised its discretion to elect to proceed with the City of Ontario ("Ontario") and the Jurupa Community Services District ("Jurupa") the Future Desalters as Expansion Parties;

4. **WHEREAS**, WMWD is prepared to proceed with construction of the Future Desalters under terms and subject to conditions agreed between WMWD on one hand and CDA on the other hand as proposed in the revised Preliminary Design Report for the Phase III Desalter Expansion, Water Purchase Agreements, Inter-Governmental Agreement and other related agreements ("Expansion Project"); and

5. **WHEREAS**, CDA is not a Party to the Judgment and its actions are not subject to review or approval by the Chino Basin Watermaster;

6. **WHEREAS**, Parties to the Judgment have requested that Watermaster require an express undertaking by the members of CDA that are also ~~p~~Parties to the Judgment and members of the Appropriative Pool that they will act in support of the completion of the Expansion Project as it is approved by CDA;

7. **WHEREAS,** Section 10.2 of the Peace II Agreement provides that the Parties thereto, including the members of CDA, will have satisfied "all individual and collective pre-existing obligations arising from the Peace Agreement and the OBMP Implementation Plan, whatever they may be, with regard to Future Desalters as described in Part VII of the Peace Agreement and the OBMP Implementation Plan";

8. **WHEREAS,** the members of CDA would not undertake the Expansion Project without the Desalter Production Offsets provided in Section 6.2 of the Peace II Agreement and the ~~unless they has~~ reasonable assurances that 400,000 acre-feet of controlled overdraft was available to off-set the cost of

Replenishment attributable to the Desalters and thereby avoid a Replenishment Assessment as a member of the Appropriative Pool as described in the Peace II Agreement; and

9. **WHEREAS,** the members of CDA expect and require Watermaster to fulfill its prior commitment to the timely and successful implementation of the Recharges Master Plan to ensure the availability of the controlled overdraft and hydrologic balance within each Management Zone.

NOW THEREFORE, be it hereby resolved that:

1. On condition that each Appropriative Pool member of CDA has also approved a Resolution in substantial conformity with this Resolution, _____ expressly assumes the obligation to exercise good faith and reasonable best efforts to support the completion of the Expansion Project as it is defined in and as conditioned by the anticipated CDA approval of the Expansion Project and to cause a quarterly report on its progress to Watermaster.;
2. On condition that each Appropriative Pool member of CDA has approved a Resolution in substantial conformity with this Resolution, In consideration of this Resolution, Watermaster will make the finding as set forth in Paragraph 1 in its Resolution 2010-04 that the Appropriative Pool members of CDA have _____ has expressly agreed to support the completion of the Expansion Project as approved by CDA., the findings stated therein and the further condition that each member of CDA has also approved a Resolution in substantial conformity with this Resolution.
3. The effectiveness of the Resolution is further conditioned upon (a) Watermaster's, CDA's and CDA members' approvals as described in paragraphs 1 and 2; (b) complete execution of the Revised Water Purchase Agreements and all related agreements by CDA and its members; and (c) subsequent Court approval along with appropriate findings of Watermaster's Resolution 2010-04.
4. Watermaster may represent to the Court and regulatory agencies that _____ has expressly agreed to this undertaking of good faith.
5. Nothing herein shall be construed as an intent to amend any provision of the Judgment, the Peace Agreement or the Peace II Agreement or to directly or indirectly commit CDA or submit CDA to the jurisdiction of Watermaster, the Court or a regulatory agency. -

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Exhibit I - Appropriator Resolution (Resolution of Support for Completion of Future Desalters)

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EXHIBIT "I"
RESOLUTION OF SUPPORT FOR COMPLETION OF FUTURE DESALTERS

1. WHEREAS, _____ is a Party to the Judgment (Chino Basin Municipal Water District v. City of Chino), member of the Appropriative Pool and a member of the Chino Basin Desalter Authority ("CDA");

2. WHEREAS, the Western Municipal Water District ("WMWD") previously agreed to exercise its good faith and reasonable best efforts to cause the design, planning and construction of Future Desalters in accordance with the 2007 Supplement to the OBMP Implementation Plan, to account for Hydraulic Control, Re-Operation and Future Desalters;

3. WHEREAS, WMWD exercised its discretion to elect to proceed with the City of Ontario ("Ontario") and the Jurupa Community Services District ("Jurupa") the Future Desalters as Expansion Parties;

4. WHEREAS, WMWD is prepared to proceed with construction of the Future Desalters under terms and subject to conditions agreed between WMWD on one hand and CDA on the other hand as proposed in the revised Preliminary Design Report for the Phase III Desalter Expansion, Water Purchase Agreements, Inter-Governmental Agreement and other related agreements ("Expansion Project"); and

5. WHEREAS, CDA is not a Party to the Judgment and its actions are not subject to review or approval by the Chino Basin Watermaster;

6. WHEREAS, Parties to the Judgment have requested that Watermaster require an express undertaking by the members of CDA that are also Parties to the Judgment and members of the Appropriative Pool that they will act in support of the completion of the Expansion Project as it is approved by CDA;

7. WHEREAS, Section 10.2 of the Peace II Agreement provides that the Parties thereto, including the members of CDA, will have satisfied "all individual and collective pre-existing obligations arising from the Peace Agreement and the OBMP Implementation Plan, whatever they may be, with regard to Future Desalters as described in Part VII of the Peace Agreement and the OBMP Implementation Plan";

8. WHEREAS, the members of CDA would not undertake the Expansion Project without the Desalter Production Offsets provided in Section 6.2 of the Peace II Agreement and the reasonable assurances that 400,000 acre-feet of controlled overdraft was available to offset the cost of Replenishment attributable to the Desalters and thereby avoid a Replenishment Assessment as a member of

the Appropriative Pool as described in the Peace II Agreement; and

9. WHEREAS, the members of CDA expect and require Watermaster to fulfill its prior commitment to the timely and successful implementation of the Recharge Master Plan to ensure the availability of the controlled overdraft and hydrologic balance within each Management Zone.

NOW THEREFORE, be it hereby resolved that:

1. On condition that each Appropriative Pool member of CDA has also approved a Resolution in substantial conformity with this Resolution, _____ assumes the obligation to exercise good faith and reasonable best efforts to support the completion of the Expansion Project as it is defined in and as conditioned by the anticipated CDA approval of the Expansion Project and to cause a quarterly report on its progress to Watermaster.
2. On condition that each Appropriative Pool member of CDA has approved a Resolution in substantial conformity with this Resolution, Watermaster will make the finding as set forth in Paragraph 1 in its Resolution 2010-04 that the Appropriative Pool members of CDA have agreed to support the completion of the Expansion Project as approved by CDA.
3. The effectiveness of the Resolution is further conditioned upon (a) Watermaster's, CDA's and CDA members' approvals as described in paragraphs 1 and 2; (b) complete execution of the Revised Water Purchase Agreements and all related agreements by CDA and its members; and (c) subsequent Court approval along with appropriate findings of Watermaster's Resolution 2010-04.
4. Watermaster may represent to the Court and regulatory agencies that _____ has agreed to this undertaking of good faith.
5. Nothing herein shall be construed as an intent to amend any provision of the Judgment, the Peace Agreement or the Peace II Agreement or to directly or indirectly commit CDA or submit CDA to the jurisdiction of Watermaster, the Court or a regulatory agency.