



# CHINO BASIN WATERMASTER



## NOTICE OF MEETINGS

**Thursday, October 28, 2010**

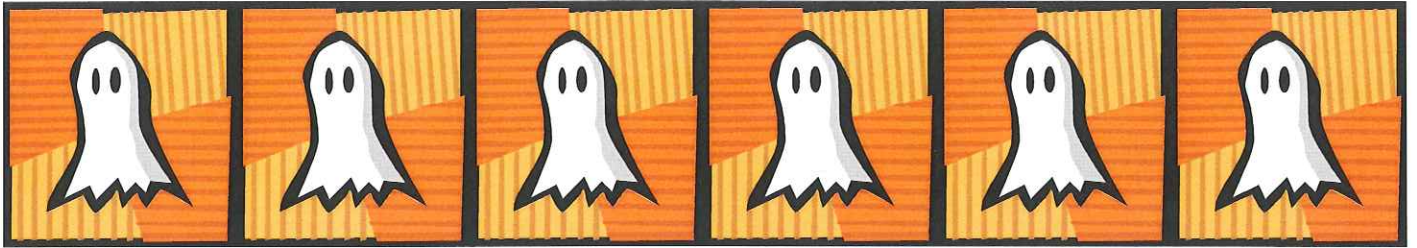
11:00 a.m. – Watermaster Board Meeting

*(Lunch will be served)*

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

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



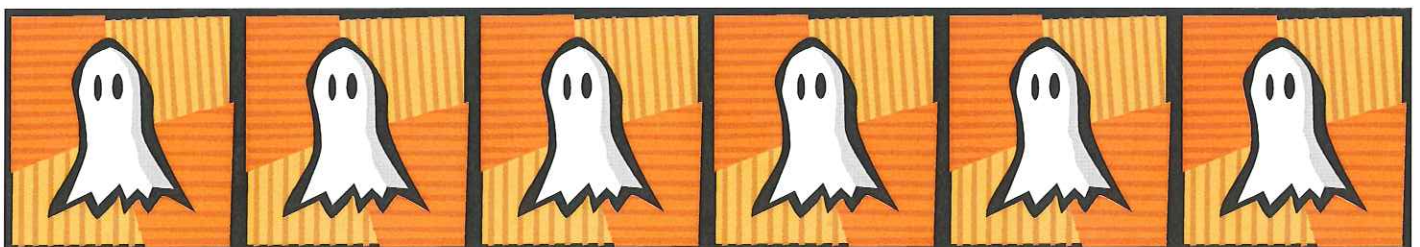


# **CHINO BASIN WATERMASTER**

**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.

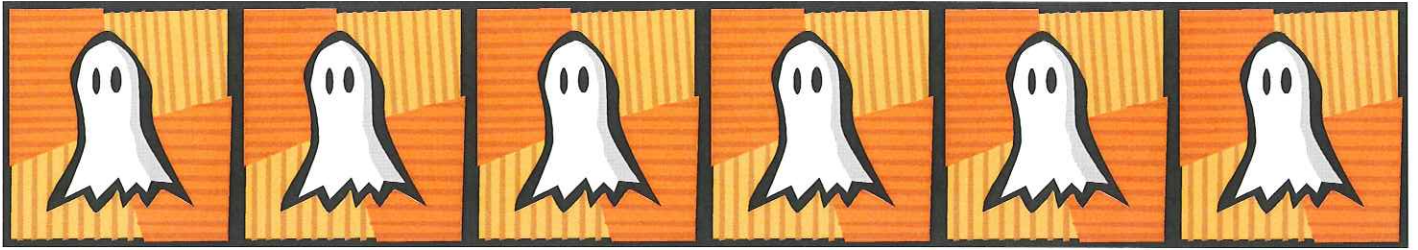
- 1) CDA Expansion Issues
- 2) Non-Agricultural Pool Appeal

**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
<b>* Thursday, November 4, 2010</b>	<b>9:00 a.m.</b>	<b>Agricultural Pool Meeting @ IEUA</b>
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
<b>* Thursday, November 18, 2010</b>	<b>11:00 a.m.</b>	<b>Watermaster Board Meeting @ CBWM</b>
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
<b>* Thursday, December 16, 2010</b>	<b>11:00 a.m.</b>	<b>Watermaster Board Meeting @ CBWM</b>
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**

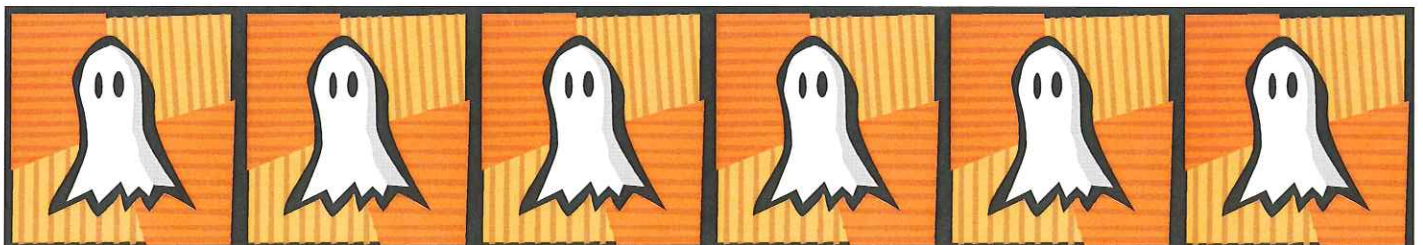


# CHINO BASIN WATERMASTER

## 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 24<sup>th</sup> 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**

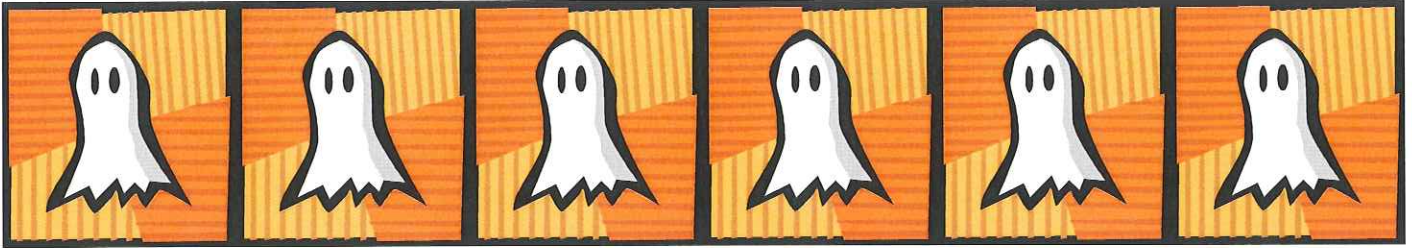
**\*\* New Dates**

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

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

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

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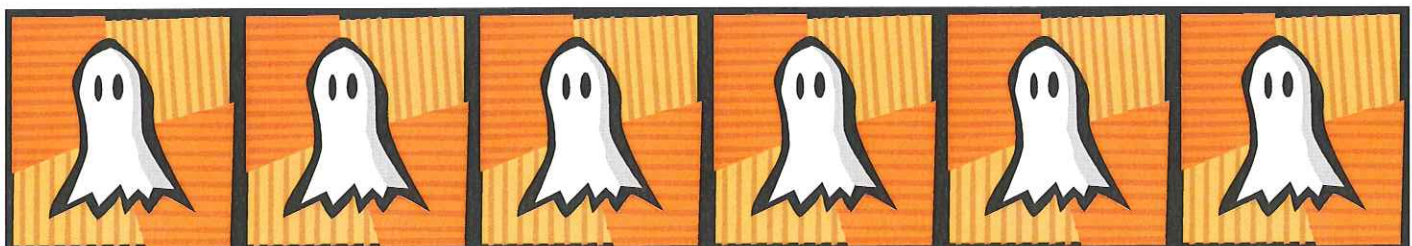


# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### B. FINANCIAL REPORTS

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





# 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
<b>TOTAL</b>						<b>500.00</b>
<b>Bill Pmt -Check</b>	<b>08/04/2010</b>	<b>14404</b>	<b>VERIZON</b>		<b>1012 · Bank of America Gen'l Ckg</b>	
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
<b>TOTAL</b>						<b>595.19</b>
<b>Bill Pmt -Check</b>	<b>08/04/2010</b>	<b>14405</b>	<b>WHITEHEAD, MICHAEL</b>		<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	07/22/2010	7/22 Board Meeting		7/22/10 Board Meeting	6311 · Board Member Compensation	125.00
<b>TOTAL</b>						<b>125.00</b>
<b>Bill Pmt -Check</b>	<b>08/04/2010</b>	<b>14406</b>	<b>WILLIS, KENNETH</b>		<b>1012 · Bank of America Gen'l Ckg</b>	
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
<b>TOTAL</b>						<b>250.00</b>
<b>Bill Pmt -Check</b>	<b>08/04/2010</b>	<b>14407</b>	<b>YUKON DISPOSAL SERVICE</b>		<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	08/03/2010	08-K2 213849		08-K2 213849 Service for August 2010	6024 · Building Repair & Maintenance	177.88
<b>TOTAL</b>						<b>177.88</b>
<b>Bill Pmt -Check</b>	<b>08/05/2010</b>	<b>14408</b>	<b>FIVE STAR CATERING</b>		<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	08/04/2010			deposit to caterer for Strategic Planning Conf.	6191 · Conferences - General	2,744.04
<b>TOTAL</b>						<b>2,744.04</b>
<b>Bill Pmt -Check</b>	<b>08/05/2010</b>	<b>14409</b>	<b>FRONTIER PROJECT FOUNDATION</b>		<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	08/04/2010			Strategic Planning Conference fee for rental Strategic Planning Conference	6193.1 · Strategic Planning Conference	700.00
<b>TOTAL</b>						<b>700.00</b>
<b>Bill Pmt -Check</b>	<b>08/05/2010</b>	<b>14410</b>	<b>SIERRA LAKES GOLF CLUB</b>		<b>1012 · Bank of America Gen'l Ckg</b>	
Bill	08/04/2010			Strategic Planning Conference Deposit due for Oct. 3, 2010 Golf Tournament	6193.1 · Strategic Planning Conference	200.00
<b>TOTAL</b>						<b>200.00</b>
<b>General Journal</b>	<b>08/07/2010</b>	<b>07/25/10-08/07/10</b>	<b>Payroll and Taxes for 07/25/10-08/07/10</b>		<b>1014 · Bank of America P/R Ckg</b>	
				Payroll Taxes for 07/25/10-08/07/10	1012 · Bank of America Gen'l Ckg	7,204.70
				Direct Deposits for 07/25/10-08/07/10	1012 · Bank of America Gen'l Ckg	25,427.95
<b>TOTAL</b>						<b>32,632.65</b>

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	1012 · Bank of America Gen'l Ckg	
			Employee Flexible Spending Deduction		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
<b>TOTAL</b>						<b>201.00</b>
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
<b>TOTAL</b>						<b>104,163.32</b>
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
<b>TOTAL</b>						<b>3,129.89</b>
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
<b>TOTAL</b>						<b>12.41</b>
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
<b>TOTAL</b>						<b>64.98</b>
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
<b>TOTAL</b>						<b>1,039.24</b>
General Journal	08/31/2010		BANK OF AMERICA		1012 - Bank of America Gen'l Ckg	
			Service Charge		6031.7 - Other Office Supplies	21.42
<b>TOTAL</b>						<b>21.42</b>
Bill Pmt -Check	08/31/2010	14465	INLAND EMPIRE UTILITIES AGENCY		1012 - Bank of America Gen'l Ckg	
<b>TOTAL</b>						<b>21.42</b>

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
<b>Total Disbursements:</b>						<b>303,596.88</b>





# CHINO BASIN WATERMASTER

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

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**KENNETH R. MANNING**  
Chief Executive Officer

## STAFF REPORT

**DATE:** 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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**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
<b>09/10 Assessable Production</b>		78,733,238	31,854,766	3,907,911				114,495,915	
<b>09/10 Production Percentages</b>		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

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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**

<b>DEPOSITORIES:</b>			
Cash on Hand - Petty Cash	\$	500	
Bank of America			
Governmental Checking-Demand Deposits	\$	154,113	
Zero Balance Account - Payroll	\$	-	
Local Agency Investment Fund - Sacramento			
			7,344,588
<b>TOTAL CASH IN BANKS AND ON HAND</b>			<b>\$ 7,499,201</b>
<b>TOTAL CASH IN BANKS AND ON HAND</b>			<b>7,692,065</b>
			<b>\$ (192,864)</b>

**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)		
<b>PERIOD INCREASE (DECREASE)</b>			<b>\$ (192,864)</b>

**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
<b>PERIOD INCREASE OR (DECREASE)</b>	\$ -	\$ (192,864)	\$ -	\$ -	\$ (192,864)

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

**INVESTMENT TRANSACTIONS**

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
----------------	-------------	------------	----------	----------	------------------	------------------	----------------

**TOTAL INVESTMENT TRANSACTIONS**      \$ -

\* The earnings rate for L.A.I.F. is a daily variable rate; 0.56% was the effective yield rate at the Quarter ended June 30, 2010.

**INVESTMENT STATUS  
August 31, 2010**

Financial Institution	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	\$ 7,344,588			
<b>TOTAL INVESTMENTS</b>	<b>\$ 7,344,588</b>			

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

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

Respectfully submitted,

Joseph S. Joswiak  
Chief Financial Officer  
Chino Basin Watermaster



# 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.

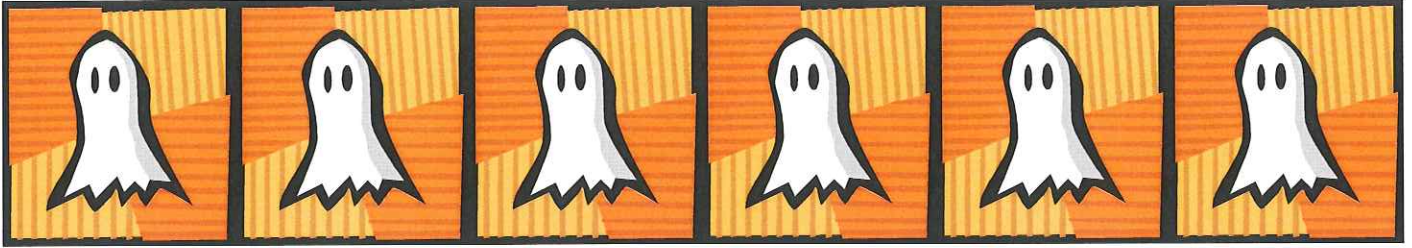
**Actions:**

- 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>
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
4010 · Local Agency Subsidies	111,000	148,410	-37,410	75%
<b>Total Income</b>	<b>111,000</b>	<b>148,410</b>	<b>-37,410</b>	<b>75%</b>
<b>Gross Profit</b>	<b>111,000</b>	<b>148,410</b>	<b>-37,410</b>	<b>75%</b>
<b>Expense</b>				
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%
<b>Total Expense</b>	<u>1,721,295</u>	<u>1,814,821</u>	<u>-93,526</u>	<u>95%</u>
<b>Net Ordinary Income</b>	<u>-1,610,295</u>	<u>-1,666,411</u>	<u>56,116</u>	<u>97%</u>
<b>Other Income/Expense</b>				
<b>Other Expense</b>				
5010 · Groundwater Replenishment	732			
9999 · To/(From) Reserves	-1,611,026			
<b>Total Other Expense</b>	<u>-1,610,294</u>			
<b>Net Other Income</b>	<u>1,610,294</u>			
<b>Net Income</b>		<u><u>-1,666,411</u></u>	<u><u>1,666,411</u></u>	

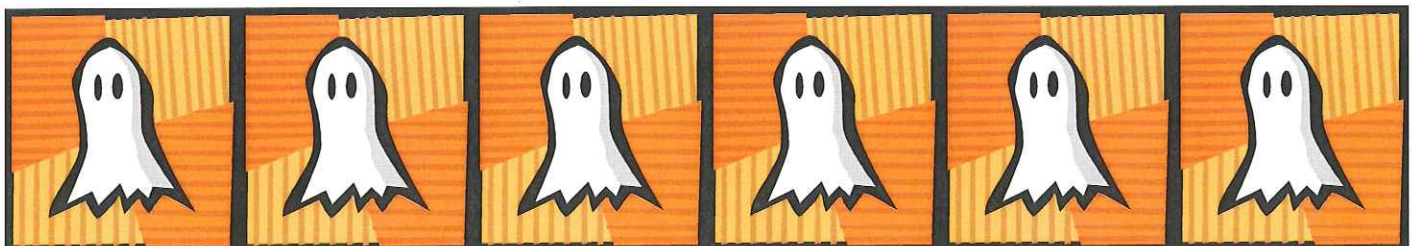




# CHINO BASIN WATERMASTER

## 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.

# Exhibit B

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WATER PURCHASE AGREEMENT

Dated as of November 1, 2010

By and Between

CHINO BASIN DESALTER AUTHORITY

and

WESTERN MUNICIPAL WATER DISTRICT OF RIVERSIDE COUNTY



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## WATER PURCHASE AGREEMENT

This Agreement, dated as of November 1, 2010, by and between the Chino Basin Desalter Authority (the "Authority"), a joint exercise of powers agency duly organized and existing pursuant to Article 1, Chapter 5, Division 7, Title 1 of the Government Code (the "Joint Powers Act"), commencing with Section 6500, and the Western Municipal Water District of Riverside County (the "Purchaser").

### WITNESSETH:

WHEREAS, the certain Authority members who are water purveyors in the Chino Basin currently receive desalted water from the Authority pursuant to Water Purchase Agreements dated as of January 15, 2002.

WHEREAS, in accordance with the provisions of that certain Peace Agreement dated as of June 29, 2000, the Peace II Agreement, and Amendment No. 2 to Joint Exercise of Powers Agreement Creating the Chino Basin Desalter Authority, the Authority has agreed to expand the existing desalted water facilities of the Authority by addition of the Expansion Project, in order to: (1) increase the output thereof by a projected [9 m.g.d. for a cumulative total of 40,000 acre-feet per year]; and (2) sell such increased production to the Expansion Group; and (3) provide for increased reliability of desalted water deliveries from the Authority's existing facilities.

WHEREAS, such expansion of the Authority's existing desalter water facility is being undertaken through the design and construction of the Desalter Phase 3 Expansion Facilities ("Expansion Project"), which will be fully integrated with the Authority's existing desalter water facilities.

WHEREAS, the Desalter Phase 3 Expansion Facilities will be designed and constructed in accordance with direction received from Chino Basin Watermaster and in a manner that Chino Basin Watermaster believes will facilitate hydraulic control through reoperation in the Chino Basin, thereby creating an estimated additional 400,000 acre-feet of controlled overdraft which will be allocated in accordance with the Peace II Agreement.

WHEREAS, the Expansion Group has commenced the design and construction of the Expansion Project, in furtherance of which the Purchaser, on behalf of the Expansion Group, has entered into an Intergovernmental Agreement with the Authority, dated October 21, 2009, which provides for the design, construction and acceptance by the Authority of a portion of the Expansion Project.

WHEREAS, in furtherance of the design and construction of the Expansion Project, the Purchaser and the Authority are anticipated to enter into that certain First Amended and Restated Intergovernmental Agreement dated concurrently with this Agreement, to which Ontario and JCSD shall be parties, which provides for Western to act as Project Manager in connection with the design and construction of the Desalter Phase 3 Expansion Facilities.

WHEREAS, the Authority is entering into a new Water Purchase Agreement with the Purchaser and a series of Amended and Restated Water Purchase Agreements with all other members of the Authority to document its acceptance of the design and construction work for the Expansion

Project already completed, to accept responsibility for the completion of the Desalter Phase 3 Expansion Facilities (but not the obligation to pay the cost of such work, except as specifically set forth in Section 13(k)) and the integration of the Desalter Phase 3 Expansion Facilities into the Authority's existing desalter water facilities, and to document the obligations of all Purchasers and Authority members who are water purveyors with regard to its desalter water facility, including the Desalter Phase 3 Expansion Facilities as they are designed, constructed, become operational and are fully integrated with the Authority's existing desalter water facilities.

WHEREAS, the Expansion Group has agreed to pay all capital costs for the design and construction of the Expansion Project as set forth in [Table 8.10 of the June, 2010 Chino Desalter Phase 3 Comprehensive Predesign Report], financed independently by each Expansion Group member (or the Authority in the event of a default of an Expansion Group member), as provided in this Agreement.

WHEREAS, in consideration for its payment of the capital costs of the Desalter Phase 3 Expansion Project, each Expansion Group member will receive the new or additional Project Allotment set forth in the third column of Exhibit "A".

WHEREAS, if any member of the Expansion Group defaults in its obligation to pay for its share of the capital costs of the Expansion Project, this Agreement authorizes the Authority to issue Authority Bonds to cover such unmet costs, which Authority Bonds will be secured solely by revenues generated by such defaulting Expansion Group member's water system and on a parity with such Expansion Group member's bond and contract obligations that constitute operation and maintenance expenses.

WHEREAS, each Expansion Group member shall not be responsible for Authority operations and maintenance costs associated with the Expansion Project unless and until the Expansion Project Completion Date.

WHEREAS, upon full integration of the Desalter Phase 3 Expansion Facilities into the existing desalter water facilities, the price of desalter product water (not including Debt Service on any Authority Bonds issued after execution of this Agreement and Debt Service on outstanding Authority Bonds previously paid by Authority members) delivered from the Authority's desalted water facilities, including the Desalter Phase 3 Expansion Facilities, shall be charged to all members of the Authority at a rate calculated to achieve a uniform melded pro-rata allocation of costs among all Authority members, except as expressly otherwise provided herein, based upon each member's proportionate firm commitment to purchase water from the Authority, as set forth in Exhibit "A."

WHEREAS, the Purchaser has no responsibility to pay Fixed Project Costs relating to Authority Bonds issued prior to the date of this Agreement.

WHEREAS, the Authority and the Purchaser now wish to enter into this Water Purchase Agreement to provide for the acquisition, construction, operation and financing of the expanded desalted water facilities, for the sale by the Authority to the Purchaser of the Purchaser's Project Allotment and certain other matters.

NOW THEREFORE, the parties hereto do agree as follows:

Section 1. Definitions.

The following terms shall, for all purposes of this Agreement have the following meanings:

“Administrative Costs” means the administrative costs allocable to the operation and management of the Authority, calculated in accordance with generally accepted accounting principles, including but not limited to insurance, taxes (if any), fees of auditors, accountants, attorneys or engineers and insurance premiums, but shall not include Project Operation and Maintenance Expenses.

“Authority” shall have the meaning assigned thereto in the preamble hereto.

“Authority Bonds” means bonds, notes or other evidences of indebtedness issued by or on behalf of the Authority to finance or refinance the Project.

“Authority Fiscal Year” means the twelve month period commencing on July 1 of each calendar year and ending on the following June 30 or such other twelve month period which may be designated by the Authority as its fiscal year.

“Bonds” mean all bonds, notes or similar obligations (but not including Contracts) of the Purchaser authorized and issued by the Purchaser under and pursuant to applicable laws of the State of California after the date of execution of this Agreement, the principal of and interest on which are an operation and maintenance expense of the Purchaser Water System determined in accordance with generally accepted accounting principles and which are secured by a pledge or a lien on Purchaser Net Water System Revenues and which are on a parity with the obligations of the Purchaser under this Agreement.

“Bond Resolution” means the resolution or resolutions providing for the issuance of Authority Bonds and the terms thereof, and any indenture or trust agreement related thereto.

“Contract Payments” means:

(1) the interest payable during such Purchaser Fiscal Year on all outstanding Bonds, assuming that all outstanding term Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of the sale of any Bonds);

(2) that portion of the principal amount of all outstanding serial Bonds maturing during such Purchaser Fiscal Year;

(3) that portion of the principal amount of all outstanding term Bonds required to be redeemed or paid during such Purchaser Fiscal Year; and

(4) that portion of payments under Contracts (other than under this Agreement) constituting principal and interest required to be made at the times provided in the Contracts.

“Contracts” means this Agreement and all contracts of the Purchaser authorized and executed by the Purchaser under and pursuant to the applicable laws of the State of California after the date of execution of this Agreement, the payments under which are an operation and maintenance expense of the Purchaser Water System determined in accordance with generally accepted accounting principles

and which are secured by a pledge of or lien on the Purchaser Net Water System Revenues and which are on a parity with the obligations of the Purchaser under this Agreement.

“Debt Service” means, as of the date of calculation and with respect to Authority Bonds, an amount equal to the sum of (i) interest payable during such Authority Fiscal Year on Authority Bonds, except to the extent that such interest is to be paid from capitalized interest, (ii) that portion of principal of Authority Bonds payable during such Authority Fiscal Year, (iii) amounts necessary to replenish the Reserve Fund created pursuant to the Bond Resolution, and (iv) all letters of credit and other financing costs payable on a periodic basis. Such interest, principal installments and financing costs for such series shall be calculated on the assumption that no Authority Bonds outstanding at the date of calculation will cease to be outstanding except by reason of the payment of principal on the due date thereof;

provided further that, as to any such Authority Bonds bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service shall be one hundred ten percent (110%) of the greater of (a) the daily average interest rate on such Authority Bonds during the twelve (12) calendar months preceding the date of calculation (or the portion of the then current Authority Fiscal Year that such Authority Bonds have borne interest) or (b) the most recent effective interest rate on such Authority Bonds prior to the date of calculation; and

provided further that, as to any such Authority Bonds or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Authority Bonds or portions thereof, such accreted discount shall be treated as interest in the calculation of Debt Service; and

provided further that the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of the Authority Bonds for which such debt service reserve fund was established and in each preceding Authority Fiscal Year until such amount is exhausted.

“Desalter Phase 3 Expansion Facilities” or “Expansion Project” means the facilities described in the [Chino Desalter Phase 3 Comprehensive Predesign Report] approved by the Board of Directors on November \_\_\_\_, 2010. The Authority and the Purchaser acknowledge that portions of the Desalter Phase 3 Expansion Facilities are currently being designed or constructed and that the definition of the Desalter Phase 3 Expansion Facilities may be revised from time to time prior to commencement of construction without amendment to this Agreement.

“Desalter Phase 3 Expansion Facilities Buy-In Costs” means \$ \_\_\_\_\_, as computed in accordance with the Project Memorandum regarding Buy-In Cost Methodology for Chino Desalter Phase 3 Expansion – Final, prepared by Dan Baker of Carollo Engineers, dated as of August 6, 2010.

“Expansion Group” means the Purchaser, the City of Ontario (“Ontario”), and Jurupa Community Services District (“JCSD”).

“Expansion Project Completion Date” means the date determined by the Board of Directors of the Authority on which the Expansion Project is complete and is expected to be operated at [\_\_\_\_\_] % of design capacity.

“Facilities Acquisition Agreement” means the Facilities Acquisition Agreement, dated as of January 15, 2002, by and between SAWPA and the Authority, as such Facilities Acquisition Agreement may be amended or supplemented from time-to-time.

“Fixed Project Costs” means capital costs, including Debt Service, and reserves for repair and replacement and improvement to the Project and for payment of Debt Service of the Project, and all other amounts paid by the Authority other than Variable O&M Costs and Fixed O&M Costs.

“Fixed O&M Costs” means operation, maintenance, power, replacement and other costs, including Project Operation and Maintenance Expenses and a reasonable reserve for contingencies, in each case incurred by the Authority with respect to the Project, irrespective of the amount of water delivered to the Project Participants, including but not limited to amounts required to be deposited in the Membrane Replacement Fund, amounts payable under transportation agreements, including but not limited to amounts payable to Jurupa Community Services District under the Agreement By And Between The Chino Basin Desalter Authority, Jurupa Community Services District, The City Of Ontario, The City Of Norco And Santa Ana River Water Company Providing For The Transportation Of Chino II Desalter Water, as it may be amended from time to time.

“Independent Certified Public Accountant” means any firm of certified public accountants appointed by the Purchaser, or the Authority, as the case may be, and each of whom is independent pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Intergovernmental Agreement” means the [First] Amended and Restated Governmental Agreement by and between the Authority and the Purchaser, as such agreement may be amended or supplemented from time-to time.

“Joint Powers Agreement” means the Joint Exercise of Powers Agreement creating the Chino Basin Desalter Authority, as such agreement may be amended or supplemented from time to time.

“Lump Sum Past Administrative Costs” means \$\_\_\_\_\_, as computed in accordance with [\_\_\_\_\_].

“Peace II Agreement” means that certain Peace II Agreement: Party Support for Watermaster’s OBMP Implementation Plan, – Settlement and Release of Claims Regarding Future Desalters, dated as of October 25, 2007.

“Project” means those certain facilities necessary to deliver desalted water to the Project Participants, including the following: (i) the existing Chino I Desalter, (ii) the existing Chino I Expansion facilities, (iii) the existing Chino II Desalter, (iv) the Desalter Phase 3 Expansion Facilities and (v) related water pipelines, electric generators and associated facilities. The Authority and the Purchaser acknowledge that portions of the Desalter Phase 3 Expansion Facilities are currently being designed or constructed and that the definition of the Project may be revised from time-to-time prior to commencement of construction without amendment to this Agreement. The Project does not include any obligations of the Purchaser under the Peace II Agreement other than the obligation to construct the Desalter Phase 3 Expansion Facilities.

“Project Allotment” means the volume of desalted water per year set forth on Exhibit A hereto.



“Project Operation and Maintenance Expenses” means the actual costs spent or incurred by the Authority for maintaining and operating the Project, calculated in accordance with generally accepted accounting principles and Section 9 hereof, including (among other things) the expenses of management and repair and other expenses necessary to maintain and preserve the Project, in good repair and working order, or charges required to be paid by it to comply with the terms of the Authority Bonds or of this Agreement, but excluding in all cases (i) depreciation, replacement and obsolescence charges or reserves therefor, (ii) amortization of intangibles or other bookkeeping entries of a similar nature, (iii) Administrative Costs, (iv) costs of capital additions, replacements, betterments, extensions or improvements to the Project, which under generally accepted accounting principles are chargeable to a capital account or to a reserve for depreciation and (v) Debt Service.

“Project Participant” means the Purchaser and each entity listed in Exhibit A hereto executing Water Purchase Agreements with the Authority.

“Purchaser” shall have the meaning assigned thereto in the preamble hereto.

“Purchaser Fiscal Year” means the twelve month period commencing on July 1 of each year and ending on the following June 30 or such other twelve month period which may be designated by the Purchaser as its fiscal year.

“Purchaser Net Water System Revenues” means, for any Purchaser Fiscal Year, the Purchaser Water System Revenues for such Purchaser Fiscal Year less the Purchaser Operation and Maintenance Expenses for such Purchaser Fiscal Year.

“Purchaser Operation and Maintenance Expenses” means the costs spent or incurred by the Purchaser for maintaining and operating the Purchaser Water System, calculated in accordance with generally accepted accounting principles, including (among other things) the expenses of management and repair and other expenses necessary to maintain and preserve the Purchaser Water System, in good repair and working order, and including administrative costs of the Purchaser, salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys or engineers and insurance premiums, and all other reasonable and necessary costs of the Purchaser, but excluding in all cases (i) depreciation, replacement and obsolescence charges or reserves therefor, (ii) amortization of intangibles or other bookkeeping entries of a similar nature, (iii) charges for the payment of principal and interest on Bonds or Contracts and (iv) payments under this Agreement.

“Purchaser Share” means the Purchaser’s Project Allotment divided by the sum of all Project Participants’ Project Allotments, all as set forth as Exhibit A hereto.

“Purchaser Water System” means properties and assets, real and personal, tangible and intangible, of the Purchaser now or hereafter existing, used or pertaining to the acquisition, treatment, reclamation, transmission, distribution and sale of water, including all additions, extensions, expansions, improvements and betterments thereto and equipment relating thereto; provided, however, that to the extent the Purchaser is not the sole owner of an asset or property or to the extent that an asset or property is used in part for the above described water purposes, only the Purchaser’s ownership interest in such asset or property or only the part of the asset or property so used for water purposes shall be considered to be part of the Purchaser Water System.

“Purchaser Water System Revenues” means the income, rents, rates, fees, charges, and other moneys derived by the Purchaser from the ownership or operation of Purchaser Water System including, without limiting the generality of the foregoing, (i) all income, rents, rates, fees, charges or other moneys derived from the sale, furnishing, and supplying of water and other services, facilities, and commodities sold, furnished, or supplied through the facilities of Purchaser Water System, including standby and availability charges, capital water facilities fees for design, construction and reconstruction expenses, development fees and other fees allocable to the Purchaser Water System, (ii) taxes or assessments as may be imposed if the levy thereof and payment hereunder is permitted by law, and (iii) the earnings on and income derived from amounts set forth in clauses (i) and (ii) above, and shall not include (y) customers’ deposits or any other deposits subject to refund until such deposits have become the property of the Purchaser and (z) proceeds of any taxes or assessments except taxes or assessments described in clause (ii) above.

“SAWPA” means the Santa Ana Watershed Project Authority, a joint exercise powers agency, including the successors and assigns thereof.

[“Term Sheet” shall have the meaning assigned thereto in the preamble hereto.] [This definition is used in Section 4(d); retain in agreement unless Section 4(d) is deleted.]

“Trustee” means the entity or entities designated by the Authority pursuant to any Bond Resolution to administer any funds or accounts required by such Bond Resolution or otherwise.

“Variable O&M Costs” means the operation, maintenance, power, replacement and other costs, including Project Operation and Maintenance Expenses incurred by the Authority in connection with the Project in an amount which is dependent upon and varies with the amount of water delivered to the Project Participants.

“Water Purchase Agreement” means this Water Purchase Agreement and each Amended and Restated Water Purchase Agreement by and between the Authority and a Project Participant, as the same may be amended or supplemented from time to time.

Section 2. Purpose.

The purpose of this Agreement is for the Authority to sell Project Allotment to the Purchaser, to deliver Project Allotment to the Purchaser available from the Project, to provide the terms and conditions of such delivery and sale and to provide for the acquisition, construction and financing of the Project. The parties hereto confirm that this Agreement constitutes a contractual right to purchase desalted water and that no water right is being transferred by the Authority to any Project Participant under this Agreement.

Section 3. Financing, Construction and Operation.

The Authority will use its best efforts to cause or accomplish the acquisition, construction, operation and financing of the Project, the obtaining of all necessary authority and rights, consents and approvals, and the performance of all things necessary and convenient therefor, subject to compliance with all necessary federal and state laws, including but not limited to the California Environmental Quality Act (“CEQA”), the terms and conditions of the Authority’s permits and licenses and all other agreements relating thereto. Notwithstanding the foregoing, the Authority acknowledges that the Purchaser intends to deposit with the Authority the Fixed Project Costs

allocable to the Purchaser for the initial costs of the Desalter Phase 3 Expansion Facilities in accordance with Section 13(k) and that the Authority shall not have any obligation to finance the cost of the initial construction of the Desalter Phase 3 Expansion Facilities from any source of funds other than such deposit unless the Purchaser defaults in its obligation to make such deposits in accordance with Section 13(k). The Purchaser acknowledges and agrees that the Authority shall initially contract with the Purchaser to design, acquire and construct the Desalter Phase 3 Expansion Facilities in accordance with the Intergovernmental Agreement.

Section 4. Delivery of Water.

(a) Request by Purchaser. Pursuant to the terms of this Agreement, the Authority shall provide to the Purchaser, and the Purchaser shall take, or cause to be taken, in each Authority Fiscal Year an amount of water equal to the Purchaser's Project Allotment unless the Purchaser notifies the Authority, pursuant to procedures to be developed by the Authority, that the Purchaser requires an amount of water less than the Purchaser's Project Allotment. Subject to the Project Participant's payment obligations hereunder, the Authority agrees to use its best efforts to deliver desalted water pursuant to this Agreement meeting the water quality standards set forth in Section 5.3 of the Joint Powers Agreement and all applicable local, state and federal water quality standards as such standards may be in effect from time to time.

(b) Points of Delivery; Flow Rate. The Authority will deliver or cause to be delivered to or for the account of the Purchaser the amount of water specified in each request at a flow rate and through delivery structures at a point along the Project to be agreed upon by the Authority and the Purchaser. The Authority will remain available to make or cause to be made all necessary and possible arrangements for transmission and delivery of such water in accordance with this Agreement.

(c) Delivery of Water Not Delivered in Accordance with Schedule. If in any Authority Fiscal Year the Authority, as a result of causes beyond its control, is unable to deliver any portion of the Purchaser's Project Allotment for such Authority Fiscal Year as provided for in the delivery schedule established for that Authority Fiscal Year, the Purchaser may elect to receive the amount of water which otherwise would have been delivered to it during such period at other times during the Authority Fiscal Year or subsequent to such Authority Fiscal Year, to the extent that such water is then available and such election is consistent with the Authority's overall delivery ability, considering the then current delivery schedules of all Project Participants and the Authority.

(d) [SARWC Request. Pursuant to the Joint Powers Agreement, if Santa Ana River Water Company cannot receive the full 1,200 acre feet of water allocated thereto as provided in the Term Sheet, then Jurupa Community Services District and the City of Ontario will abate their deliveries of water from the Project on a pro-rata basis to ensure that Santa Ana River Water Company can receive the full 1,200 acre feet of water from the Authority for such year. Notwithstanding the foregoing, Jurupa Community Services District and the City of Ontario shall only have such obligation if Santa Ana River Water Company's demand for water is constant or at a "steady-rate" of 744 gpm.]

Section 5. Curtailment of Delivery for Maintenance Purposes.

(a) Authority May Curtail Deliveries. The Authority may temporarily discontinue or reduce the delivery of water to the Purchaser hereunder for the purposes of necessary investigation,

inspection, maintenance, repair, or replacement of any of the Project facilities necessary for the delivery of water to the Purchaser. The Authority shall notify the Purchaser as far in advance as possible of any such discontinuance or reduction, except in cases of emergency, in which case notice shall be given as soon thereafter as possible.

(b) Purchaser May Receive Later Delivery of Water Not Delivered. In the event of any discontinuance or reduction of delivery of water pursuant to subsection (a) of this Section, the Purchaser may elect to receive the amount of water which otherwise would have been delivered to it during such period under the water delivery schedule for that Authority Fiscal Year at other times during the Authority Fiscal Year or subsequent to such Authority Fiscal Year to the extent that such water is then available and such election is consistent with the Authority's overall delivery ability, considering the then current delivery schedules of all Project Participants and the Authority.

Section 6. Shortage in Water Supply.

In any Authority Fiscal Year in which there may occur a shortage or interruption in the supply of water available for delivery to the Project Participants, including but not limited to shortages or interruptions caused by changes in laws, regulations or rulings relating to or affecting the Authority's permits and licenses, with the result that such supply is less than the total of the annual Project Allotments of all Project Participants for that Authority Fiscal Year, the Authority shall reduce the delivery of water to the Purchaser in accordance with the Joint Powers Agreement.

Section 7. Measurement of Water Delivered.

The Authority shall measure, or cause to be measured, all water delivered to the Purchaser and shall keep and maintain accurate and complete records thereof. For this purpose and in accordance with Section 4 hereof, the Authority shall install, operate, and maintain, or cause to be installed, operated and maintained, at all delivery structures for delivery of water to the Purchaser at the point of delivery determined in accordance with Section 4(b) such measuring devices and equipment as are satisfactory and acceptable to both parties. Said devices and equipment shall be examined, tested, and serviced by the Authority regularly to insure their accuracy. At any time or times, the Purchaser may inspect such measuring devices and equipment, and the measurements and records taken therefrom.

Section 8. Responsibility for Delivery and Distribution of Water.

(a) Neither the Authority nor any of its officers or agents shall be liable for the control, carriage, handling, use, disposal, or distribution of water supplied to the Purchaser after such water has passed the points of delivery established in accordance with Section 4(b) hereof; nor for claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal or distribution of such water beyond said points of delivery and including attorneys fees and other costs of defense in connection therewith; the Purchaser shall indemnify and hold harmless the Authority and its officers, agents, and employees from any such damages or claims of damages.

(b) Neither the Purchaser nor any of its officers, agents, or employees shall be liable for the control, carriage, handling, use, disposal, or distribution of water supplied to the Purchaser until such water has passed the points of delivery established in accordance with Section 4(b) hereof; nor for claim of damage of any nature whatsoever, including but not limited to property damage,

personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal or distribution of such water prior to such water passing said points of delivery and including attorneys fees and other costs of defense in connection therewith; the Authority shall indemnify and hold harmless the Purchaser and its officers, agents, and employees from any such damages or claims of damages.

Section 9. Rates and Charges.

(a) Establishment of Rates and Charges. The Authority shall fix charges to the Purchaser under this Agreement to produce revenues to the Authority from the Project equal to the amounts anticipated to be needed by the Authority to pay Administrative Costs and to pay the actual cost of producing the Purchaser's Project Allotment, which shall include the following costs of the Authority to deliver the Purchaser's Project Allotment through the Project: (i) Fixed Project Costs, (ii) Fixed O&M Costs and (iii) Variable O&M Costs.

(b) Insufficiency of Funds. If Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs collected by the Authority are insufficient to operate and maintain the Project as contemplated under the Joint Powers Agreement, the Authority shall notify the Purchaser of such insufficiency and the Purchaser shall pay to the Authority an amount of such insufficiency equal to such insufficiency multiplied by the Purchaser Share. The obligation of the Purchaser to pay Administrative Costs shall commence immediately upon the execution and delivery of this Agreement and shall continue so long as the Purchaser is a member of the Authority. The obligation of the Purchaser to pay Fixed Project Costs and Fixed O&M Costs shall commence upon the later to occur of (i) execution of this Agreement and (ii) the first delivery of water by the Authority to the Purchaser and thereafter shall continue to exist and be honored by the Purchaser whether or not water is furnished to it from the Project at all times or at all (which provision may be characterized as an obligation to pay all costs on a take-or-pay basis whether or not water is delivered or provided and whether or not the Project is completed or is operable).

(c) Source of Payments. The obligation of the Purchaser to make payments under this Agreement is a limited obligation of the Purchaser and not a general obligation thereof. The Purchaser shall make payments under this Agreement solely from Purchaser Water System Revenues as a Purchaser Operation and Maintenance Expense. The Purchaser shall make such payments on a parity with other Purchaser Operation and Maintenance Expenses and prior to any other payments other than Bonds or Contracts. Nothing herein shall be construed as prohibiting (i) the Purchaser from using any other funds and revenues for purposes of satisfying any provisions of this Agreement or (ii) from incurring obligations payable on a parity with the obligations under this Agreement so long as the Purchaser complies with Section 13(a) hereof.

(d) Obligation Is Not Subject To Reduction. The Purchaser shall make payments of Fixed Project Costs and Fixed O&M Costs under this Agreement whether or not the Project is completed, operable, operated or retired and notwithstanding the suspension, interruption, interference, reduction or curtailment of operation of the Project or of water contracted for in whole or in part for any reason whatsoever. Such payments are not subject to any reduction, whether offset or otherwise, and are not conditioned upon performance by the Authority or any other Project Participant under this Agreement or any other agreement.

(e) Several Obligation. The Purchaser shall not be liable under this Agreement for the obligations of any other Project Participant. The Purchaser shall be solely responsible and liable for

performance of its obligations under this Agreement. The obligation of the Purchaser to make payments under this Agreement is a several obligation and not a joint obligation with those of the other Project Participants.

(f) Allocation of Costs and Expenses.

Except as expressly provided in Sections 3 and 13(k) for payment of Desalter Phase 3 Expansion Facilities Fixed Project Costs, the Authority shall not allocate costs and expenses in any way which discriminates among Project Participants.

(i) Method of Computation of Fixed Project Costs and Fixed O&M Costs. The Fixed Project Costs shall be sufficient to return to the Authority those capital costs of the Authority necessary to deliver water to the Purchaser. The Fixed O&M Costs shall be sufficient to return to the Authority Project Operation and Maintenance Expenses and a reasonable reserve for contingencies, in each case incurred by the Authority with respect to the Project, irrespective of the amount of water delivered to the Project Participants. The total amount of Fixed Project Costs shall be allocated to the Purchaser by multiplying the Purchaser Share times all Fixed Project Costs. The total amount of Fixed O&M Costs shall be allocated to the Purchaser by multiplying the Purchaser Share times all Fixed O&M Costs. The Purchaser Share of Fixed Project Costs and Fixed O&M Costs shall initially be calculated using the figures in the second column on Exhibit A; commencing upon the Expansion Project Completion Date, the Purchaser Share of Fixed Project Costs and Fixed O&M Costs shall be calculated using the figures in the third column on Exhibit A.

(ii) Method of Computation of Variable O&M Costs. The Variable O&M Costs shall return to the Authority those costs of the Project which constitute Variable O&M Costs. There shall be computed for the Project a charge per acre-foot of water which will return to the Authority the total projected Variable O&M Costs of the Project for each Authority Fiscal Year. The parties confirm that if the Purchaser complies with the notice requirement of Section 4(a), no Variable O&M Costs will be allocated to the Purchaser for the portion of Project Allotment not produced by the Authority for the Purchaser.

(iii) Method of Computing Administrative Costs. Administrative Costs shall be sufficient to return to the Authority all costs of operating and managing the Authority, including reasonable reserves for contingencies. The total amount of Administrative Costs shall be allocable to the Purchaser by multiplying (i) the Project Allotment in the third column on Exhibit A divided by the total Project Allotment in the third column on Exhibit A, times (ii) all Administrative Costs.

(iv) Adjustments. The Authority shall update the values and amounts of Administrative Costs, Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs on a quarterly basis, including year-to-date comparisons to the approved Administrative Costs budget and Project budget in order that the costs and expenses to the Purchaser may accurately reflect increases or decreases from Authority Fiscal Year to Authority Fiscal Year in Administrative Costs, Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs. In addition, each such determination shall include an adjustment to be paid or received by the Purchaser for succeeding Authority Fiscal Years which shall account for the differences, if any, between projections of Administrative Costs, Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs used by the Authority in determining the amounts of said

Administrative Costs, Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs for all preceding Authority Fiscal Years and actual Administrative Costs, Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs incurred by the Authority for water delivered to the Purchaser during such Authority Fiscal Years.

(v) Interest Earnings. Interest earnings on all amounts paid by the Purchaser to the Authority shall be credited to the Purchaser through the budgeting process.

The Authority hereby acknowledges the right of the Purchaser to prepay all, or any portion of, the Purchaser's Project Share of Fixed Project Costs constituting Debt Service pursuant to this Agreement based on the Purchaser's Project Allotment, if and to the extent such prepayment is permitted under the applicable Bond Resolution. The Authority shall accept from the Purchaser prepayments of all, or any portion of, the Purchaser's Project Share of Fixed Project Costs constituting Debt Service and apply such prepayments as set forth in this Section 9(f)(i). If and to the extent such prepayment is permitted under the applicable Bond Resolution, the Authority and the Purchaser agree that the Purchaser may prepay all or a portion of its obligation to pay Fixed Project Costs constituting Debt Service pursuant to this Section 9 by providing the Treasurer of the Authority written notice of (i) its intention to pay to the Trustee, on or before the Prepayment Date (as defined below), the Purchaser's Project Share of the principal amount of the Authority Bonds (the "Prepayment Amount"), and (ii) that the Purchaser has sufficient funds available to pay the Prepayment Amount on or before the Prepayment Date. The Prepayment Amount shall be calculated as: (1) a principal payment equal to the Purchaser's Project Share, as adjusted to reflect prepayments of Authority Bonds by any other Project Participant, of Authority Bonds then outstanding and being prepaid, in the principal amount and of the maturities designated in writing by the Purchaser; plus (2) accrued interest from the last date on which the Purchaser made a payment of the Purchaser's Project Share of Debt Service to the first date the Debt Service may be redeemed by the Authority after the Authority has received written notice from the Purchaser of its intention to prepay such Debt Service (the "Prepayment Date"); plus (3) any applicable redemption premium with respect to the Authority Bonds to be refunded on the Prepayment Date, less (4) a credit for the Purchaser's Project Share, as adjusted to reflect prepayments of Authority Bonds by any other Project Participant, of any cash funded reserve fund established for the Authority Bonds from proceeds of such Authority Bonds. After providing written notice to the Authority as described above, the Purchaser shall deposit with the Trustee the Prepayment Amount, in immediately available funds, no later than the last business day before the Prepayment Date. In the event the Authority issues additional Authority Bonds for the Project, the Purchaser may also prepay all or a portion of its allocable share of the principal amount of those Authority Bonds, calculated as set forth in the preceding sentence.

(g) Time and Method of Payment.

(i) Administrative Costs, Fixed Project Costs and Fixed O&M Costs. The Purchaser shall pay to the Authority, on or before January 15, April 15, July 15 and October 15 of each Authority Fiscal Year, 25% of the charge to the Purchaser for such Authority Fiscal Year of the Administrative Costs, Fixed Project Costs and Fixed O&M Costs. The parties acknowledge that Purchasers of Project Allotment allocable to the Desalter Phase 3 Expansion Facilities have no obligation to pay Fixed O&M Costs associated with the Expansion Project until the Expansion Project Completion Date.

(ii) Variable O&M Costs. The Purchaser shall pay to the Authority the charges to the Purchaser for the Variable O&M Costs for the three-month period commencing on the

next succeeding January 1, April 1, July 1 or October 1 so that the Authority receives quarterly payments of Variable O&M Costs three months in advance of the time when such Variable O&M Costs will begin to be incurred by the Authority.

(iii) Contest of Accuracy of Charges. If the Purchaser questions or disputes the correctness of any billing statement by the Authority, it shall pay the Authority the amount claimed when due and shall, within thirty (30) days of the completion and delivery of the Authority's annual audit, request an explanation from the Authority. If the bill is determined to be incorrect, the Authority will adjust the bill to the Purchaser in the next Authority Fiscal Year, including an adjustment equal to the interest actually earned by the Authority on its general reserves during such period. If the Authority and the Purchaser fail to agree on the correctness of a bill within thirty (30) days after the Purchaser has requested an explanation, the parties shall promptly submit the dispute to arbitration under Section 1280 et seq. of the Code of Civil Procedure.

Section 10. Annual Budget and Billing Statement.

The Authority will prepare a preliminary annual budget for each applicable Authority Fiscal Year for credits, costs and expenses relating to Administrative Costs and a preliminary annual budget for each applicable Authority Fiscal Year for credits, costs and expenses relating to the Project, including Variable O&M Costs, Fixed O&M Costs and Fixed Project Costs. The Authority shall submit a draft of such budgets to the Purchaser on or prior to each April 1 for review and comment. Authority staff shall use its best efforts to resolve any questions or concerns caused by a Project Participant during such review. The Board of Directors of the Authority will adopt the final annual budgets for the applicable Authority Fiscal Year on or before June 1 of each Authority Fiscal Year after at least one public hearing on the budgets and shall allow any Project Participant which may object to any provision of the budgets to present such objection during such hearing. The Authority shall supply a copy of said final annual budgets to the Purchaser on or before June 15 of each Authority Fiscal Year. Any amendment to a budget shall be submitted to the Purchaser for review and comment at least 30 days prior to action thereon by the Authority Board of Directors. Any such amendment shall be subject to the same hearing requirements applicable to the budgets set forth above.

Section 11. Obligation in the Event of Default.

(a) Written Demand. Upon failure of the Purchaser to (i) make any payment in full when due under this Agreement or (ii) to perform any other obligation hereunder, the Authority shall make written demand upon the Purchaser. If a failure described in clause (i) above is not remedied within thirty (30) days from the date of such demand or, if Authority Bonds are outstanding, for such additional time as is reasonably required, in the sole discretion of the Trustee, to correct the same, such failure shall constitute a default at the expiration of such period. If a failure described in clause (ii) cannot be remedied within thirty (30) days from the date of such demand but the Purchaser commences remedial action within such thirty (30) day period, such failure shall not constitute a default hereunder. Notice of any such demand shall be provided to each other Project Participant by the Authority. Upon failure of the Authority to perform any obligation of the Authority hereunder, the Purchaser shall make written demand upon the Authority, and if said failure is not remedied within thirty (30) days from the date of such demand or, if Authority Bonds are outstanding, for such additional time as is reasonably required, in the sole discretion of the Trustee, to correct the same,



such failure shall constitute a default at the expiration of such period. Notice of such demand shall be provided to each Project Participant by the Purchaser making such written demand.

In addition to any default resulting from breach by the Authority or the Purchaser of any agreement, condition, covenant or term hereof, if the Authority or the Purchaser shall file any petition or institute any proceedings under any act or acts, state or federal, dealing with or relating to the subject of bankruptcy or insolvency or under any amendment of such act or acts, either as a bankrupt or as an insolvent or as a debtor or in any similar capacity, wherein or whereby the Authority or the Purchaser asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of its debts or obligations, or offers to its creditors to effect a composition or extension of time to pay its debts, or asks, seeks or prays for a reorganization or to effect a plan of reorganization or for a readjustment of its debts or for any other similar relief, or if the Authority or the Purchaser shall make a general or any assignment for the benefit of its creditors, then in each and every such case the Authority or the Purchaser, as the case may be, shall be deemed to be in default hereunder.

(b) Transfer for Defaulting Purchaser's Account. Upon the failure of the Purchaser to make any payment which failure constitutes a default under this Agreement, the Authority shall use its best efforts to transfer for the Purchaser's account all or a portion of the Purchaser's Project Allotment for all or a portion of the remainder of the term of this Agreement. Notwithstanding that all or any portion of the Purchaser's Project Allotment is so transferred, the Purchaser shall remain liable to the Authority to pay the full amount of its share of costs hereunder as if such sale or transfer has not been made, except that such liability shall be discharged to the extent that the Authority shall receive payment from the transferee thereof.

(c) Termination of Entitlement to Project Allotment; Continuing Obligations. Upon the failure of the Purchaser to make any payment which failure constitutes a default under this Agreement and causes the Authority to be in default under any Bond Resolution, the Authority may (in addition to the remedy provided by subsection (b) of this Section) give notice of termination of the provisions of this Agreement insofar as the same entitle the Purchaser to its Project Allotment which notice shall be effective within 30 days thereof unless such termination shall be enjoined, stayed or otherwise delayed by judicial action. Irrespective of such termination, the Purchaser shall remain liable to the Authority to pay the full amount of costs hereunder.

(d) Enforcement of Remedies. In addition to the remedies set forth in this Section, upon the occurrence of an Event of Default as defined herein, the Authority or the Purchaser, as the case may be, shall be entitled to proceed to protect and enforce the rights vested in such party by this Agreement by such appropriate judicial proceeding as such party shall deem most effectual, either by suit in equity or by action at law, whether for the specific performance of any covenant or agreement contained herein or to enforce any other legal or equitable right vested in such party by this Agreement or by law. The provisions of this Agreement and the duties of each party hereof, their respective boards, officers or employees shall be enforceable by the other party hereto by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction, with the losing party paying all costs and attorney fees.

(e) Trustee is Third Party Beneficiary. Any Trustee for Authority Bonds shall have the right, as a third party beneficiary, to initiate and maintain suit to enforce this Agreement to the extent provided in any Bond Resolution.

Section 12. Transfers, Sales and Assignments of Project Allotment or Purchaser Water System.

(a) Transfer of Project Allotment. The Purchaser has the right to make transfers, sales, assignments and exchanges (collectively “transfers”) of its Project Allotment or its rights or obligations with respect thereto only as expressly provided in this Section. In no event shall any sale or other disposition of all or any portion of the Purchaser’s Project Allotment relieve the Purchaser of any of its obligations hereunder. The Purchaser shall give notice to the Authority in accordance with rules and regulations approved by the Authority from time to time.

(b) Sale or Other Disposition of Project Allotment. If in any Fiscal Year the Purchaser determines in accordance with 4(a) not to receive all of the Project Allotment, the Authority shall offer such portion of the Project Allotment to the State of California at a price to be determined by the Authority. [If the State of California declines to purchase such Project Allotment, the Purchaser shall have the right to sell such portion of the Project Allotment to another Project Participant or an entity which is not a Project Participant.] No such sale of the Project Allotment shall relieve the Purchaser of any of its obligations hereunder.

Section 13. Covenants of the Purchaser.

The Authority and the Purchaser agree that the covenants contained in this Section shall only be enforced by the Authority to the extent necessary to enforce the payment provisions contained herein.

(a) Amount of Rates and Charges. The Purchaser will fix, prescribe and collect rates and charges for the Purchaser Water System which will be at least sufficient to yield during each Purchaser Fiscal Year Purchaser Net Water System Revenues (excluding Contract Payments, Administrative Costs, Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs) equal to one hundred twenty-five percent (125%) of the Contract Payments, Administrative Costs, Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs for such Purchaser Fiscal Year. The Purchaser may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Purchaser Net Water System Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements of this section.

(b) Against Sale or Other Disposition of Property. Subject to Section 13(j), the Purchaser will not sell, lease or otherwise dispose of the Purchaser Water System or any part thereof unless the governing board of the Purchaser determines in writing that such sale, lease or other disposition will not materially adversely affect the Purchaser’s ability to comply with subsection (a) of this Section and, in the case of a sale or other disposition, the entity acquiring the Purchaser Water System or such part thereof shall assume all obligations of the Purchaser under this Agreement. The Purchaser will not enter into any agreement or lease which impairs the operation of the Purchaser Water System or any part thereof necessary to secure adequate Purchaser Net Water System Revenues for the payment of the obligations imposed under this Agreement or which would otherwise impair the rights of the Authority with respect to the Purchaser Water System Revenues or the operation of the Purchaser Water System.

(c) Against Competitive Facilities. To the extent permitted by existing law and within the scope of its powers but only to the extent necessary to protect the rights of the owners of

Authority Bonds, the Purchaser will not acquire, construct, maintain or operate and will use its best efforts not to permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, construct, maintain or operate within the boundaries of the Purchaser any water system competitive with the Purchaser Water System which might have the effect of materially adversely affecting the Purchaser's ability to pay Administrative Costs, Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs.

(d) Maintenance and Operation of the Purchaser Water System; Budgets. The Purchaser will maintain and preserve the Purchaser Water System in good repair and working order at all times and will operate the Purchaser Water System in an efficient and economical manner and will pay all Purchaser Operation and Maintenance Expenses as they become due and payable. On or before the first day of each Purchaser Fiscal Year thereafter, the Purchaser will adopt and file with the Authority a budget approved by the legislative body of the Purchaser, including therein in the estimated Administrative Costs, Fixed O&M Costs, Variable O&M Costs and Fixed Project Costs payable to the Authority. Any budget may be amended at any time during any Purchaser Fiscal Year and such amended budget shall be filed by the Purchaser with the Authority.

(e) Insurance. The Purchaser shall procure and maintain or cause to be procured and maintained insurance on the Purchaser Water System with responsible insurers so long as such insurance is available from reputable insurance companies, or, alternatively, shall establish a program of self-insurance, or participate in a joint powers agency providing insurance or other pooled insurance program, in such amounts and against such risks (including accident to or destruction of the Purchaser Water System) as are usually covered in connection with water systems similar to the Purchaser Water System.

(f) Accounting Records and Financial Statements.

(i) The Purchaser will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Purchaser Water System, which records shall be available for inspection by the Authority and the Trustee at reasonable hours and under reasonable conditions.

(ii) The Purchaser will prepare and file with the Authority annually within two hundred ten (210) days after the close of each Purchaser Fiscal Year (commencing with the Purchaser Fiscal Year ending June 30, 2002) financial statements of the Purchaser for the preceding Purchaser Fiscal Year prepared in accordance with generally accepted accounting principles, together with a report of an Independent Certified Public Accountant thereon. The Purchaser will promptly furnish a copy of such report to the Authority and to the Trustee.

(g) Protection of Security and Rights of the Authority. The Purchaser will preserve and protect the rights of the Authority and the Trustee to the obligations of the Purchaser hereunder and will warrant and defend such rights against all claims and demands of all persons.

(h) Payment of Taxes and Compliance with Governmental Regulations. The Purchaser will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Purchaser Water System or any part thereof or upon the Purchaser Water System Revenues when the same shall become due. The Purchaser will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of

the Purchaser Water System or any part thereof, but the Purchaser shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith.

(i) Further Assurances. The Purchaser will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to effect the financing and refinancing of the Project and to allow the Authority to comply with reporting obligations, to assure the Authority of the Purchaser's intention to perform hereunder and for the better assuring and confirming unto the Authority and the Trustee of the rights and benefits provided to them herein.

(j) Maintenance of Tax-Exempt Status of Authority Bonds. Notwithstanding any other provision of this Agreement, the Purchaser shall not take any action or omit to take any action, directly or indirectly, in any manner, which would result in any of the Authority Bonds being treated as an obligation not described in Section 103(a) of the Internal Revenue Code of 1986, as amended, by reason of classification of such Authority Bond as a "private activity bond" within the meaning of Section 141 of said Code or for any other reason.

(k) Desalter Phase 3 Expansion Facilities Fixed Project Costs. The Purchaser shall pay to the Authority its share of Desalter Phase 3 Expansion Facilities Fixed Project Costs allocable in accordance with Section 14(f) hereof. In the event that the Purchaser fails to pay any Fixed Project Costs on the date determined in accordance with Section 14(f), the Authority shall have the right, but not the obligation, to exercise all remedies set forth in Section 11 hereof and, in addition thereto, to issue Authority Bonds secured solely by payments by the Purchaser hereunder as Fixed Project Costs and apply the proceeds thereof to Desalter Phase 3 Expansion Facilities Fixed Project Costs, to enable Authority to satisfy its obligations under Section 3(a).

#### Section 14. Covenants of the Authority.

(a) Insurance. The Authority shall procure and maintain or cause to be procured and maintained insurance on the Project with responsible insurers so long as such insurance is available from reputable insurance companies, or, alternatively, shall establish a program of self-insurance, or participate in a joint powers agency providing insurance or other pooled insurance program, covering such risks, in such amounts and with such deductibles as shall be determined by the Authority and as may be required under the Authority Bonds. The Authority shall indemnify and hold harmless the Purchaser from any liability for personal injury or property damage resulting from any accident or occurrence arising out of or in any way related to the construction or operation of the Project.

#### (b) Accounting Records and Financial Statements.

(i) The Authority will keep appropriate accounting records in which complete and correct entries shall be made of all Authority transactions relating to the Project, which records shall be available for inspection, copying and audit by the Purchaser and its accountants, attorneys and agents at reasonable hours and under reasonable conditions.

(ii) The Authority will prepare annually within two hundred ten (210) days after the close of each Authority Fiscal Year (commencing with the Authority Fiscal Year ending June 30, 2010) financial statements of the Authority for the preceding Authority Fiscal Year prepared in accordance with generally accepted accounting principles, together with a report

of an Independent Certified Public Accountant thereof. The Authority will promptly furnish a copy of such report to the Purchaser and to the Trustee.

(c) Compliance with Law. The Authority shall comply with all local, state and federal laws applicable to the Project.

(d) Against Sale or Other Disposition of Project. The Authority will not sell, lease or otherwise dispose of the Project or any part thereof unless the Board of Directors of the Authority determines that such sale, lease or other disposition will not materially adversely affect the Authority's ability to comply with its obligations hereunder and under the Authority Bonds.

(e) Maintenance and Operation of the Project. Subject to the payment obligations of the Project Participants hereunder, the Authority will maintain and preserve the Project in good repair and working order at all times and will operate the Project in an efficient and economical manner consistent with the Joint Powers Agreement. Notwithstanding the foregoing, no material portion of the Project shall be abandoned by the Authority without the consent of all Project Participants.

(f) Desalter Phase 3 Expansion Facilities Fixed Project Costs. The Authority shall give written notice to the Purchaser of its share of each contract for Desalter Phase 3 Expansion Facilities Fixed Project Costs 60 days prior to the letting of such contract. Such Desalter Phase 3 Expansion Facilities Fixed Project Costs shall be consistent with the then-current capital budget approved by the Authority Board. The Purchaser shall deposit such amount with the Authority no later than 30 days prior to the estimated date such contract will be let.

(g) Future Fixed Project Costs. With respect to Fixed Project Costs (other than Desalter Phase 3 Expansion Facilities Fixed Project Costs, the payment of which is provided for in subdivision (f) of this Section 14) anticipated to be funded through the issuance of Authority Bonds, the Authority shall give written notice to the Purchaser of its share of Fixed Project Costs 90 days prior to the proposed date of issuance of Authority Bonds therefor. Unless the Purchaser deposits such Fixed Project Costs with the Authority no later than 30 days prior to the proposed date of issuance of Authority Bonds therefor, the Authority shall include such Fixed Project Costs in the Authority Bonds.

(h) Expansion Project Water Available Prior to the Expansion Project Completion Date. The parties agree that in the event that water is produced from the Expansion Project prior to the Expansion Project Completion Date, the Authority will negotiate with the Purchasers on an equitable allocation of such water as well as the allocation of Fixed O&M Costs and Variable O&M Costs relating thereto.

#### Section 15. Term.

(a) No provision of this Agreement shall take effect until it and Water Purchase Agreements with all Project Participants have been duly executed and delivered to the Authority together with an opinion for each Project Participant of an attorney or firm of attorneys in substantially the form attached hereto as Exhibit B and an opinion for the Authority of Stradling Yocca Carlson & Rauth, a Professional Corporation, General Counsel, in substantially the form attached hereto as Exhibit C. In addition the Purchaser will deposit the Desalter Phase 3 Expansion Facilities Buy-In Cost and Lump Sum Past Administrative Costs with the Authority on or before

\_\_\_\_\_, 2010. The deposit of such amounts shall be a condition precedent to the effectiveness of this Water Purchase Agreement.

(b) Notwithstanding the delay in effective date of this Agreement until all Project Participants have complied with subsection (a) of this Section, it is agreed by the Purchaser that in consideration for the Authority's signature hereto, and for its commitment to use its best efforts to obtain the commitment of all Project Participants, the Purchaser upon its execution and delivery of this Agreement to the Authority along with the required opinion and any required evidence of compliance as required by subsection (a) of this Section shall be immediately bound not to withdraw its respective offer herein made to enter into this Agreement as executed and/or supplemented or to decrease or terminate its Project Allotment before December \_\_\_\_, 2010.

(c) The term of this Agreement shall continue until the later of January 15, 2031 or the final maturity of Authority Bonds. The parties hereto agree to negotiate in good faith to amend this Agreement on or prior to such date to extend the term hereof and to include terms and conditions as are mutually agreeable to the parties, provided that the price to be paid with respect to the Project Allotment in such amendment shall reflect the payment of capital costs to such date.

#### Section 16. Assignment.

The Authority may pledge and assign to any Trustee for Authority Bonds, all or any portion of the payments received under this Agreement from the Purchaser and the Authority's other rights and interests under this Agreement. Such pledge and assignment by the Authority shall be made effective for such time as the Authority shall determine and provide that the Trustee shall have the power to enforce this Agreement in the event of a default by the Authority under a Bond Resolution. The Purchaser may assign its rights or obligations under this Agreement only in accordance with Section 15 hereof.

#### Section 17. Amendments.

Except as otherwise provided in this Agreement, on and after the date Authority Bonds are issued and so long as any Authority Bonds are outstanding in accordance with the applicable Bond Resolution, Section 9, 11, 12, 13, 14 and 16 and this Section of this Agreement shall not be amended, modified or otherwise changed or rescinded by agreement of the parties without the consent of each Trustee for Authority Bonds whose consent is required under the applicable Bond Resolution. This Agreement may only be otherwise amended, modified, changed or rescinded in writing by each of the parties hereto.

The Authority agrees not to grant to the owners of Authority Bonds as individuals any rights relating to the amendment, modification or change of this Agreement.

Notwithstanding the foregoing, the sections of this Agreement set forth in the prior paragraph of this Section may be amended without the consent of each Trustee for Authority Bonds for any of the following purposes:

(a) to add to the agreements, conditions, covenants and terms contained herein required to be observed or performed by the Authority or the Purchaser other agreements, conditions, covenants and terms hereafter to be observed or performed by the Authority or the Purchaser, or to

surrender any right reserved herein to or conferred herein on the Authority or the Purchaser, and which in either case shall not adversely affect the interests of the owners of any Authority Bonds;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the Authority or the Purchaser may deem desirable or necessary and not inconsistent herewith, and which shall not materially adversely affect the interests of the owners of any Authority Bonds;

(c) to make any modifications or changes necessary or appropriate in the opinion of a firm of nationally recognized standing in the field of law relating to municipal bonds to preserve or protect the exclusion from gross income of interest on the Authority Bonds for federal income tax purposes;

(d) to make any modifications or changes to this Agreement in order to enable the execution and delivery of Authority Bonds on a parity with any Authority Bonds previously issued and to make any modifications or changes necessary or appropriate in connection with the execution and delivery of Authority Bonds;

(e) to make any other modification or change to the provisions of this Agreement which does not materially adversely affect the interests of the owners of any Authority Bonds;

(f) to make changes to the definition of "Project."

Section 18. Miscellaneous.

(a) Headings. The headings of the sections hereof are inserted for convenience only and shall not be deemed a part of this Agreement.

(b) Partial Invalidity. If any one or more of the covenants or agreements provided in this Agreement to be performed should be determined to be invalid or contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

(c) Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

(d) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

(e) Notices. Any notices required or permitted to be given hereunder shall be given in writing and shall be delivered (a) in person, (b) by certified mail, postage prepaid, return receipt requested, (c) by Federal Express or another reputable commercial overnight courier that guarantees next day delivery and provides a receipt, or (d) by telefacsimile or telecopy, and such notices shall be addressed as follows:

If to Purchaser: Western Municipal Water District of Riverside County  
450 E. Alessandro Blvd  
Riverside, CA 92508  
Attn: General Manager

With a copy to: John Schatz, Esq.  
PO Box 7775  
Laguna Niguel, CA 92607-7775

If to Authority: Chino Basin Desalter Authority  
c/o City of Ontario  
1425 South Bon View Avenue  
Ontario, CA 91761  
Attn: Authority Coordinator

With a copy to: Stradling Yocca Carlson & Rauth  
660 Newport Center Drive  
Newport Beach, CA 92660  
Attention: Douglas Brown

or to such other address as either party may from time to time specify in writing to the other party. Any notice shall be deemed delivered when actually delivered, if such delivery is in person, upon deposit with the U.S. Postal Service, if such delivery is by certified mail, upon deposit with the overnight courier service, if such delivery is by an overnight courier service, and upon transmission, if such delivery is by telefacsimile or telecopy.

(f) Merger of Prior Agreements. This Agreement and the exhibits hereto constitute the entire agreement between the parties and supersede all prior agreements and understandings between the parties relating to the subject matter hereof. This Agreement is intended to implement, and should be interpreted consistent with, the Joint Powers Agreement.

(g) Time of the Essence. Time is of the essence in the performance of this Agreement.



IN WITNESS WHEREOF the Purchaser has executed this Agreement with the approval of its governing body, and caused its official seal to be affixed and the Authority has executed this Agreement in accordance with the authorization of its Board of Directors.

CHINO BASIN DESALTER AUTHORITY

By: \_\_\_\_\_  
Chairperson

Attest:

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

WESTERN MUNICIPAL WATER DISTRICT OF RIVERSIDE COUNTY

By: \_\_\_\_\_  
Chairperson

[SEAL]

Attest:

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

EXHIBIT A

<u>Project Participant</u>	<u>Project Allotment Prior to Initial Delivery of Desalter Phase 3 Expansion Facilities Water (acre-feet)</u>	<u>Project Allotment After Initial Delivery of Desalter Phase 3 Expansion Facilities Water (acre-feet)</u>
City of Chino	5,000	5,000
City of Chino Hills	4,200	4,200
City of Norco	1,000	1,000
City of Ontario	5,000	8,533
Jurupa Community Services District	8,200	11,733
Santa Ana River Water Company	1,200	1,200
Western Municipal Water District	<u>0</u>	<u>3,534</u>
	24,600	35,200

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EXHIBIT B

[This opinion shall be delivered upon execution of the Water Purchase Agreement]

\_\_\_\_\_, 2010

Chino Basin Desalter Authority

\_\_\_\_\_  
\_\_\_\_\_  
Western Municipal Water District of Riverside County  
450 E. Alessandro Blvd  
Riverside, CA 92508

Ladies and Gentlemen:

We are acting as [special] counsel to the Western Municipal Water District of Riverside County (the "Purchaser") under the Water Purchase Agreement, dated as of November 1, 2010 (the "Agreement"), between the Chino Basin Desalter Authority (the "Authority") and the Purchaser, and have acted as general counsel to the Purchaser in connection with the matters referred to herein. As such counsel we have examined and are familiar with (i) documents relating to the existence, organization and operation of the Purchaser provided to us by the Purchaser, (ii) certifications by officers of the Purchaser, (iii) all necessary documentation of the Purchaser relating to the authorization, execution and delivery of the Agreement, and (iv) an executed counterpart of the Agreement. Terms used herein and not otherwise defined have the respective meanings set forth in the Agreement.

Based upon the foregoing and such examination of law and such other information, papers and documents as we deem necessary or advisable to enable us to render this opinion, including the Constitution and laws of the State of California, together with the resolutions, ordinances and public proceedings of the Purchaser, we are of the opinion that:

1. The Purchaser is a general law city, duly created, organized and existing under the laws of the State of California and duly qualified to furnish water service within its boundaries.
2. The Purchaser has legal right, power and authority to enter into the Agreement and to carry out and consummate all transactions reasonably contemplated thereby, and the Purchaser has complied with the provisions of applicable law relating to such transactions.
3. The Agreement has been duly authorized, executed and delivered by the Purchaser, is in full force and effect as to the Purchaser in accordance with its terms and, subject to the qualifications set forth in the second to the last paragraph hereof, and assuming that the Authority has all requisite power and authority, and has taken all necessary action, to authorize, execute and deliver such Agreement, the Agreement constitutes the valid and binding obligation of the Purchaser .

4. The obligations of the Purchaser to make payments under the Agreement from the Revenues of its Purchaser Water System or other lawfully available funds as provided in Section 10 of the Agreement is a valid, legal and binding obligation of the Purchaser enforceable in accordance with its terms.

5. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the Purchaser of the Agreement.

6. The authorization, execution and delivery of the Agreement and compliance with the provisions thereof will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the Purchaser, any commitment, agreement or other instrument to which the Purchaser is a party or by which it or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which the Purchaser (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the Purchaser and its affairs.

7. There is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body, pending or, to our knowledge, threatened against or affecting the Purchaser or any entity affiliated with the Purchaser or any of its officers in their respective capacities as such, which questions the powers of the Purchaser referred to in paragraph 2 above or the validity of the proceedings taken by the Purchaser in connection with the authorization, execution or delivery of the Agreement, or wherein any unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Agreement, or which would adversely affect the validity or enforceability of the Agreement.

The opinion expressed in paragraphs 3 and 4 above are qualified to the extent that the enforceability of the Agreement may be limited by any applicable bankruptcy, insolvency, reorganization, arrangement, moratorium, or other laws affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies in the State of California and provided that no opinion is expressed with respect to any indemnification or contribution provisions contained therein.

This opinion is rendered only with respect to the laws of the State of California and the United States of America and is addressed only to the Chino Basin Desalter Authority and the Purchaser . No other person is entitled to rely on this opinion, nor may you rely on it in connection with any transactions other than those described herein.

Very truly yours,

EXHIBIT C

[This opinion shall be delivered upon execution of the Water Purchase Agreement]

\_\_\_\_\_, 2010

Chino Basin Desalter Authority

The Project Participants Listed on  
Exhibit A attached hereto

Ladies and Gentlemen:

We are general counsel to the Chino Basin Desalter Authority (the "Authority") and are familiar with those certain Amended and Restated Water Purchase Agreements and that certain Water Purchase Agreement, each dated as of November 1, 2010 (each, an "Agreement"), between the Authority and each of the water contractors identified on Exhibit A attached hereto (each, a "City") in connection with the matters referred to herein. As special counsel we have examined and are familiar with (i) documents relating to the existence, organization and operation of the Authority provided to us by the Authority, (ii) certifications by officers of the Authority, (iii) all necessary documentation of the Authority relating to the authorization, execution and delivery of the Agreement, and (iv) an executed counterpart of the Agreement. Terms used herein and not otherwise defined have the respective meanings set forth in the Agreement.

Based upon the foregoing and such examination of law and such other information, papers and documents as we deem necessary or advisable to enable us to render this opinion, including the Constitution and laws of the State of California, together with the resolutions, ordinances and public proceedings of the Authority, we are of the opinion that:

1. The Authority is a joint exercise of powers agency duly created, organized and existing under the laws of the State of California.

2. The Authority has legal right, power and authority to enter into the Agreement and to carry out and consummate all transactions reasonably contemplated thereby, and the Authority has complied with the provisions of applicable law relating to such transactions.

3. The Agreement has been duly authorized, executed and delivered by the Authority, is in full force and effect as to the Authority in accordance with its terms and, subject to the qualifications set forth in the second to the last paragraph hereof, and assuming that each City has all requisite power and authority, and has taken all necessary action, to authorize, execute and deliver such Agreement, the Agreement constitutes the valid and binding obligation of the Authority.

4. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the Authority of the Agreement.

5. The authorization, execution and delivery of the Agreement and compliance with the provisions thereof will not conflict with or constitute a breach of, or default under, any instrument

relating to the organization, existence or operation of the Authority, any commitment, agreement or other instrument to which the Authority is a party or by which it or its property is bound or affected, or, to the best of our knowledge, any ruling, regulation, ordinance, judgment, order or decree to which the Authority (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the Authority and its affairs.

6. There is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body, pending or, to our knowledge, threatened against or affecting the Authority or any of its officers in their respective capacities as such, which questions the powers of the Authority referred to in paragraph 2 above or the validity of the proceedings taken by the Authority in connection with the authorization, execution or delivery of the Agreement, or wherein any unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Agreement, or which, in any way, would adversely affect the validity or enforceability of the Agreement.

The opinion expressed in paragraph 3 above is qualified to the extent that the enforceability of the Agreement may be limited by any applicable bankruptcy, insolvency, reorganization, arrangement, moratorium, or other laws affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies in the State of California and provided that no opinion is expressed with respect to any indemnification or contribution provisions contained therein.

This opinion is rendered only with respect to the laws of the State of California and the United States of America and is addressed only to the Authority and the Project Participants. No other person is entitled to rely on this opinion, nor may you rely on it in connection with any transactions other than those described herein.

Respectfully submitted,

# Exhibit C



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*Redlined*  
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Watermaster  
Resolution 2010-04,  
October 19, 2010

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**CONCEPTUAL  
WATERMASTER RESOLUTION  
NO. 2010-04**

**RESOLUTION OF THE CHINO BASIN WATERMASTER  
REGARDING IMPLEMENTATION OF THE PEACE II AGREEMENT AND THE  
PHASE III DESALTER EXPANSION IN ACCORDANCE WITH THE DECEMBER 21,  
2007 ORDER OF THE SAN BERNARDINO SUPERIOR COURT**

1. **WHEREAS**, the Judgment in the Chino Basin Adjudication, *Chino Basin Municipal Water District v. City of Chino, et al.*, San Bernardino Superior Court No. 51010, created the Watermaster and directed it to perform the duties as provided in the Judgment or ordered or authorized by the Court in the exercise of the Court's continuing jurisdiction;
2. **WHEREAS**, Watermaster has the express powers and duties as provided in the Judgment or as "hereafter" ordered or authorized by the Court in the exercise of the Court's continuing jurisdiction" subject to the limitations stated elsewhere in the Judgment;
3. **WHEREAS**, Watermaster, with the advice of the Advisory and Pool Committees has discretionary powers to develop an Optimum Basin Management Program (OBMP) for Chino Basin, pursuant to Paragraph 41 of the Judgment;
4. **WHEREAS**, in June of 2000, the Parties to the Judgment executed the Peace Agreement providing for the implementation of the OBMP, and Watermaster adopted Resolution 2000-05 whereby it agreed to act in accordance with the Peace Agreement;
5. **WHEREAS**, the Court ordered Watermaster to proceed in accordance with the Peace Agreement and the OBMP Implementation Plan, Exhibit "B" thereto on June 20, 2000;
6. **WHEREAS**, Watermaster adopted and the Court approved Chino Basin Watermaster Rules and Regulations in June of 2001;
7. **WHEREAS**, the Peace Agreement, the OBMP Implementation Plan and the Chino Basin Watermaster Rules and Regulations reserved Watermaster's discretionary powers in accordance with Paragraph 41 of the Judgment, with the advice from the Advisory and Pool Committees, and contemplated further implementing actions by Watermaster;

8. **WHEREAS**, the Judgment requires that Watermaster, in implementing the Physical Solution, and the OBMP, have flexibility, ~~to consider and~~ where appropriate, to make further adjustments after taking into in consideration of technological, economic, social and institutional factors in maximizing the efficient use of the waters of the Basin;

9. **WHEREAS**, the Peace Agreement and the OBMP Implementation Plan were subject to reconsideration and potential revision of various provisions and ongoing judicial supervision as well as the requirement that monitoring and reporting may lead to further modifications and refinements in management practices;

10. **WHEREAS**, to prudently respond to changing conditions and best management practices, the Parties to the Judgment presented Watermaster with a proposed suite of management strategies, new agreements and proposed amendments to then-existing agreements that were collectively referenced in Watermaster Resolution 2007-05, (amendments to the Watermaster Rules and Regulations, Purchase and Sale Agreement with the Overlying (Non-Agricultural) Pool, Judgment Amendments, Peace II Agreement, Supplement to the OBMP, Second Amendment to the Peace Agreement) and the subsequent Court filings as the "Peace II Measures";

11. **WHEREAS**, the OBMP Implementation Plan was supplemented to reflect Western Municipal Water District's (WMWD's) commitment to act independently or in its complete discretion with the City of Ontario (Ontario) and the Jurupa Community Services District (Jurupa) to plan, design and construct 9 million gallons per day of new desalting capacity "to obtain Hydraulic Control, to support Re-Operation and support the Future Desalters" (Peace Agreement II Section 5.2.);

12. **WHEREAS**, Watermaster fully and carefully evaluated the legal, technical, scientific, economic and physical consequences of the proposed Peace II Measures through internal and professional expert reports and opinions, including but not limited to reports issued by Dr. David Sunding and Mark Wildermuth, and Watermaster lodged these reports with the Court;

13. **WHEREAS**, in some instances, the Parties to the Judgment retained their own independent professionals to analyze the Watermaster reports and the consequences of the Peace II Measures and presented their findings to Watermaster;

14. **WHEREAS**, the Peace II Measures were subject to substantial stakeholder input from parties and they were modified to address the stated concerns;

15. **WHEREAS**, the Appropriative Pool, the Overlying (Agricultural) Pool, the Overlying (Non-Agricultural) Pool, the Advisory Committee and the Watermaster Board all unanimously approved Resolution No. 2007-05 thereby adopting the Peace II

Measures and forwarding them to the Court requesting an order to proceed in accordance with the stated terms;

| **167. WHEREAS**, upon receipt of the submittal, the Special Referee issued a report requesting clarification and further information of the Peace II Measures at an evidentiary hearing;

| **178. WHEREAS**, the Assistant to the Special Referee, Joe Scalmanini of Luhdorff & Scalmanini Consulting Engineers, transmitted his technical review in March of 2007 ("Report"). In relevant part, the Report states:

"For planning level analysis, the existing model is a useful and applicable tool to simulate approximate basin response to management actions that involve the quantities and distribution of pumping and recharge in the basin. For example, for the most notable of its applications to date, which has been to conduct a planning level analysis of intended future hydraulic control, the model can be confidently utilized to examine whether groundwater conditions (levels) will form in such a way that hydraulic control will be achieved as (sic) result of basin re-operation and, if not, what other changes in basin operation are logically needed to achieve it."  
(Report at p. 37)

| **189. WHEREAS**, Watermaster caused the completion of a preliminary engineering, hydrogeologic, and technical evaluation of the potential physical impacts to the Basin and to the Parties to the Judgment that might result from implementation of the Peace II Measures. The preliminary evaluation was conducted by Mark Wildermuth of Wildermuth Environmental and was lodged with the Court;

| **1920. WHEREAS**, Watermaster caused the preparation of a specific project description set forth in the then proposed Supplement to the OBMP Implementation Plan for the purpose of conducting a more refined engineering, hydrogeologic and technical evaluation of the physical impacts to the Basin and to the Parties to the Judgment that may result from implementation of the Peace II measures, and it was lodged with the Court;

| **204. WHEREAS**, the design, financing, construction and operation of the planned expansion to desalting within the Chino Basin would cause the Parties to the Judgment to incur substantial, irrevocable commitments;

| **212. WHEREAS**, Watermaster caused the completion of a macro socioeconomic analysis by Dr. David Sunding, a PhD in economics and professor at the University of California Berkeley referenced in Watermaster Resolution 2007-05 and lodged with the Court. The macro analysis provided a comprehensive evaluation of the macro costs

and benefits to the parties as a whole that may be attributable to the Peace II measures, and it was lodged with the Court;

**223. WHEREAS**, Watermaster caused an update of the previously completed socioeconomic analysis conducted pursuant to the Judgment. The analysis was completed by Dr. Sunding, and it considered the positive and negative impacts of implementing the OBMP, the Peace Agreement, and the Peace II measures, including Watermaster assessments. The analysis also addressed the potential distribution of costs and benefits among the parties that were initiated with the approval of the Peace Agreement. The study was referenced in Watermaster Resolution 2007-05 and lodged with the Court in support of Watermaster's request to approve the Peace II Measures;

**234. WHEREAS**, a hearing was held before the Court at which Watermaster presented substantial evidence in support of the adoption of the Peace II Measures, through documentation, briefs, expert reports and opinions, argument and testimony in support of its request for an order to proceed in accordance with the Peace II Measures;

**245. WHEREAS**, Watermaster prepared a summary of the cumulative total of groundwater production and desalting from all authorized Desalters and other activities authorized by the 2007 Supplement to the OBMP Implementation Plan as amended as provided in the Peace Agreement in a schedule that: (i) identifies the total quantity of groundwater that will be produced through the proposed Basin Re-Operation to obtain Hydraulic Control, and (ii) characterizes and accounts for all water that is projected to be produced by the Desalters for the initial Term of the Peace Agreement (by 2030) as dedicated water, New Yield, controlled overdraft pursuant to the Physical Solution or subject to Replenishment;

**256. WHEREAS**, the post hearing briefs and supplemental evidence were filed by Watermaster, and the Special Referee issued a report recommending an order be issued to proceed in accordance with the Peace II Measures;

**267. WHEREAS**, on December 21, 2007, the Court issued an order instructing Watermaster to proceed with the Peace II Measures;

**278. WHEREAS**, on April 1, 2010, the Regional Water Quality Control Board (Regional Board) issued an Administrative Civil Liability complaint against Watermaster and IEUA in response to an alleged failure of the Co-Permittees to obtain Hydraulic Control;

**289. WHEREAS**, in reliance upon the collective commitments of the Parties to the Judgment and with the concurrence of CDA in the "[Milestones Schedule](#)," Watermaster and IEUA entered into a settlement agreement with the ~~Regional Water Quality Control Board~~ (Regional Board) in May of 2010 that established a revised schedule for the

construction of new facilities and the completion of the Phase III Desalter Expansion (Expansion Project);

**2930. WHEREAS**, a substantial fine has been paid to the Regional Board;

**304. WHEREAS**, Administrative Expenses arising under the Physical Solution must be categorized as either a General Administrative Expense or a Special Project Expense as set forth in Paragraph 54 of the Judgment;

**312. WHEREAS**, Administrative Expenses must be allocated and assessed against the respective pools and then uniformly among the members of the Appropriative Pool in accordance with their respective percentage of the year's total production. (Judgment Exhibit H, Section 6.);

**323. WHEREAS**, the Peace II Measures and specifically the Peace II Agreement obligates WMWD "acting independently or in its complete discretion with Ontario, Jurupa or both will exercise good faith and reasonable best efforts to arrange for 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" (Peace II Agreement Section 5.3);

**334. WHEREAS**, WMWD has exercised its discretion to join with Ontario and Jurupa to design, plan and construct the Future Desalters in accordance with the 2007 Supplement to the OBMP Implementation Plan;

**345. WHEREAS**, the intended purposes of the Future Desalters are to provide safe yield preservation, water supply for participating entities, salt management, and expanded use of recycled water and hydraulic control;

**356. WHEREAS**, the act of securing Hydraulic Control was a known and intended objective attributable to the Future Desalters that was to be achieved by causing a change in water levels within the Basin and the corresponding economic consequences related to those expected changes were fully evaluated at the time of adoption of the Peace II Measures;

**367. WHEREAS**, 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;

**378. WHEREAS**, the Court conditioned its approval of the Peace II Measures, upon



the prompt development and implementation of a Recharge Master Plan that will provide long-term hydrologic balance within the Basin and within each of the Management Zones;

**389. WHEREAS**, the broad regional impacts attributable to Re-operation were intended to be measured and monitored by Watermaster and the full cost differential associated with a change in water levels, such as increased pump lifts, well deepening, and well and pump improvements were reserved to each party producing water in consideration for the substantial individual and broader benefits received pursuant to the Peace II Measures;

**3940. WHEREAS**, based upon groundwater-level monitoring data available to Watermaster, groundwater levels in the 1970s, prior to the implementation of the Physical Solution set forth in the Judgment, were lower than the groundwater levels when the Re-Operation commenced;

**401. WHEREAS**, prudently constructed and properly maintained groundwater wells will not become inoperable due to groundwater level declines from Re-Operation;

**412. WHEREAS**, the more localized impacts of the CCWF and from changes in the production at other wells that provide water to the Desalters have been identified by Watermaster. These local impacts are characterized by groundwater-level declines greater than twenty (20) feet more than would occur if the Peace II Measures and Basin Re-operation had not been pursued (approximately thirty-five (35) feet lower than present groundwater elevations), as shown in Exhibit "A." This area is hereafter referred to as the Zone of Influence;

**423. WHEREAS**, exclusive of the existing and proposed Desalter wells, the Zone of Influence contains 8-9 active agricultural wells and no municipal and industrial wells<sup>1</sup>;

**434. WHEREAS**, water level declines of less than twenty (20) feet should not cause a prudent well owner to suffer a loss of water supply;

**445. WHEREAS**, the Inland Empire Utilities Agency (IEUA) has caused the completion of a Supplemental Environmental Impact Report (SEIR) for the Peace II Measures which was certified by IEUA on October 6, 2010 and its relevant part is attached herein by this reference as Exhibit "FXX";

**4557. WHEREAS**, the SEIR approved by IEUA has evaluated potential impacts and developed a proposed mitigation plan generally assigning responsibility for regional

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<sup>1</sup> Watermaster Staff and the Stakeholders are still investigating the conditions that pertain to the proposed Zone of Influence, the status of the wells provisionally identified in this paragraph and the suitability of potential mitigation related thereto.

impacts to those entities with regional scope (IEUA and Watermaster), and localized impacts, to the CDA;

46. WHEREAS, ~~Section 4.3-10~~ of the SEIR provides that if an owner of one of the agricultural wells is adversely impacted by a decline in the water table greater than twenty (20) feet as measured against the non-project scenario, they may present a request to CDA for mitigation of the alleged impact, and CDA will evaluate the claim and take whatever action is appropriate under the circumstances.

47. WHEREAS, the CDA previously adopted an Emergency Response Plan to address concerns of well owners in the vicinity of the existing Desalters and it is attached hereto as Exhibit "HX";

48. WHEREAS, there is general satisfaction with the adequacy of the existing Emergency Response Plan and it is anticipated that CDA will make the Emergency Response Plan applicable to the Expansion Project;

496. WHEREAS, Section 5.8(a) of the Peace II Agreement, the Supplement to the OBMP and the Court Order required that the new wells for the Future Desalters be constructed so that they are perforated to produce groundwater only from in the shallow aquifer system among Desalter I wells No. 1 through 4 and west of Desalter I as designated and this is where the CCWF will be located;

5047. WHEREAS, the best available information, inclusive of the developed models, have been considered so as to locate and perforate these wells in a manner contemplated by the Peace Agreement, the Peace II Measures and reasonably calculated by Watermaster to secure the objective of Hydraulic Control and minimize the risk of differential land subsidence;

5148. WHEREAS, provided that the production of groundwater from the Future Desalters is as provided in the Supplement to the OBMP, WMWD, Ontario and Jurupa shall be entitled to first priority for the allocation of the 400,000 acre-feet of controlled overdraft authorized by the Judgment Amendments to Exhibit I and as expressly set forth in the schedule filed with and approved by the Court as a component of Condition Subsequent Number Seven attached hereto as Exhibit "B";

5249. WHEREAS, WMWD exercised its right to proceed with the proposed construction of Future Desalters with Ontario and Jurupa (Expansion Parties) as provided in the Peace II Agreement and to initially apportion their relative shares of the project costs and benefits in a manner consistent with the Peace II Measures;

530. WHEREAS, subject to final review of costs and compliance with stated conditions, the Expansion Parties elected to fully and completely integrate with and

carry ~~out~~ their actions by and through the Chino Basin Desalter Authority (CDA) in a manner that will cause construction and operation of the designated new wells for the Future Desalters consistent with the Supplement to the OBMP, the Peace II Agreement and as approved herein by Watermaster;

**544. WHEREAS**, except for WMWD, CDA is comprised of members of the Appropriative Pool;

**552. WHEREAS**, in Article V of the Peace II Agreement, WMWD contractually agreed to exercise good faith and reasonable best efforts to cause the completion of the Expansion Project among other things;

562. WHEREAS, WMWD has expended in excess of \$5 million dollars and the Expansion Parties a cumulative total of \$15 million in out-of-pocket costs (up to \$5 million of which may be subject to reimbursement by third-party grants that will be used for purposes consistent with the grant authorizations) in pursuit of the design, planning and construction of the Expansion Project.

**573. WHEREAS**, WMWD will make a determination pursuant to Section 5.7 of the Peace II Agreement as to whether the cost-cap has been exceeded or whether it intends to proceed with the Expansion Project notwithstanding that the cost-cap has been exceeded (inclusive of an approval or reasonable assurance by MWD that it will award a \$139 per acre-foot subsidy) no later than upon the earlier of: (1) the date that CDA approves the Expansion Project; ~~t or (2) December 31, 2010;~~

**584. WHEREAS**, there has been no prior express undertaking pursuant to the Peace II Measures to complete the Expansion Project by any member of CDA other than WMWD and the members of the Appropriative Pool that are not members of CDA request that there be one by each member of CDA (but not CDA itself);

594. WHEREAS, it is anticipated that each of the members of the Appropriative Pool that are also members of CDA will pledge their support for the Expansion Project as it is approved by CDA by each member adopting a Resolution in substantial conformity with Exhibit "IX" attached hereto;

**6055. WHEREAS**, Wildermuth Env. Inc., has prepared a summary evaluation attached hereto as Exhibit "C" that concludes that the expected location of the new wells for the Future Desalters and production of groundwater from the shallow zones will: (a) result in Watermaster securing Hydraulic Control and (b) not cause inelastic land subsidence and damage or otherwise cause unmitigated Material Physical Injury;

**6156. WHEREAS**, Watermaster and its engineer Wildermuth Env. Inc. will work closely with CDA in establishing final groundwater pumping protocols for each of the wells that will be constructed and operated in connection with the Future Desalters and will report these pumping protocols to Watermaster for review, comment and adoption;

~~57. WHEREAS, the Inland Empire Utilities Agency (IEUA) has caused a Supplemental Environmental Impact Report (SEIR) to be prepared to evaluate potential impacts and developed a proposed mitigation plan generally assigning responsibility for regional impacts to those entities with regional scope (IEUA and Watermaster), and localized impacts, to the CDA;~~

**6258. WHEREAS**, Jurupa has expressed concerns regarding the impact of local groundwater production when combined with the production from the Desalters within Management Zone 3;

**6359. WHEREAS**, the Peace Agreement requires Watermaster to ~~exerciset~~ Best Efforts to, among other things, “direct Recharge relative to Production in each area and sub-area of the Basin to achieve long-term balance and to promote the goal of equal access to groundwater within all areas and sub-areas of the Chino Basin” (Peace Agreement Section 5.1(e)(iii).) as well as to “maintain long-term hydrologic balance between total Recharge and discharge within all areas and subareas” (Peace Agreement Section 5.1(e)(viii));

**640. WHEREAS**, Watermaster has prepared and filed its proposed Recharge Master Plan with the Court which seeks to create hydrologic balance within the Basin and within Management Zones in accordance with Peace Agreement Article VIII.

**651. WHEREAS**, the unfunded costs of capital improvements for the Recharge Master Plan are allocated equally between ~~the~~ IEUA and Watermaster, with Watermaster’s share being apportioned in accordance with each party’s percentage of Operating Safe Yield (Peace II Agreement Section 8.1(b));

**662. WHEREAS**, to the extent grant funds, loans or other third-party money are unavailable to fund operations and maintenance costs of the Recharge Master Plan, they will be funded as provided in Peace Agreement II Section 8.1(a) with IEUA’s relative share being based upon its percentage use for recycled water as compared to total recharge from all sources. Watermaster’s respective share of the funding will being allocated among its stakeholders in accordance with their total Production from the Basin, other than Desalter Production (Peace Agreement II Section 8.1(a));

**67. 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 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 which WMWD, Ontario and Jurupa would not pursue the Expansion Project but for the availability of "controlled overdraft" under the Judgment and which availability is subject to the successful completion of the a Recharge Master Plan.

**683. WHEREAS**, CDA desires clarification as to its respective obligations regarding potential mitigation of localized as compared with regional impacts attributable to changes in groundwater levels resulting from Hydraulic Control and from the specific draw-down affecting the 8-9 wells identified in Exhibit "A-";

**694. WHEREAS**, the Peace Agreement provides, among other things, that "[t]he specific location of wells to supply the Chino II Desalter and Future Desalters shall be determined with Watermaster approval and shall be in a location, which is consistent with and shall carry out the purpose of the OBMP. The design and construction of the Chino II Desalter, Chino I Expansion, and Future Desalters shall be in accordance with the OBMP and subject to Watermaster approval. Watermaster's approval shall not be unreasonably withheld and shall insure that the operation of the Desalters will implement the OBMP and not result in Material Physical Injury to any pParty to the Judgment or the Basin-";

**70. WHEREAS**, subject to the acknowledgements in Whereas' 39, 40, 43 and Finding 11, all pParties to the Judgment retain all common law rights, remedies to redress the impacts attributable to land subsidence and unreasonable interference with vested property rights, whatever those rights, remedies and defenses will be;

**71. WHEREAS**, Watermaster will review data and monitoring efforts relevant to the measurement of land subsidence, report at least annually thereon and take appropriate corrective action as provided in the SEIR and as otherwise required;

**7265. WHEREAS**, CDA and the Parties to the Judgment desire a summation of their respective obligations for Desalter Replenishment and Future Desalters arising under the Peace Agreement and its progeny, and Watermaster has prepared such a summary restatement attached hereto as Exhibit "D";

**7366. WHEREAS**, groundwater contamination has resulted at the Chino Airport and this contamination may result in the Desalters incurring additional costs associated with removing and treating the contamination;

**7467. WHEREAS**, certain Parties to the Judgment that are members of the CDA requested Watermaster to lead efforts to obtain compensation from the primary

responsible party, San Bernardino County, and Watermaster accepted the request;

**7568. WHEREAS**, Watermaster expects and intends to recover all of the incremental capital and operations and maintenance expenditures from San Bernardino County and to remit such proceeds to the Parties to the Judgment comprising CDA as they may direct subject to Watermaster's outstanding prior request to be reimbursed by CDA for the legal and consultant costs reasonably incurred in leading the effort to recover funds from San Bernardino County;

**7669. WHEREAS**, all conditions precedent to the construction and operation of the Future Desalters as set forth in the Peace Agreement and the Peace II Agreement have been satisfied upon the action by CDA to approve the Expansion Project and there are no conditions subsequent that will require a suspension in operations;

**770. WHEREAS**, WMWD is the only member of the CDA with a right to receive delivery of groundwater that will be produced by the Desalters that is not also a member of the Appropriative Pool<sup>2</sup>;

**784. WHEREAS**, all production from the Basin must be accounted for by Watermaster and the production attributed to WMWD under Exhibit I to the Judgment should be accounted for by being assigned to a party within a respective Pool;

**792. WHEREAS**, WMWD has no share of Operating Safe Yield as defined by the Judgment but would be entitled to produce groundwater with a "first priority right" to a credit against replenishment under Exhibit I to the Judgment and the Peace II Agreement, up to the maximum quantities stated in Condition Subsequent Number Seven for the duration of the Peace Agreement (2030);

**8073. WHEREAS**, WMWD's may desire to intervene into the Appropriative Pool if it can freely negotiate reasonable terms prior to the operation of the Expansion Project; and.

**NOW, THEREFORE**, on the basis of the staff reports, expert opinions and substantial evidence presented at this hearing, Watermaster finds that:

1. WMWD has elected to proceed to construct the Future Desalters jointly with Jurupa and Ontario (Expansion Parties) by and through CDA as provided in agreements between and among CDA and its members.
2. In-ilt is reasonably anticipated that aAll members of CDA asare pParties to the Judgment will and have now agreed to exerciset good faith and reasonable best efforts towards the timely completion of the Expansion Project as it is described in the approved PDR by their approval of a

<sup>2</sup> WMWD has not necessarily agreed to request intervention.

3. [resolution in substantial conformity with the Resolution of Support for Completion of Future Desalters attached hereto as Exhibit "I"X](#).  
Upon MWD's reasonably anticipated approval of the requested \$139 subsidy for the Desalters, ~~t~~The cost-cap set forth in Peace II Agreement Section 5.7 will ~~has not been~~ exceeded and WMWD shall proceed, jointly with Jurupa and Ontario through CDA to cause the completion of the Future Desalters.<sup>3</sup>
4. For the avoidance of doubt, the allocation of the cost of Replenishment Water for the Desalters under the Peace Agreement and its progeny is set forth in Exhibit "D" with acknowledgement that the provisions of Peace Agreement II Section 6.2(b)(ii) which excludes Desalter production in the calculation of an Appropriator's proportionate responsibility for Desalter Replenishment as subject to being revisited if the net cost of Desalter Water is materially reduced.
5. The Expansion Parties have proposed Future Desalter facilities that are reasonably calculated to achieve the stated objectives of Future Desalters: (a) yield preservation; (b) water supply; (c) salt management; (d) expanded use of recycled water; and (e) hydraulic control.
6. The Future Desalters have been designed and will be constructed and operated to produce water with high total dissolved solids (TDS).
7. Peace Agreement and Peace II Measures' obligations regarding the requirement of providing hydrologic balance in each Management Zone, including Management Zone Number 3 remains in full force and effect.
8. The CCWF will be located in an area that is consistent with the designations in the Supplement to the OBMP and the purposes of the OBMP Implementation Plan. (Peace Agreement 7.3(e).)
9. The location and the proposed operation of the Future Desalter wells are highly unlikely to result in inelastic subsidence that causes any physical damage to the aquifer, roads or structures.
10. Watermaster has proposed [measures set forth in the SEIR attached hereto as Exhibit "F"](#) and will establish measurement and monitoring protocols that if followed, will minimize the long-term risk of inelastic subsidence that might cause physical damage to de minimus levels [and report on these protocols to Watermaster and to the parties](#).
11. Prudent well operators will design, construct and operate groundwater production facilities that withstand seasonal fluctuations in water levels.
12. Water levels that fluctuate more than 35 feet from present levels and that are 20 feet lower than the groundwater level conditions that would occur in absence of the Phase II Desalter Expansion can be addressed through the proposed SEIR mitigation plan
13. Watermaster has timely filed its Recharge Master Plan and intends to implement the Plan in a manner that creates hydrologic balance with

<sup>3</sup> Subject to a determination by WMWD and evaluation of such determination by the Parties to the Judgment, Watermaster and the Court.

Management Zone 3 and minimizes adverse impacts of pumping within the Management Zone as required by the Peace Agreement.

14. The WMWD, Jurupa and Ontario have spent \$15 will expend tens of millions of dollars in pursuit of the planning, design and construction costs for constructing the Expansion Project (-up to \$5 million of which may be reimbursed from third-party grants that will be used for purposes consistent with the grant authorizations) in consideration of and in reliance upon Watermaster's timely and successful implementation of the Recharge Master Plan.
154. Within 24 months from the adoption of the Resolution, WMWD can reasonably negotiate terms for intervention into the Appropriative Pool or request Watermaster to designate a member of CDA that is also a member of the Appropriative Pool for purposes of accounting for the ~~d~~Desalter ~~p~~Production;
165. The designation by Watermaster must not increase the assignee Appropriator's obligations or benefits to Watermaster or under the Judgment, Peace Agreement and the Peace II Measures.
17. ~~176. The requirements set forth in Section 5.5(e) of the Peace II Agreement have been satisfied by WMWD assumption of project risk, out of pocket costs and capital and operations and maintenance costs in excess of expectations. 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.~~
187. The MWD is expected to approve the award of \$139 per acre-foot to Western for the benefit of the Expansion Project between in November of 2010 and January of 2011.
198. CDA is expected to take all required actions to allow the Expansion Project to proceed in between November or December of 2010 and February of 2011.



**NOW, THEREFORE,** on the basis of substantial evidence presented and the above findings, be it further resolved and determined that:

1. The above-referenced actions in whole and in part are consistent with the Judgment, the Peace Agreement, the Peace II Measures and the December 21, 2007 Order of the Court (collectively "Prior Directives") and in the event of any inconsistencies between this Resolution and the language of these Prior Directives, the Prior Directives shall control.
2. As approved and conditioned as set forth above, including but not limited to the location and screening of the proposed wells, [the CDA Emergency Response Plan](#), the SEIR mitigation plans applicable for subsidence, water level fluctuations and the improvements identified in the Recharge Master Plan, the above-referenced actions present no threat of Material Physical Injury (Peace Agreement Section 7.3(d).
3. Unless authorized in advance by Watermaster for good cause arising from the need for testing, monitoring, or mitigation, the Parties to the Judgment comprising CDA will not produce groundwater from the deep aquifer system among Desalter wells No 1 through 4 as set forth in Peace Agreement II Section 5.8(a)(i)(ii). Watermaster reserves all rights and remedies to redress a violation of this condition, including but not limited to the right to make application to the Court to revisit the allocation of some or all of the 400,000 acre-feet of controlled overdraft, taking into account the specific causes associated with the failure. However, such an application will not require a discontinuance of Desalter operations. (See Judgment Exhibit I; Peace Agreement II, Section 5.8(a)(i)(ii).)
4. Watermaster will not otherwise suspend availability of any portion of the 400,000 acre-feet of controlled overdraft unless there is a failure to comply with the requirements to complete and implement a Recharge Master Plan as provided in Peace Agreement Section 7.3.
5. Watermaster reconfirms its commitment to the funding for and importance of the timely and successful implementation of a Recharge Master Plan, including achieving hydrologic balance within each Management Zone.
- ~~65. All Parties to the Judgment that are members of CDA will 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 cause a quarterly report on its progress to be filed with Watermaster. All parties to the Judgment that are members of CDA will exert good faith and reasonable best efforts towards the completion of the Expansion Project in the form of the PDR approved by CDA and conditioned by this Resolution and will file quarterly reports with Watermaster.~~
76. Watermaster shall assume the complete financial and management responsibility for monitoring baseline water level and groundwater extraction

- | conditions so as to avoid inelastic<sup>r</sup> land subsidence that may cause physical damage as provided in Exhibit "E," attached hereto.
- | ~~87.~~ No economic mitigation will be required of CDA to address the physical impact of lowered water levels in the Basin, other than the agricultural wells designated in Exhibit "F," attached hereto.
- | ~~98.~~ A specific mitigation plan has been developed in the SEIR to address the agricultural wells (there are no municipal or industrial wells) which will be implemented by the Parties to the Judgment comprising CDA or in their discretion through CDA. The specific criteria for evaluating the impacts are set forth in Exhibit "F," attached hereto.
- | ~~109.~~ Watermaster will update and inform the Court of the status of implementing the OBMP and request a further order of the Court directing Watermaster to proceed as provided herein.
- | ~~110.~~ Upon the completion of the Future Desalters (the Phase III Expansion) as reflected in the approved revised Chino Desalter Phase 3 Comprehensive Pre-Design Report (CDA PDR) attached hereto as Exhibit "G," the Parties to the Judgment will be deemed to have satisfied all individual and collective obligations arising from the Peace Agreement and the OBMP Implementation Plan, Peace II Measures and all prior orders of the Court related to the requirement to construct Desalters in accordance with Peace Agreement II Section 10.2.
- | ~~124.~~ WMWD and IEUA are relieved of the funding requirements upon the completed construction of the Expansion Project as set forth in Peace II Agreement Section 10.4.
- | ~~132.~~ Localized impacts on the wells will be mitigated as provided in the mitigation plan set forth in Exhibit "~~F.H~~".
- | ~~143.~~ Regional impacts attributable to the lowering of the water table across the Basin have been fully analyzed in connection with the Court approval of the Peace II Measures, and fully mitigated by the suite of corresponding offsetting benefits arising under the Peace II Measures. Consequently, CDA and the members of CDA will have no obligation to offset or mitigate any increased costs that may be incurred by Parties to the Judgment that own wells outside of the designated wells.
- | ~~154.~~ At its own expense, Watermaster will monitor water conditions to measure the effectiveness of hydraulic control and subsidence.
- | ~~165.~~ As provided in Section 6.2(b)(ii) the allocation of Replenishment is reserved and committed to offset the Replenishment attributable to the Future Desalter expansion.
- | ~~176.~~ Agreements among the Parties, whatever they may be, for Replenishment, operations, conditions and corresponding consideration without limitations, are unaffected by this determination. However, for the avoidance of doubt, Exhibit "D" accurately summarizes and restates these obligations.

187. Watermaster will negotiate with the County of San Bernardino as the party primarily responsible for contamination and all sums obtained will be paid to CDA to offset all of the incremental capital and operations and maintenance expenses incurred by the Parties to the Judgment comprising CDA or in their discretion through CDA.
198. Watermaster will continue to require that to the extent any of the Peace II Implementing Measures constitute "projects" within the meaning of the California Environmental Quality Act ("CEQA"), compliance with CEQA will be required as a pre-condition of Watermaster's issuance of any final, binding approvals.
2049. The actions articulated above and contemplated herein to optimize the beneficial use of the groundwater and the Basin benefit the Basin and the Parties to the Judgment.
210. The members of CDA may make application for future relief and assistance from Watermaster to redress potential inequities in redressing water quality concerns only after having first obtained a recommendation for such relief from the Appropriative Pool. The Watermaster retains complete discretion in responding to any such request.
224. Within 24 months of the date of this Resolution, WMWD will ~~not~~ make an election to either: (a) intervene into the Appropriative Pool on terms it may freely negotiate; or (b) consensually assign the production for the desalted water attributable to the Expansion Project on behalf of WMWD to an Appropriative Pool member of the CDA.
232. This Resolution is subject to the express condition subsequent of CDA approving the Water Purchase Agreements and the PDR as amended following WMWD's determination that it intends to proceed with the Expansion Project pursuant to Section 5.7 of the Peace II Agreement.

## LIST OF EXHIBITS

Exhibit "A" Map: Mitigation Area for Groundwater-Level Decline Caused by Expansion of the Chino Desalter Program, Figure x-x

Exhibit "B" Judgment Amendments to Exhibit I, "Engineering Appendix, "components of Wildermuth Response to Condition Subsequent Number Seven, including Schedule and Tables

Exhibit "C" Wildermuth Env. Inc. Staff Letter, May 27, 2010 re Material Physical Injury Analysis – Wells I-16, I-18, I-MW16, I-MW18 of the Chino Creek Well Field

Exhibit "D" Watermaster Summary of Obligations for Desalter Replenishment and Future Desalters Post-Peace Agreement II

Exhibit "D-1" Peace II Section 6.2

Exhibit "E" Map: Chino Basin Watermaster's Current and Proposed Subsidence Monitoring Program, Figure x-x

Exhibit "F" Groundwater-Levels Mitigation Measures Peace II SEIR 4.3--10

Exhibit "G" Revised Chino Desalter Phase 3 Comprehensive Pre-Design Report CDA PDR

Exhibit "H" CDA Emergency Response Plan, June 29, 2005

Exhibit "I" Draft 3 Appropriator Resolution of Support for Completion of Future Desalters, October 20, 2010

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**CONCEPTUAL  
WATERMASTER RESOLUTION  
NO. 2010-04**

**RESOLUTION OF THE CHINO BASIN WATERMASTER  
REGARDING IMPLEMENTATION OF THE PEACE II AGREEMENT AND THE  
PHASE III DESALTER EXPANSION IN ACCORDANCE WITH THE DECEMBER 21,  
2007 ORDER OF THE SAN BERNARDINO SUPERIOR COURT**

1. **WHEREAS**, the Judgment in the Chino Basin Adjudication, *Chino Basin Municipal Water District v. City of Chino, et al.*, San Bernardino Superior Court No. 51010, created the Watermaster and directed it to perform the duties as provided in the Judgment or ordered or authorized by the Court in the exercise of the Court's continuing jurisdiction;
2. **WHEREAS**, Watermaster has the express powers and duties as provided in the Judgment or as "hereafter" ordered or authorized by the Court in the exercise of the Court's continuing jurisdiction" subject to the limitations stated elsewhere in the Judgment;
3. **WHEREAS**, Watermaster, with the advice of the Advisory and Pool Committees has discretionary powers to develop an Optimum Basin Management Program (OBMP) for Chino Basin, pursuant to Paragraph 41 of the Judgment;
4. **WHEREAS**, in June of 2000, the Parties to the Judgment executed the Peace Agreement providing for the implementation of the OBMP, and Watermaster adopted Resolution 2000-05 whereby it agreed to act in accordance with the Peace Agreement;
5. **WHEREAS**, the Court ordered Watermaster to proceed in accordance with the Peace Agreement and the OBMP Implementation Plan, Exhibit "B" thereto on June 20, 2000;
6. **WHEREAS**, Watermaster adopted and the Court approved Chino Basin Watermaster Rules and Regulations in June of 2001;
7. **WHEREAS**, the Peace Agreement, the OBMP Implementation Plan and the Chino Basin Watermaster Rules and Regulations reserved Watermaster's discretionary powers in accordance with Paragraph 41 of the Judgment, with the advice from the Advisory and Pool Committees, and contemplated further implementing actions by Watermaster;



8. **WHEREAS**, the Judgment requires that Watermaster, in implementing the Physical Solution and the OBMP, has flexibility, where appropriate, to make further adjustments in consideration of technological, economic, social and institutional factors in maximizing the efficient use of the waters of the Basin;

9. **WHEREAS**, the Peace Agreement and the OBMP Implementation Plan were subject to reconsideration and potential revision of various provisions and ongoing judicial supervision as well as the requirement that monitoring and reporting may lead to further modifications and refinements in management practices;

10. **WHEREAS**, to prudently respond to changing conditions and best management practices, the Parties to the Judgment presented Watermaster with a proposed suite of management strategies, new agreements and proposed amendments to then-existing agreements that were collectively referenced in Watermaster Resolution 2007-05, (amendments to the Watermaster Rules and Regulations, Purchase and Sale Agreement with the Overlying (Non-Agricultural) Pool, Judgment Amendments, Peace II Agreement, Supplement to the OBMP, Second Amendment to the Peace Agreement) and the subsequent Court filings as the "Peace II Measures";

11. **WHEREAS**, the OBMP Implementation Plan was supplemented to reflect Western Municipal Water District's (WMWD's) commitment to act independently or in its complete discretion with the City of Ontario (Ontario) and the Jurupa Community Services District (Jurupa) to plan, design and construct 9 million gallons per day of new desalting capacity "to obtain Hydraulic Control, to support Re-Operation and support the Future Desalters" (Peace Agreement II Section 5.2.);

12. **WHEREAS**, Watermaster fully and carefully evaluated the legal, technical, scientific, economic and physical consequences of the proposed Peace II Measures through internal and professional expert reports and opinions, including but not limited to reports issued by Dr. David Sunding and Mark Wildermuth, and Watermaster lodged these reports with the Court;

13. **WHEREAS**, in some instances, the Parties to the Judgment retained their own independent professionals to analyze the Watermaster reports and the consequences of the Peace II Measures and presented their findings to Watermaster;

14. **WHEREAS**, the Peace II Measures were subject to substantial stakeholder input from parties and they were modified to address the stated concerns;

15. **WHEREAS**, the Appropriative Pool, the Overlying (Agricultural) Pool, the Overlying (Non-Agricultural) Pool, the Advisory Committee and the Watermaster Board all unanimously approved Resolution No. 2007-05 thereby adopting the Peace II

Measures and forwarding them to the Court requesting an order to proceed in accordance with the stated terms;

**16. WHEREAS**, upon receipt of the submittal, the Special Referee issued a report requesting clarification and further information of the Peace II Measures at an evidentiary hearing;

**17. WHEREAS**, the Assistant to the Special Referee, Joe Scalmanini of Luhdorff & Scalmanini Consulting Engineers, transmitted his technical review in March of 2007 ("Report"). In relevant part, the Report states:

"For planning level analysis, the existing model is a useful and applicable tool to simulate approximate basin response to management actions that involve the quantities and distribution of pumping and recharge in the basin. For example, for the most notable of its applications to date, which has been to conduct a planning level analysis of intended future hydraulic control, the model can be confidently utilized to examine whether groundwater conditions (levels) will form in such a way that hydraulic control will be achieved as (sic) result of basin re-operation and, if not, what other changes in basin operation are logically needed to achieve it."  
(Report at p. 37)

**18. WHEREAS**, Watermaster caused the completion of a preliminary engineering, hydrogeologic, and technical evaluation of the potential physical impacts to the Basin and to the Parties to the Judgment that might result from implementation of the Peace II Measures. The preliminary evaluation was conducted by Mark Wildermuth of Wildermuth Environmental and was lodged with the Court;

**19. WHEREAS**, Watermaster caused the preparation of a specific project description set forth in the then proposed Supplement to the OBMP Implementation Plan for the purpose of conducting a more refined engineering, hydrogeologic and technical evaluation of the physical impacts to the Basin and to the Parties to the Judgment that may result from implementation of the Peace II measures, and it was lodged with the Court;

**20. WHEREAS**, the design, financing, construction and operation of the planned expansion to desalting within the Chino Basin would cause the Parties to the Judgment to incur substantial, irrevocable commitments;

**21. WHEREAS**, Watermaster caused the completion of a macro socioeconomic analysis by Dr. David Sunding, a PhD in economics and professor at the University of California Berkeley referenced in Watermaster Resolution 2007-05 and lodged with the Court. The macro analysis provided a comprehensive evaluation of the macro costs

and benefits to the parties as a whole that may be attributable to the Peace II measures, and it was lodged with the Court;

**22. WHEREAS**, Watermaster caused an update of the previously completed socioeconomic analysis conducted pursuant to the Judgment. The analysis was completed by Dr. Sunding, and it considered the positive and negative impacts of implementing the OBMP, the Peace Agreement, and the Peace II measures, including Watermaster assessments. The analysis also addressed the potential distribution of costs and benefits among the parties that were initiated with the approval of the Peace Agreement. The study was referenced in Watermaster Resolution 2007-05 and lodged with the Court in support of Watermaster's request to approve the Peace II Measures;

**23. WHEREAS**, a hearing was held before the Court at which Watermaster presented substantial evidence in support of the adoption of the Peace II Measures, through documentation, briefs, expert reports and opinions, argument and testimony in support of its request for an order to proceed in accordance with the Peace II Measures;

**24. WHEREAS**, Watermaster prepared a summary of the cumulative total of groundwater production and desalting from all authorized Desalters and other activities authorized by the 2007 Supplement to the OBMP Implementation Plan as amended as provided in the Peace Agreement in a schedule that: (i) identifies the total quantity of groundwater that will be produced through the proposed Basin Re-Operation to obtain Hydraulic Control, and (ii) characterizes and accounts for all water that is projected to be produced by the Desalters for the initial Term of the Peace Agreement (by 2030) as dedicated water, New Yield, controlled overdraft pursuant to the Physical Solution or subject to Replenishment;

**25. WHEREAS**, the post hearing briefs and supplemental evidence were filed by Watermaster, and the Special Referee issued a report recommending an order be issued to proceed in accordance with the Peace II Measures;

**26. WHEREAS**, on December 21, 2007, the Court issued an order instructing Watermaster to proceed with the Peace II Measures;

**27. WHEREAS**, on April 1, 2010, the Regional Water Quality Control Board (Regional Board) issued an Administrative Civil Liability complaint against Watermaster and IEUA in response to an alleged failure of the Co-Permittees to obtain Hydraulic Control;

**28. WHEREAS**, in reliance upon the collective commitments of the Parties to the Judgment and with the concurrence of CDA in the "Milestones Schedule," Watermaster and IEUA entered into a settlement agreement with the Regional Board in May of 2010

that established a revised schedule for the construction of new facilities and the completion of the Phase III Desalter Expansion (Expansion Project);

29. **WHEREAS**, a substantial fine has been paid to the Regional Board;
30. **WHEREAS**, Administrative Expenses arising under the Physical Solution must be categorized as either a General Administrative Expense or a Special Project Expense as set forth in Paragraph 54 of the Judgment;
31. **WHEREAS**, Administrative Expenses must be allocated and assessed against the respective pools and then uniformly among the members of the Appropriative Pool in accordance with their respective percentage of the year's total production. (Judgment Exhibit H, Section 6.);
32. **WHEREAS**, the Peace II Measures and specifically the Peace II Agreement obligates WMWD "acting independently or in its complete discretion with Ontario, Jurupa or both will exercise good faith and reasonable best efforts to arrange for 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" (Peace II Agreement Section 5.3);
33. **WHEREAS**, WMWD has exercised its discretion to join with Ontario and Jurupa to design, plan and construct the Future Desalters in accordance with the 2007 Supplement to the OBMP Implementation Plan;
34. **WHEREAS**, the intended purposes of the Future Desalters are to provide safe yield preservation, water supply for participating entities, salt management, and expanded use of recycled water and hydraulic control;
35. **WHEREAS**, the act of securing Hydraulic Control was a known and intended objective attributable to the Future Desalters that was to be achieved by causing a change in water levels within the Basin and the corresponding economic consequences related to those expected changes were fully evaluated at the time of adoption of the Peace II Measures;
36. **WHEREAS**, 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;
37. **WHEREAS**, the Court conditioned its approval of the Peace II Measures upon

the prompt development and implementation of a Recharge Master Plan that will provide long-term hydrologic balance within the Basin and within each of the Management Zones;

**38. WHEREAS**, the broad regional impacts attributable to Re-operation were intended to be measured and monitored by Watermaster and the full cost differential associated with a change in water levels, such as increased pump lifts, well deepening, and well and pump improvements were reserved to each party producing water in consideration for the substantial individual and broader benefits received pursuant to the Peace II Measures;

**39. WHEREAS**, based upon groundwater-level monitoring data available to Watermaster, groundwater levels in the 1970s, prior to the implementation of the Physical Solution set forth in the Judgment, were lower than the groundwater levels when the Re-Operation commenced;

**40. WHEREAS**, prudently constructed and properly maintained groundwater wells will not become inoperable due to groundwater level declines from Re-Operation;

**41. WHEREAS**, the more localized impacts of the CCWF and from changes in the production at other wells that provide water to the Desalters have been identified by Watermaster. These local impacts are characterized by groundwater-level declines greater than twenty (20) feet more than would occur if the Peace II Measures and Basin Re-operation had not been pursued (approximately thirty-five (35) feet lower than present groundwater elevations), as shown in Exhibit "A." This area is hereafter referred to as the Zone of Influence;

**42. WHEREAS**, exclusive of the existing and proposed Desalter wells, the Zone of Influence contains 8-9 active agricultural wells and no municipal and industrial wells<sup>1</sup>;

**43. WHEREAS**, water level declines of less than twenty (20) feet should not cause a prudent well owner to suffer a loss of water supply;

**44. WHEREAS**, the Inland Empire Utilities Agency (IEUA) has caused the completion of a Supplemental Environmental Impact Report (SEIR) for the Peace II Measures which was certified by IEUA on October 6, 2010 and its relevant part is attached herein by this reference as Exhibit "F";

**45. WHEREAS**, the SEIR approved by IEUA has evaluated potential impacts and developed a proposed mitigation plan generally assigning responsibility for regional impacts to those entities with regional scope (IEUA and Watermaster) and localized

impacts, to the CDA;

**46. WHEREAS**, Section 4.3-10 of the SEIR provides that if an owner of one of the agricultural wells is adversely impacted by a decline in the water table greater than twenty (20) feet as measured against the non-project scenario, they may present a request to CDA for mitigation of the alleged impact, and CDA will evaluate the claim and take whatever action is appropriate under the circumstances.

**47. WHEREAS**, the CDA previously adopted an Emergency Response Plan to address concerns of well owners in the vicinity of the existing Desalters and it is attached hereto as Exhibit "H";

**48. WHEREAS**, there is general satisfaction with the adequacy of the existing Emergency Response Plan and it is anticipated that CDA will make the Emergency Response Plan applicable to the Expansion Project;

**49. WHEREAS**, Section 5.8(a) of the Peace II Agreement, the Supplement to the OBMP and the Court Order required that the new wells for the Future Desalters be constructed so that they are perforated to produce groundwater only from the shallow aquifer system among Desalter I wells No. 1 through 4 and west of Desalter I as designated and this is where the CCWF will be located;

**50. WHEREAS**, the best available information, inclusive of the developed models, have been considered so as to locate and perforate these wells in a manner contemplated by the Peace Agreement, the Peace II Measures and reasonably calculated by Watermaster to secure the objective of Hydraulic Control and minimize the risk of differential land subsidence;

**51. WHEREAS**, provided that the production of groundwater from the Future Desalters is as provided in the Supplement to the OBMP, WMWD, Ontario and Jurupa shall be entitled to first priority for the allocation of the 400,000 acre-feet of controlled overdraft authorized by the Judgment Amendments to Exhibit I and as expressly set forth in the schedule filed with and approved by the Court as a component of Condition Subsequent Number Seven attached hereto as Exhibit "B";

**52. WHEREAS**, WMWD exercised its right to proceed with the proposed construction of Future Desalters with Ontario and Jurupa (Expansion Parties) as provided in the Peace II Agreement and to initially apportion their relative shares of the project costs and benefits in a manner consistent with the Peace II Measures;

**53. WHEREAS**, subject to final review of costs and compliance with stated conditions, the Expansion Parties elected to fully and completely integrate with and carry out their actions by and through the Chino Basin Desalter Authority (CDA) in a

manner that will cause construction and operation of the designated new wells for the Future Desalters consistent with the Supplement to the OBMP, the Peace II Agreement and as approved herein by Watermaster;

**54. WHEREAS**, except for WMWD, CDA is comprised of members of the Appropriative Pool;

**55. WHEREAS**, in Article V of the Peace II Agreement, WMWD contractually agreed to exercise good faith and reasonable best efforts to cause the completion of the Expansion Project among other things;

**56. WHEREAS**, WMWD has expended in excess of \$5 million dollars and the Expansion Parties a cumulative total of \$15 million in out-of-pocket costs (up to \$5 million of which may be subject to reimbursement by third-party grants that will be used for purposes consistent with the grant authorizations) in pursuit of the design, planning and construction of the Expansion Project.

**57. WHEREAS**, WMWD will make a determination pursuant to Section 5.7 of the Peace II Agreement as to whether the cost-cap has been exceeded or whether it intends to proceed with the Expansion Project notwithstanding that the cost-cap has been exceeded (inclusive of an approval or reasonable assurance by MWD that it will award a \$139 per acre-foot subsidy) no later than the date that CDA approves the Expansion Project;

**58. WHEREAS**, there has been no prior express undertaking pursuant to the Peace II Measures to complete the Expansion Project by any member of CDA other than WMWD and the members of the Appropriative Pool that are not members of CDA request that there be one by each member of CDA (but not CDA itself);

**59. WHEREAS**, it is anticipated that each of the members of the Appropriative Pool that are also members of CDA will pledge their support for the Expansion Project as it is approved by CDA by each member adopting a Resolution in substantial conformity with Exhibit "I" attached hereto;

**60. WHEREAS**, Wildermuth Env. Inc., has prepared a summary evaluation attached hereto as Exhibit "C" that concludes that the expected location of the new wells for the Future Desalters and production of groundwater from the shallow zones will: (a) result in Watermaster securing Hydraulic Control and (b) not cause inelastic land subsidence and damage or otherwise cause unmitigated Material Physical Injury;

**61. WHEREAS**, Watermaster and its engineer Wildermuth Env. Inc. will work closely with CDA in establishing final groundwater pumping protocols for each of the wells that will be constructed and operated in connection with the Future Desalters and will report

these pumping protocols to Watermaster for review, comment and adoption;

**62. WHEREAS**, Jurupa has expressed concerns regarding the impact of local groundwater production when combined with the production from the Desalters within Management Zone 3;

**63. WHEREAS**, the Peace Agreement requires Watermaster to exercise Best Efforts to, among other things, "direct Recharge relative to Production in each area and sub-area of the Basin to achieve long-term balance and to promote the goal of equal access to groundwater within all areas and sub-areas of the Chino Basin" (Peace Agreement Section 5.1(e)(iii).) as well as to "maintain long-term hydrologic balance between total Recharge and discharge within all areas and subareas" (Peace Agreement Section 5.1(e)(viii));

**64. WHEREAS**, Watermaster has prepared and filed its proposed Recharge Master Plan with the Court which seeks to create hydrologic balance within the Basin and within Management Zones in accordance with Peace Agreement Article VIII.

**65. WHEREAS**, the unfunded costs of capital improvements for the Recharge Master Plan are allocated equally between IEUA and Watermaster, with Watermaster's share being apportioned in accordance with each party's percentage of Operating Safe Yield (Peace II Agreement Section 8.1(b));

**66. WHEREAS**, to the extent grant funds, loans or other third-party money are unavailable to fund operations and maintenance costs of the Recharge Master Plan, they will be funded as provided in Peace Agreement II Section 8.1(a) with IEUA's relative share being based upon its percentage use for recycled water as compared to total recharge from all sources. Watermaster's respective share of the funding will be allocated among its stakeholders in accordance with their total Production from the Basin, other than Desalter Production (Peace Agreement II Section 8.1(a));

**67. 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 which availability is subject to the successful completion of the Recharge Master Plan.

**68. WHEREAS**, CDA desires clarification as to its respective obligations regarding potential mitigation of localized as compared with regional impacts attributable to changes in groundwater levels resulting from Hydraulic Control and from the specific draw-down affecting the 8-9 wells identified in Exhibit "A";



**69. WHEREAS**, the Peace Agreement provides, among other things, that “[t]he specific location of wells to supply the Chino II Desalter and Future Desalters shall be determined with Watermaster approval and shall be in a location which is consistent with and shall carry out the purpose of the OBMP. The design and construction of the Chino II Desalter, Chino I Expansion, and Future Desalters shall be in accordance with the OBMP and subject to Watermaster approval. Watermaster’s approval shall not be unreasonably withheld and shall insure that the operation of the Desalters will implement the OBMP and not result in Material Physical Injury to any Party to the Judgment or the Basin”;

**70. WHEREAS**, subject to the acknowledgements in Whereas’ 39, 40, 43 and Finding 11, all Parties to the Judgment retain all common law rights, remedies to redress the impacts attributable to land subsidence and unreasonable interference with vested property rights, whatever those rights, remedies and defenses will be,

**71. WHEREAS**, Watermaster will review data and monitoring efforts relevant to the measurement of land subsidence, report at least annually thereon and take appropriate corrective action as provided in the SEIR and as otherwise required;

**72. WHEREAS**, CDA and the Parties to the Judgment desire a summation of their respective obligations for Desalter Replenishment and Future Desalters arising under the Peace Agreement and its progeny, and Watermaster has prepared such a summary restatement attached hereto as Exhibit “D”;

**73. WHEREAS**, groundwater contamination has resulted at the Chino Airport and this contamination may result in the Desalters incurring additional costs associated with removing and treating the contamination;

**74. WHEREAS**, certain Parties to the Judgment that are members of the CDA requested Watermaster to lead efforts to obtain compensation from the primary responsible party, San Bernardino County, and Watermaster accepted the request;

**75. WHEREAS**, Watermaster expects and intends to recover all of the incremental capital and operations and maintenance expenditures from San Bernardino County and to remit such proceeds to the Parties to the Judgment comprising CDA as they may direct subject to Watermaster’s outstanding prior request to be reimbursed by CDA for the legal and consultant costs reasonably incurred in leading the effort to recover funds from San Bernardino County;

**76. WHEREAS**, all conditions precedent to the construction and operation of the Future Desalters as set forth in the Peace Agreement and the Peace II Agreement have been satisfied upon the action by CDA to approve the Expansion Project and there are

no conditions subsequent that will require a suspension in operations;

**77. WHEREAS**, WMWD is the only member of the CDA with a right to receive delivery of groundwater that will be produced by the Desalters that is not also a member of the Appropriative Pool;

**78. WHEREAS**, all production from the Basin must be accounted for by Watermaster and the production attributed to WMWD under Exhibit I to the Judgment should be accounted for by being assigned to a party within a respective Pool;

**79. WHEREAS**, WMWD has no share of Operating Safe Yield as defined by the Judgment but would be entitled to produce groundwater with a "first priority right" to a credit against replenishment under Exhibit I to the Judgment and the Peace II Agreement, up to the maximum quantities stated in Condition Subsequent Number Seven for the duration of the Peace Agreement (2030);

**80. WHEREAS**, WMWD's may desire to intervene into the Appropriative Pool if it can freely negotiate reasonable terms prior to the operation of the Expansion Project; and.

**NOW, THEREFORE**, on the basis of the staff reports, expert opinions and substantial evidence presented at this hearing, Watermaster finds that:

1. WMWD has elected to proceed to construct the Future Desalters jointly with Jurupa and Ontario (Expansion Parties) by and through CDA as provided in agreements between and among CDA and its members.
2. It is reasonably anticipated that all members of CDA as Parties to the Judgment will agree to exercise good faith and reasonable best efforts towards the timely completion of the Expansion Project as it is described in the approved PDR by their approval of a resolution in substantial conformity with the Resolution of Support for Completion of Future Desalters attached hereto as Exhibit "I".
3. Upon MWD's reasonably anticipated approval of the requested \$139 subsidy for the Desalters, the cost-cap set forth in Peace II Agreement Section 5.7 will not be exceeded and WMWD shall proceed, jointly with Jurupa and Ontario through CDA to cause the completion of the Future Desalters.
4. For the avoidance of doubt, the allocation of the cost of Replenishment Water for the Desalters under the Peace Agreement and its progeny is set forth in Exhibit "D" with acknowledgement that the provisions of Peace Agreement II Section 6.2(b)(ii) which excludes Desalter production in the calculation of an Appropriator's proportionate responsibility for Desalter Replenishment as subject to being revisited if the net cost of Desalter Water is materially reduced.

5. The Expansion Parties have proposed Future Desalter facilities that are reasonably calculated to achieve the stated objectives of Future Desalters: (a) yield preservation; (b) water supply; (c) salt management; (d) expanded use of recycled water; and (e) hydraulic control.
6. The Future Desalters have been designed and will be constructed and operated to produce water with high total dissolved solids (TDS).
7. Peace Agreement and Peace II Measures' obligations regarding the requirement of providing hydrologic balance in each Management Zone, including Management Zone Number 3 remains in full force and effect.
8. The CCWF will be located in an area that is consistent with the designations in the Supplement to the OBMP and the purposes of the OBMP Implementation Plan. (Peace Agreement 7.3(e).)
9. The location and the proposed operation of the Future Desalter wells are highly unlikely to result in inelastic subsidence that causes any physical damage to the aquifer, roads or structures.
10. Watermaster has proposed measures set forth in the SEIR attached hereto as Exhibit "F" and will establish measurement and monitoring protocols that if followed, will minimize the long-term risk of inelastic subsidence that might cause physical damage to the minimum levels and report on these protocols to Watermaster and to the parties.
11. Prudent well operators will design, construct and operate groundwater production facilities that withstand seasonal fluctuations in water levels.
12. Water levels that fluctuate more than 35 feet from present levels and that are 20 feet lower than the groundwater level conditions that would occur in absence of the Phase II Desalter Expansion can be addressed through the proposed SEIR mitigation plan.
13. Watermaster has timely filed its Recharge Master Plan and intends to implement the Plan in a manner that creates hydrologic balance with Management Zone 3 and minimizes adverse impacts of pumping within the Management Zone as required by the Peace Agreement.
14. The WMWD, Jurupa and Ontario have spent \$15 million in pursuit of the planning, design and construction costs for the Expansion Project (up to \$5 million of which may be reimbursed from third-party grants that will be used for purposes consistent with the grant authorizations) in consideration of and in reliance upon Watermaster's timely and successful implementation of the Recharge Master Plan.
15. Within 24 months from the adoption of the Resolution, WMWD can reasonably negotiate terms for intervention into the Appropriative Pool or request Watermaster to designate a member of CDA that is also a member of the Appropriative Pool for purposes of accounting for the Desalter Production;
16. The designation by Watermaster must not increase the assignee Appropriator's obligations or benefits to Watermaster or under the Judgment, Peace Agreement and the Peace II Measures.

17. 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.
18. The MWD is expected to approve the award of \$139 per acre-foot to Western for the benefit of the Expansion Project between November of 2010 and January of 2011.
19. CDA is expected to take all required actions to allow the Expansion Project to proceed in between December of 2010 and February of 2011.

**NOW, THEREFORE,** on the basis of substantial evidence presented and the above findings, be it further resolved and determined that:

1. The above-referenced actions in whole and in part are consistent with the Judgment, the Peace Agreement, the Peace II Measures and the December 21, 2007 Order of the Court (collectively "Prior Directives") and in the event of any inconsistencies between this Resolution and the language of these Prior Directives, the Prior Directives shall control.
2. As approved and conditioned as set forth above, including but not limited to the location and screening of the proposed wells, the CDA Emergency Response Plan, the SEIR mitigation plans applicable for subsidence, water level fluctuations and the improvements identified in the Recharge Master Plan, the above-referenced actions present no threat of Material Physical Injury (Peace Agreement Section 7.3(d).
3. Unless authorized in advance by Watermaster for good cause arising from the need for testing, monitoring, or mitigation, the Parties to the Judgment comprising CDA will not produce groundwater from the deep aquifer system among Desalter wells No 1 through 4 as set forth in Peace Agreement II Section 5.8(a)(i)(ii). Watermaster reserves all rights and remedies to redress a violation of this condition, including but not limited to the right to make application to the Court to revisit the allocation of some or all of the 400,000 acre-feet of controlled overdraft, taking into account the specific causes

- associated with the failure. However, such an application will not require a discontinuance of Desalter operations. (See Judgment Exhibit I; Peace Agreement II, Section 5.8(a)(i)(ii).)
4. Watermaster will not otherwise suspend availability of any portion of the 400,000 acre-feet of controlled overdraft unless there is a failure to comply with the requirements to complete and implement a Recharge Master Plan as provided in Peace Agreement Section 7.3.
  5. Watermaster reconfirms its commitment to the funding for and the timely and successful implementation of a Recharge Master Plan, including achieving hydrologic balance within each Management Zone.
  6. All Parties to the Judgment that are members of CDA will 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 cause a quarterly report on its progress to be filed with Watermaster.
  7. Watermaster shall assume the complete financial and management responsibility for monitoring baseline water level and groundwater extraction conditions so as to avoid inelastic land subsidence that may cause physical damage as provided in Exhibit "E," attached hereto.
  8. No economic mitigation will be required of CDA to address the physical impact of lowered water levels in the Basin, other than the agricultural wells designated in Exhibit "F," attached hereto.
  9. A specific mitigation plan has been developed in the SEIR to address the agricultural wells (there are no municipal or industrial wells) which will be implemented by the Parties to the Judgment comprising CDA or in their discretion through CDA. The specific criteria for evaluating the impacts are set forth in Exhibit "F," attached hereto.
  10. Watermaster will update and inform the Court of the status of implementing the OBMP and request a further order of the Court directing Watermaster to proceed as provided herein.
  11. Upon the completion of the Future Desalters (the Phase III Expansion) as reflected in the approved revised Chino Desalter Phase 3 Comprehensive Pre-Design Report (CDA PDR) attached hereto as Exhibit "G," the Parties to the Judgment will be deemed to have satisfied all individual and collective obligations arising from the Peace Agreement and the OBMP Implementation Plan, Peace II Measures and all prior orders of the Court related to the requirement to construct Desalters in accordance with Peace Agreement II Section 10.2.
  12. WMWD and IEUA are relieved of the funding requirements upon the completed construction of the Expansion Project as set forth in Peace II Agreement Section 10.4.
  13. Localized impacts on the wells will be mitigated as provided in the mitigation plan set forth in Exhibit "F."

14. Regional impacts attributable to the lowering of the water table across the Basin have been fully analyzed in connection with the Court approval of the Peace II Measures, and fully mitigated by the suite of corresponding offsetting benefits arising under the Peace II Measures. Consequently, CDA and the members of CDA will have no obligation to offset or mitigate any increased costs that may be incurred by Parties to the Judgment that own wells outside of the designated wells.
15. At its own expense, Watermaster will monitor water conditions to measure the effectiveness of hydraulic control and subsidence.
16. As provided in Section 6.2(b)(ii) the allocation of Replenishment is reserved and committed to offset the Replenishment attributable to the Future Desalter expansion.
17. Agreements among the Parties, whatever they may be, for Replenishment, operations, conditions and corresponding consideration without limitations, are unaffected by this determination. However, for the avoidance of doubt, Exhibit "D" accurately summarizes and restates these obligations.
18. Watermaster will negotiate with the County of San Bernardino as the party primarily responsible for contamination and all sums obtained will be paid to CDA to offset all of the incremental capital and operations and maintenance expenses incurred by the Parties to the Judgment comprising CDA or in their discretion through CDA.
19. Watermaster will continue to require that to the extent any of the Peace II Implementing Measures constitute "projects" within the meaning of the California Environmental Quality Act ("CEQA"), compliance with CEQA will be required as a pre-condition of Watermaster's issuance of any final, binding approvals.
20. The actions articulated above and contemplated herein to optimize the beneficial use of the groundwater and the Basin benefit the Basin and the Parties to the Judgment.
21. The members of CDA may make application for future relief and assistance from Watermaster to redress potential inequities in redressing water quality concerns only after having first obtained a recommendation for such relief from the Appropriative Pool. The Watermaster retains complete discretion in responding to any such request.
22. Within 24 months of the date of this Resolution, WMWD will make an election to either: (a) intervene into the Appropriative Pool on terms it may freely negotiate, or (b) consensually assign the production for the desalted water attributable to the Expansion Project on behalf of WMWD to an Appropriative Pool member of the CDA.
23. This Resolution is subject to the express condition subsequent of CDA approving the Water Purchase Agreements and the PDR as amended following WMWD's determination that it intends to proceed with the Expansion Project pursuant to Section 5.7 of the Peace II Agreement.

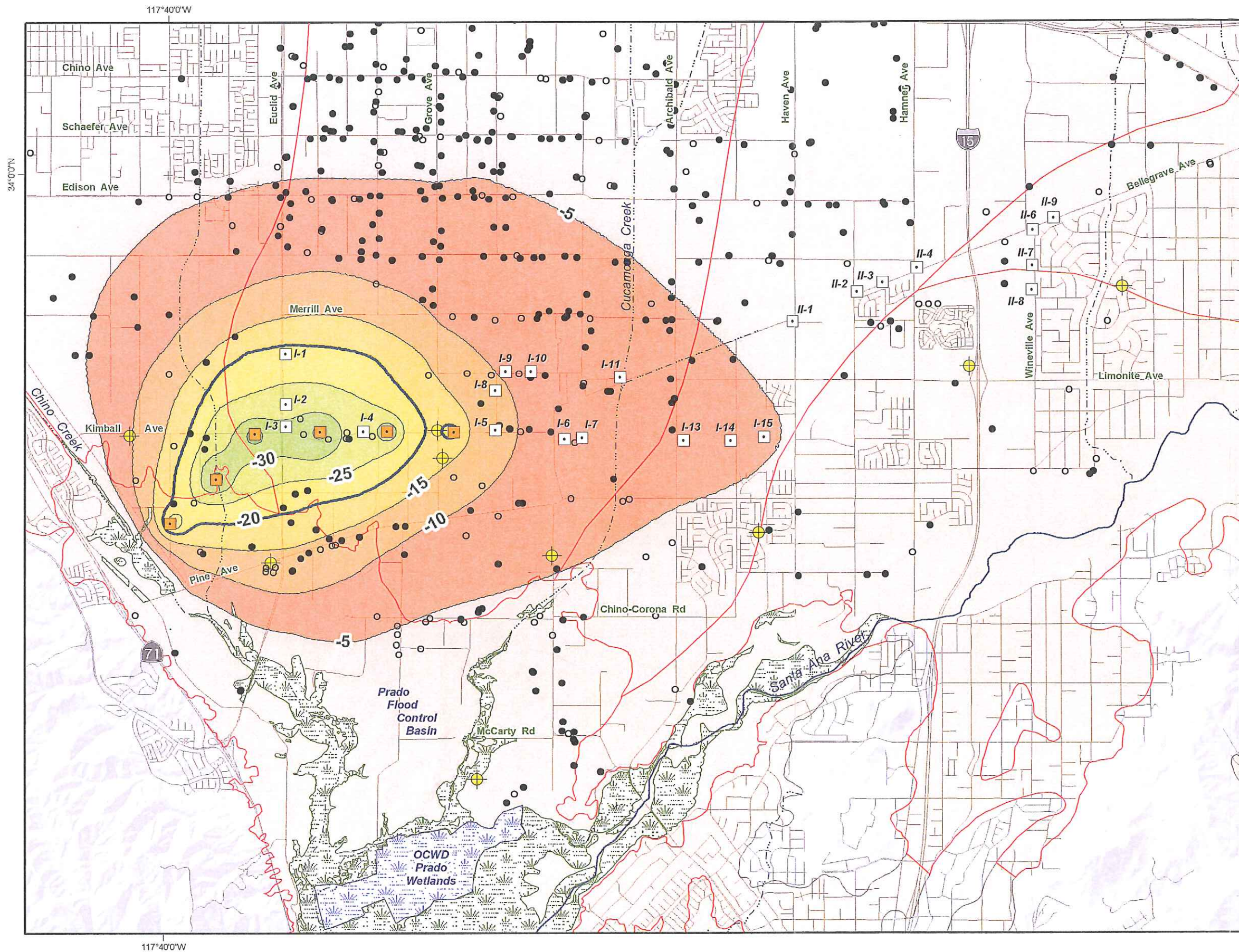
## LIST OF EXHIBITS

- Exhibit "A" Map: Mitigation Area for Groundwater-Level Decline Caused by Expansion of the Chino Desalter Program, Figure x-x
- Exhibit "B" Judgment Amendments to Exhibit I, "Engineering Appendix, "components of Wildermuth Response to Condition Subsequent Number Seven, including Schedule and Tables
- Exhibit "C" Wildermuth Env. Inc. Staff Letter, May 27, 2010 re Material Physical Injury Analysis – Wells I-16, I-18, I-MW16, I-MW18 of the Chino Creek Well Field
- Exhibit "D" Watermaster Summary of Obligations for Desalter Replenishment and Future Desalters Post-Peace Agreement II
- Exhibit "D-1" Peace II Section 6.2
- Exhibit "E" Map: Chino Basin Watermaster's Current and Proposed Subsidence Monitoring Program, Figure x-x
- Exhibit "F" Groundwater-Levels Mitigation Measures Peace II SEIR 4.3-10
- Exhibit "G" Revised Chino Desalter Phase 3 Comprehensive Pre-Design Report CDA PDR
- Exhibit "H" CDA Emergency Response Plan, June 29, 2005
- Exhibit "I" Draft 3 Appropriator Resolution of Support for Completion of Future Desalters, October 20, 2010

# Exhibit “A”



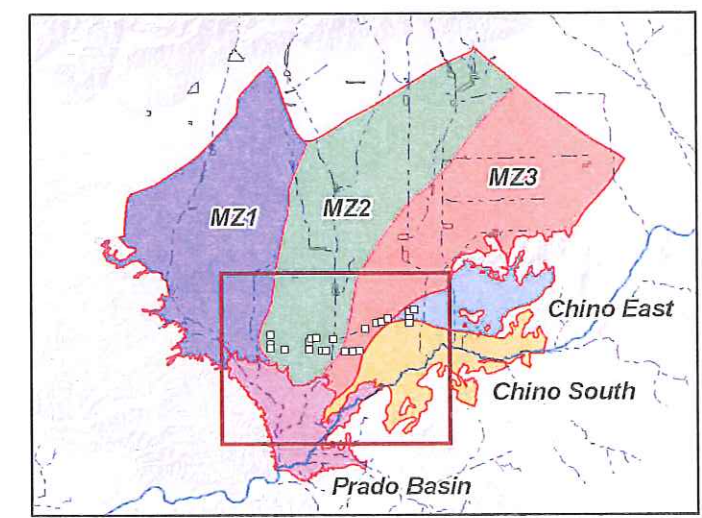
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Maximum Projected Drawdown Caused by Expansion of the Chino Desalter Program

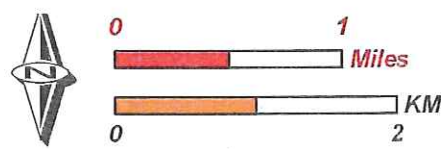
- 5 to -10 ft
  - 10 to -15
  - 15 to -20
  - 20 to -25
  - 25 to -30
  - 30 to -35
  - 35 to -40
- The Mitigation Area is defined by maximum projected drawdown greater than 20 ft.*
- Existing Active Production Well
  - Existing Inactive/Abandoned Production Well
  - Proposed Chino Creek Well Field
  - Existing Chino Desalter Well
  - +

 Nested HCMP Monitoring Well
  - Unconsolidated Sediments
  - Management Zone Boundaries



Prepared by:  
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Author: AEM  
 Date: 20100616  
 File: CCWF\_Drawdown.mxd



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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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?

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## 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<sup>1</sup> 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<sup>2</sup>, 3) other sources provided for in the Peace

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<sup>1</sup> 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.

<sup>2</sup> 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

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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

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

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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.



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## 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 <sup>1</sup>	Desalter Replenishment				Residual Replenishment Obligation
			Desalter (aka Kaiser) Account	Re-Operation		Balance	
				Replenishment Allocation for Desalter III	Replenishment Allocation to CDA		
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
<b>Totals</b>	<b>930,877</b>	<b>74,953</b>	<b>36,360</b>	<b>175,000</b>	<b>225,000</b>		<b>419,565</b>

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)

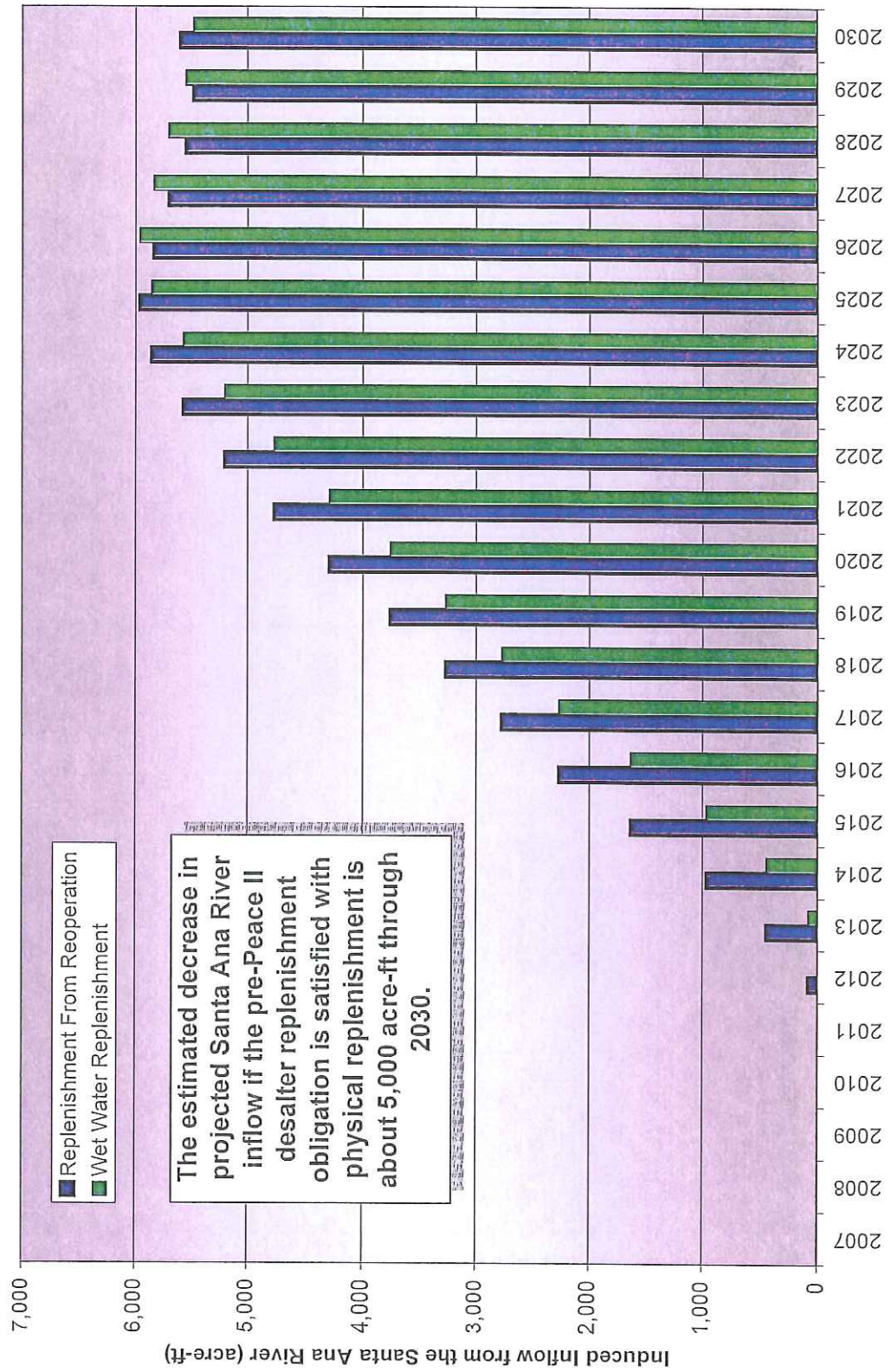
Channel/Recharge Basin	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
<b>San Antonio Channel / CB-59</b>								
College Heights East (MZ1)	0	0	0	0	0	0	1	171
College Heights West (MZ1)	0	0	0	0	0	108	0	1
Upland (MZ1)	572	94	910	397	989	214	195	312
Montclair 1, 2, 3, 4 (MZ1)	1,982	837	3,757	1,296	3,350	1,296	355	859
Brooks (MZ1)	794	133	1,276	563	1,776	524	205	475
<b>West Cucamonga Channel</b>								
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
<b>Riverside Drive Drain</b>								
Grove (MZ2)	0	0	0	0	0	133	166	326
<b>Cucamonga/Deer Creek Ch / CB-11</b>								
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
<b>Day Creek Channel / CB-15</b>								
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
<b>Etiwanda Channel / CB-14</b>								
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
<b>San Sevaine Channel / CB-13</b>								
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	0
Jurupa (MZ3)	0	0	0	0	0	0	0	0
<b>West Fontana Channel / CB-18</b>								
Hickory (MZ2)	37	105	551	224	298	438	536	949
Banana (MZ3)	390	184	366	188	425	300	226	278
<b>Declez Channel</b>								
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
<b>Total Recharge</b>	<b>4,803</b>	<b>2,218</b>	<b>9,688</b>	<b>3,973</b>	<b>17,648</b>	<b>12,940</b>	<b>4,745</b>	<b>10,205</b>
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					<u>331,600</u>
Pre Improvement Recharge				-	145,600
Over Estimate of New Recharge				-	30,000
Assumed New Recharge				=	<u>156,000</u>

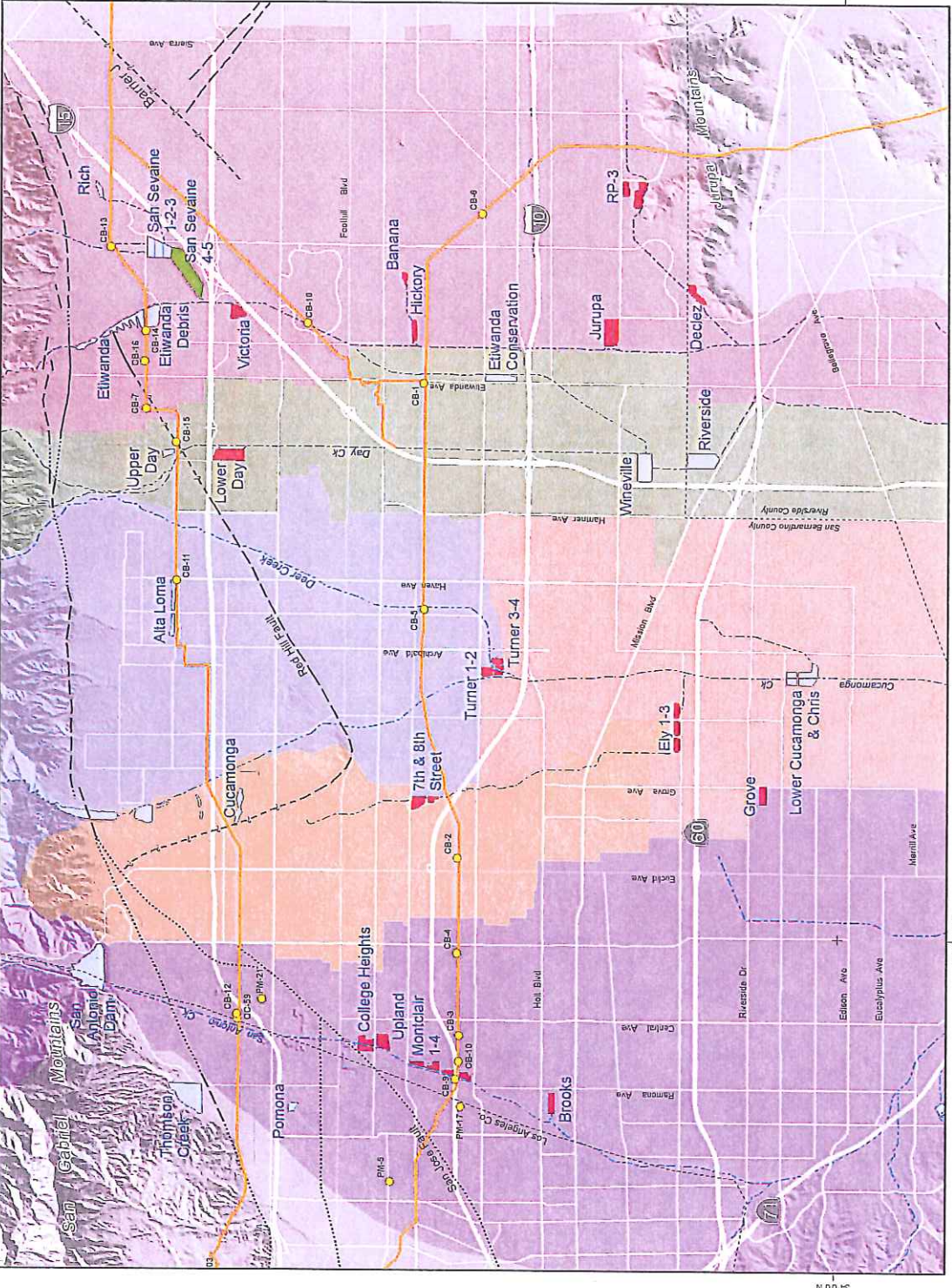
Figure 1  
The Effect of Desalter Replenishment on Santa Ana River Inflow







Groundwater Recharge and Imported Water Facilities  
Figure 2



Produced by:  
**WILDERMUTH**  
 ENVIRONMENTAL, INC.  
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 Lake Forest, CA 92630  
 www.wildermuthenvironmental.com

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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.

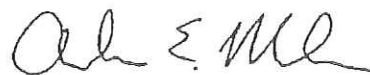
We appreciate the opportunity to serve the Watermaster and the Parties to the Judgment. Please call me if you have any questions or need additional information.

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 pParty to the Judgment because all of the projected groundwater production planned 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").<sup>1</sup> (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 pParties 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.

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<sup>1</sup> 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 Parties to the Judgment and Watermaster to apply in the manner described in this paragraph and this Exhibit.

I-However, the 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 Desalinated 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 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 Acre-Feet

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 offsetting 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).);
  - (ii) dedication of water from the Overlying (Non-Agricultural) Pool Storage Account;
  - (iii) New Yield (other than Stormwater (Peace Agreement Section 7.5(b));
  - (iv) any declared losses from storage in excess of actual losses enforced as a "Leave Behind";
  - (v) Safe Yield that may be contributed by the parties (Peace Agreement Section 7.5(c));
  - (vi) any Production of groundwater attributable to the controlled overdraft authorized pursuant to amended Exhibit I to the Judgment.
  
- (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.

- (i) A Special OBMP Assessment against the Overlying (Non-Agricultural) Pool as more specifically authorized and described in amendment to Exhibit "G" paragraph 8(c) to the Judgment will be dedicated by Watermaster to further off-set replenishment of the Desalters. However, to the extent there is no remaining replenishment obligation attributable to the Desalters in any year after applying the off-sets set forth in 6.2(a), the OBMP Special Assessment levied by Watermaster will be distributed as provided in Section 9.2 below. The Special OBMP Assessment will be assessed pro-rata on each member's share of Safe Yield, followed by
- (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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## EXHIBIT "D"

### DESALTER REPLENISHMENT POST-PEACE II MEASURES

#### Summary

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## 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:

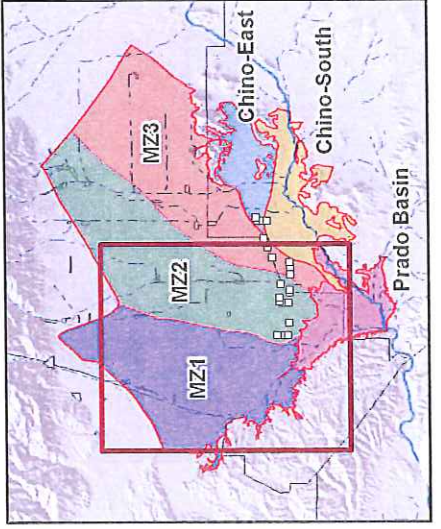
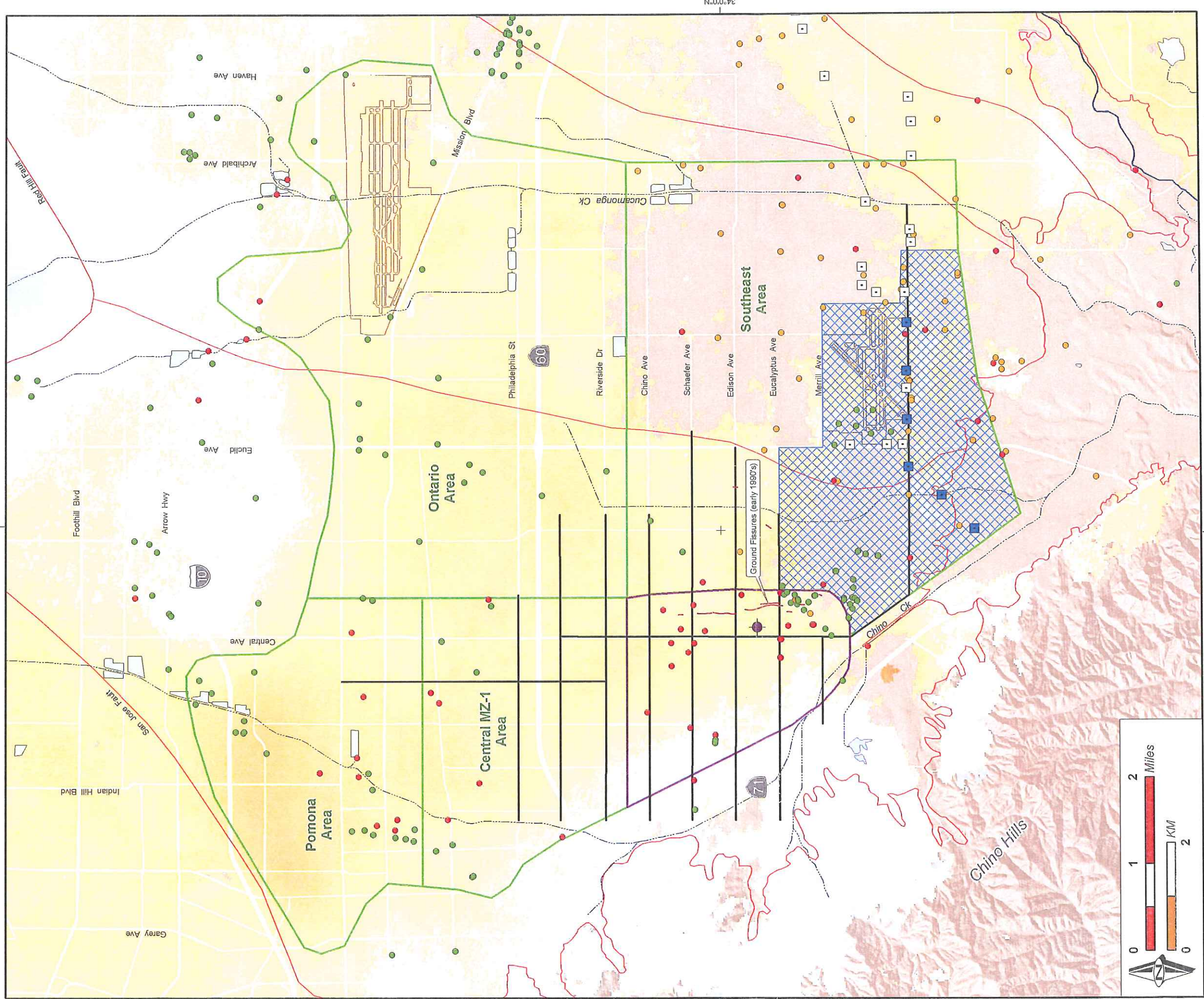
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  - (iii) New Yield (other than Stormwater (Peace Agreement Section 7.5(b)));
  - (iv) any declared losses from storage in excess of actual losses enforced as a "Leave Behind";
  - (v) Safe Yield that may be contributed by the parties (Peace Agreement Section 7.5(c));
  - (vi) any Production of groundwater attributable to the controlled overdraft authorized pursuant to amended Exhibit I to the Judgment.
- (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 Appropriate 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.

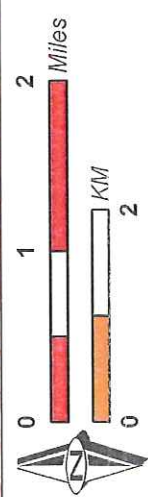


# Exhibit “E”

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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.



# Exhibit “F”

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## GROUNDWATER-LEVEL MITIGATION MEASURES PEACE II SEIR

### 4.3-10

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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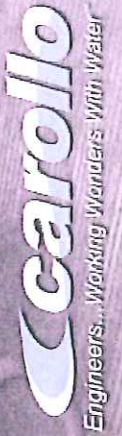
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# CHINO DESALTER PHASE 3 COMPREHENSIVE PREDESIGN REPORT

JUNE 2010

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Engineers...Working Wonders With Water™



June 2, 2010  
7651C.00

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

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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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**DRAFT 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 ~~of~~ 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. -

*Cleaned*

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**

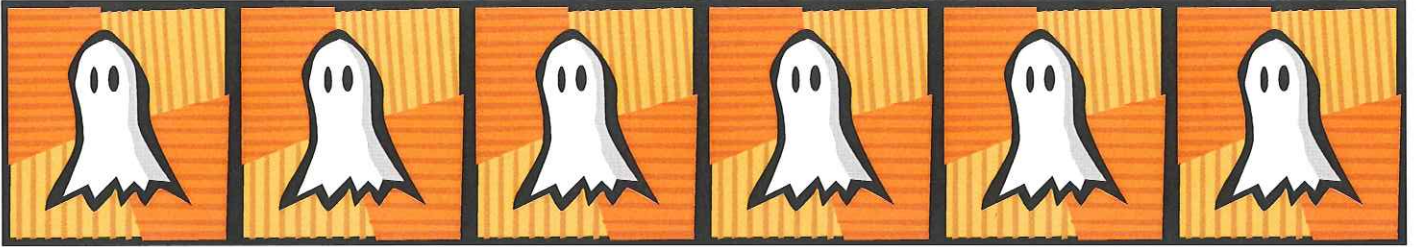
1. **WHEREAS**, \_\_\_\_\_ is a Party to the Judgment (Chino Basin Municipal Water District v. City of Chino), member of the Appropriative Pool and a member of the Chino Basin Desalter Authority ("CDA");
2. **WHEREAS**, the Western Municipal Water District ("WMWD") previously agreed to exercise its good 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:

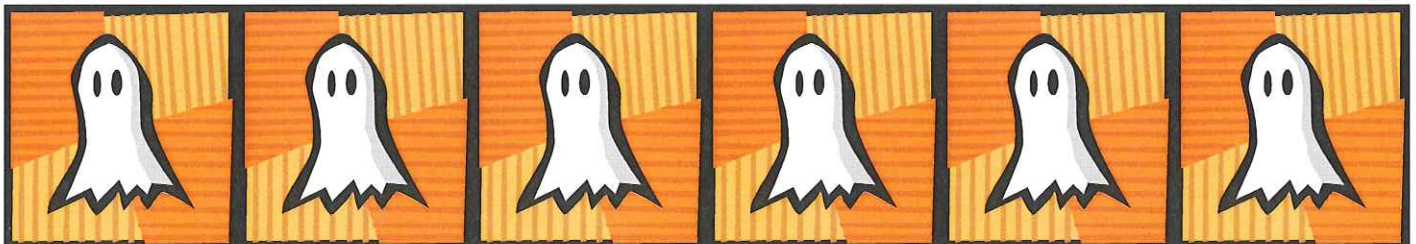
1. On condition that each Appropriative Pool member of CDA has also approved a Resolution in substantial conformity with this Resolution, \_\_\_\_\_ assumes the obligation to exercise good faith and reasonable best efforts to support the completion of the Expansion Project as it is defined in and as 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.



# CHINO BASIN WATERMASTER

## II. BUSINESS ITEM

### B. CHINO BASIN WATERMASTER 2010-2011 ASSESSMENT PACKAGE





# CHINO BASIN WATERMASTER

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

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KENNETH R. MANNING  
Chief Executive Officer

## STAFF REPORT

**DATE:** October 28, 2010  
**TO:** Board Members  
**SUBJECT:** Fiscal Year 2010-2011 Assessment Package

### SUMMARY

**Recommendation** – Staff recommends approval of the Fiscal Year 2010-2011 Assessment Package as presented.

### BACKGROUND

The members of the Overlying Non-Agricultural Pool and the Appropriative Pool were each sent a copy of their Water Activity Report that summarized their water activity for the previous year – including production, Dry Year Yield (DYY), land use conversions, transfers and assignments – and each party was asked to verify the data gathered and summarized by Watermaster. Most of the Water Activity Reports were received back, and none required corrections with the exception of DYY re-certifications.

Watermaster held an Assessment Package Workshop on September 30, 2010. The purpose of the workshop was to review the prior year production, transfers, DYY, etc., and to review the current year cash requirements pursuant to the adopted budget and the resulting impact on assessments. Discussion at the workshop covered the breakdown of how assessments are calculated. During the workshop, it was noted that some changes have been made to the Assessment Package, including changes to Supplemental Storage, the MWD Storage and Recovery Account, Desalter Replenishment, and the Cumulative Unmet Replenishment Obligation (CURO) pages.

Budgeted costs decreased this year, and the Assessment Package identifies total assessable production for all Pools as 114,496 acre-feet (a decrease by 6,757 acre-feet), resulting in assessments of \$7.40/acre-foot for Admin and \$42.01/acre-foot for OBMP, excluding recharge debt service and assessments for replenishment water. For production year 2009-2010, there is a replenishment obligation of 4,521 acre-feet, in addition to the CURO of 4,368 acre-feet. The new replenishment rate is \$541, which is MWD's \$527 Tier 1 rate plus IEUA's \$12 surcharge plus OCWD's \$2 connection fee.

Due to discussions and requests at the Workshop, Appropriative Pool, and Advisory Committee meetings, minor edits have been made to the Assessment Package. All calculations and numbers remain unchanged. The following is a list of the changes that have been made:

- Page 5A—The value in [5H] was moved to the more appropriate location in [5I].
- Page 6A—A note was added to the bottom of the page regarding Column [6A].
- Page 6A—The title for Column [6C] was changed from “Transfers To / (From) ECO” to Transfers To / (From) ECO Account.”
- Page 7C—The phrase “Annual Account - Lease / Assigned Rights” was changed to “Annual Account – Assigned Rights” in the four locations.
- Page 8A—The line item near the top was changed from “MWD Replenishment Rate” to “Watermaster Replenishment Cost,” and a footnote was added to describe the derivation of the value listed.
- Page 8A—The formatting was changed so that all negative values are reflected by parentheses rather than a negative sign.
- Page 9A—The formatting was changed so that all negative values are reflected by parentheses rather than a negative sign.
- Page 14A—The note was removed from the bottom and a [C] note reference was placed by Vulcan Materials Company instead.
- Page 14A—A note was added at the bottom regarding the storage sale/transfer from Praxair to Ontario City Non-Ag.

**Actions:**

October 7, 2010 Appropriative Pool – Motion to Hold Special Meeting on October 21, 2010 at 8:00 a.m.

October 7, 2010 Non-Agricultural Pool – Approve Pool No. 2 (Non-Ag Pool) Pool Summary, Production Summary, and CURO Summary Pages and to Reserve the Right on the Issue Regarding Storage Accounts

October 14, 2010 Agricultural Pool – Approved Unanimously

October 21, 2010 Special Appropriative Pool – Approved Unanimously

October 21, 2010 Advisory Committee – Approved Unanimously

October 28, 2010 Watermaster Board –





**CHINO BASIN WATERMASTER  
DRAFT ASSESSMENT PACKAGE**

**OCTOBER 22, 2010**

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## Assessment Package References and Definitions

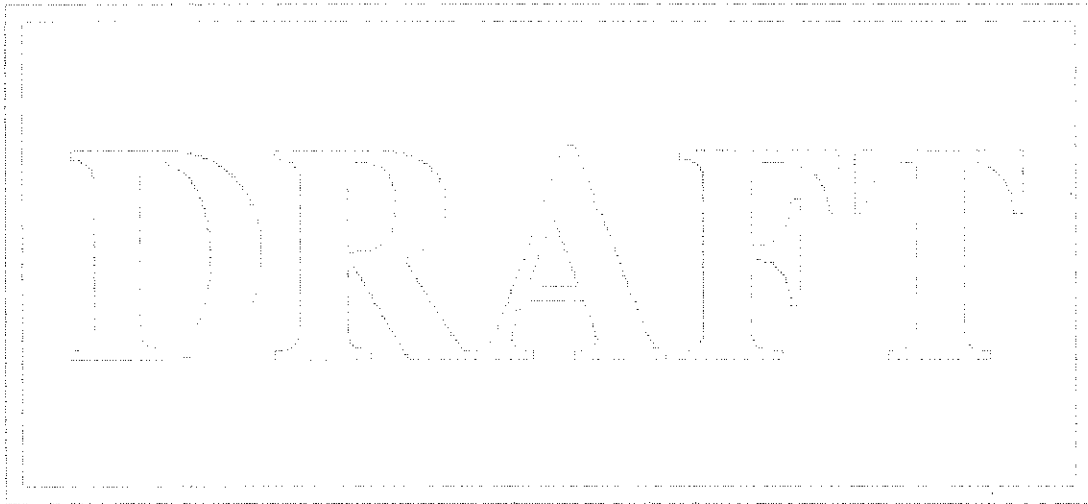
REPORT REFERENCE	NAME	DESCRIPTION
1A	AF Production	Total production and exchanges, excluding Desalter production. Copied from [2L].
1B	Appropriative Pool—AF/Admin	Production [1A] <times> per acre foot Admin fee.
1C	Appropriative Pool—AF/OBMP	Production [1A] <times> per acre foot OBMP fee.
1D	Ag Pool SY Reallocation—AF Total Reallocation	Reallocation of Ag Pool Safe Yield. Copied from [2F] and [6F].
1E	Ag Pool SY Reallocation—AF/Admin	Party Ag Pool reallocation [1D] <divided by> Total Ag Pool Reallocation [1D Total] <times> total dollar amount needed for Ag Pool administration.
1F	Ag Pool SY Reallocation—AF/OBMP	Party Ag Pool reallocation [1D] <divided by> Total Ag Pool Reallocation [1D Total] <times> total dollar amount needed for Ag Pool OBMP.
1G	Replenishment Assessments—AF/15%	For parties participating in the 85/15 Rule: Percentage of total 85/15 participant production <times> required credit amount.
1H	Replenishment Assessments—AF/85%	For parties participating in the 85/15 Rule: Total overproduced [2M] <times> 85% of the replenishment rate.
1I	Replenishment Assessments—AF/100%	For parties not participating in the 85/15 Rule: Total overproduced [2M] <times> 100% of the replenishment rate.
1J	85/15 Water Transaction Activity—15% Producer Credits	For parties participating in the 85/15 Rule: Credit amount equals 15% of the cost of the water purchased.
1K	85/15 Water Transaction Activity—15% Pro-rated Debits	For parties participating in the 85/15 Rule: Percentage of total 85/15 participant production <times> required credit amount.
1L	CURO Adjustment	Monetary amount needed for each Party's Cumulative Unmet Replenishment Obligation (CURO). Calculated on Page 9A.
1M	Other Adjustments	Used as necessary for any other monetary adjustments needed to the Assessment Package.
1N	ASSESSMENTS DUE—Total Production Based	Total fees assessed based on party production. [1B] + [1C] + [1E] + [1F] + [1G] + [1H] + [1I] + [1J] + [1K] + [1L] + [1M].
1O	ASSESSMENTS DUE—Recharge Debt Payment	Total recharge debt payment <times> percent share of operating safe yield [2A].
1P	ASSESSMENTS DUE—Total Due	Total production based assessments [1N] + Recharge Debt Payment [1O].

## Assessment Package References and Definitions

REPORT REFERENCE	NAME	DESCRIPTION
2A	Percent of Operating Safe Yield	The Party's yearly percentage of operating safe yield as delineated in the judgment.
2B	Assigned Share of Operating Safe Yield	The Party's yearly volume of operating safe yield as delineated in the Judgment.
2C	Carryover Beginning Balance	The beginning balance in each Annual Account. This number carries forward from the ending balance in the previous period Assessment Package.
2D	Prior Year Adjustments	This number reflects the adjusted production rights from a previous Assessment Package, in the event that corrections are needed.
2E	2% Storage Loss	Carryover beginning balance [2C] $\times$ 0.02.
2F	Net Ag Pool Reallocation	Reallocation of Ag Pool Safe Yield. Copied from [6F]. The calculations that lead to this are made on Page 6.
2G	Water Transaction Activity	Water transactions. Copied from [5E]. The calculations that lead to this are made on Page 5.
2H	New Yield	New yield $\times$ percent share of operating safe yield [2A].
2I	Annual Production Right	Current Year Production Right. [2B] + [2C] + [2D] + [2E] + [2F] + [2G] + [2H].
2J	Actual Fiscal Year Production	Actual production from CBWM's production system (as verified by each party on their Water Activity Report).
2K	Storage and Recovery Program(s)	Total exchanges for the period (July 1- June 30) including MZ1 forbearance and DYY deliveries (as reported to CBWM by IEUA and TVMWD and as verified by each party on their Water Activity Report).
2L	Total Production and Exchanges	Actual production [2J] $+$ Storage and Recovery exchanges [2K]. Includes a sub note subtracting Desalter production.
2M	Net Over-Production—85/15%	For 85/15 rule participants: Production rights [2I] $-$ total production and exchanges [2L], equaling less than zero.
2N	Net Over-Production—100%	For non-85/15 rule participants: Production rights [2I] $-$ total production and exchanges [2L], equaling less than zero.
2O	Under Production Balances—Total Under-Produced	Production rights [2I] $-$ total production and exchanges [2L], equaling more than zero.
2P	Under Production Balances—Carryover: Next Year Begin Bal	Either total under-produced [2O] or share of operating safe yield [2B], whichever is less.
2Q	Under Production Balances—To Excess Carryover Account	Total under produced [2O] $-$ carryover to next year [2P].

## Assessment Package References and Definitions

REPORT REFERENCE	NAME	DESCRIPTION
3A	Excess Carry Over Account (ECO)—Beginning Balance	The beginning balance in each ECO account. This carries forward from the ending balance in the previous period Assessment Package.
3B	Excess Carry Over Account (ECO)—2% Storage Loss	Beginning balance [3A] $\times$ 0.02.
3C	Excess Carry Over Account (ECO)—Transfers To / (From)	Total of water transferred to and from the Annual Account.
3D	Excess Carry Over Account (ECO)—From Supplemental Storage	Total of water transfers from Local Supplemental Storage.
3E	Excess Carry Over Account (ECO)—From Under-Production	Total of water transferred from the Annual Account due to under production.
3F	Excess Carry Over Account (ECO)—Ending Balance	The current balance in each ECO account. [3A] + [3B] + [3C] + [3D] + [3E].



## Assessment Package References and Definitions

REPORT REFERENCE	NAME	DESCRIPTION
4A	Reference—Production + Exchanges (RW Agencies Only)	For reference only. The amount of Production & Exchanges Party that receives credit for recharged recycled water through IEUA. Copied from [2L].
4B	Recharged Recycled Account—Beginning Balance	The beginning balance in each Recharged Recycled Account. This number carries forward from the ending balance in the previous period Assessment Package.
4C	Recharged Recycled Account—2% Storage Loss	Beginning balance [4B] $\times$ 0.02.
4D	Recharged Recycled Account—Current Recharged Recycled	Total recharged recycled water credited to each Party for the year, as provided by IEUA.
4E	Recharged Recycled Account—Transfer to ECO Account	Total of water transferred to the ECO Account.
4F	Recharged Recycled Account—Ending Balance	The current balance in each Recharged Recycled account. [4B] + [4C] + [4D] + [4E].
4G	Quantified (Pre 7/1/2000 Account)—Beginning Balance	The beginning balance in each Quantified Supplemental Account. This number carries forward from the ending balance in the previous period Assessment Package.
4H	Quantified (Pre 7/1/2000 Account)—2% Storage Loss	Beginning balance [4G] $\times$ 0.02.
4I	Quantified (Pre 7/1/2000 Account)—Transfers To / (From)	Total of water transferred to and from the Annual Account.
4J	Quantified (Pre 7/1/2000 Account)—Transfer to ECO Account	Total of water transferred to the ECO Account.
4K	Quantified (Pre 7/1/2000 Account)—Ending Balance	The current balance in each Quantified Supplemental account. [4G] + [4H] + [4I] + [4J].
4L	New (Post 7/1/2000 Account)—Beginning Balance	The beginning balance in each New Supplemental Account. This number carries forward from the ending balance in the previous period Assessment Package.
4M	New (Post 7/1/2000 Account)—2% Storage Loss	Beginning balance [4L] $\times$ 0.02.
4N	New (Post 7/1/2000 Account)—Transfers To / (From)	Total of water transferred to and from the Annual Account.
4O	New (Post 7/1/2000 Account)—Transfer to ECO Account	Total of water transferred to the ECO Account.
4P	New (Post 7/1/2000 Account)—Ending Balance	The current balance in each New Supplemental account. [4L] + [4M] + [4N] + [4O].
4Q	Combined—Combined Storage Account Balance	The combined amount in all supplemental storage accounts [4F] + [4K] + [4P].

## Assessment Package References and Definitions

REPORT REFERENCE	NAME	DESCRIPTION
5A	Desalter Authority—Beginning Balance	The beginning balance in the Desalter Authority Replenishment account. This number carries forward from the ending balance in the previous period Assessment Package.
5B	Desalter Authority—Storage Loss	Beginning balance [5A] <times> 0.02.
5C	Desalter Authority—Transfers To	Total of water transferred to the Desalter Authority Replenishment account.
5D	Desalter Authority—Transfers From	Total of water transferred from the Desalter Authority Replenishment account.
5E	Desalter Authority—Ending Balance	The current balance in the Desalter Authority Replenishment account. [5A] + [5B] + [5C] + [5D].
5F	Storage and Recovery—Beginning Balance	The beginning balance in the S&R account. This number carries forward from the ending balance in the previous period Assessment Package.
5G	Storage and Recovery—Storage Loss	Beginning balance [5F] <times> 0.02.
5H	Storage and Recovery—Transfers To	Total of water transferred to the S&R account "puts".
5I	Storage and Recovery—Transfers From	Total of water transferred from the S&R account "takes".
5J	Storage and Recovery—Ending Balance	The current balance in the S&R account. [5F] + [5G] + [5H] + [5I].
5K	Chino Basin Watermaster—June 30, 2007 Storage Balance	To be used for Peace II Non-Ag Pool storage purchase. The June 30, 2007 Non-Ag Pool Storage Account balance.
5L	Chino Basin Watermaster—June 30, 2008 Storage Loss	To be used for Peace II Non-Ag Pool storage purchase. The Non-Ag Pool Storage Account losses at June 30, 2008.
5M	Chino Basin Watermaster—June 30, 2009 Storage Loss	To be used for Peace II Non-Ag Pool storage purchase. The Non-Ag Pool Storage Account losses at June 30, 2009.
5N	Chino Basin Watermaster—June 30, 2010 Storage Loss	To be used for Peace II Non-Ag Pool storage purchase. The Non-Ag Pool Storage Account losses at June 30, 2010.
5O	Chino Basin Watermaster—Ending Balance	To be used for Peace II Non-Ag Pool storage purchase. The current balance in the Watermaster Holding account. [5K] + [5L] + [5M] + [5N].

REPORT REFERENCE	NAME	DESCRIPTION
6A	Water Transactions—Assigned Rights	Total of assignment transactions for this period.
6B	Water Transactions—General Transfer	Total of water transfers between parties for this period. Transfers in this column include the annual transfer of 10-percent of the Non-Ag OSY to the seven Appropriator parties, as stated in Peace II.
6C	Water Transactions—Transfers To / (From) ECO Account	Total of water transferred between the Annual Account and ECO Account.
6D	Water Transactions—Total Water Transactions	Total water transactions. [6A]+ [6B] + [6C].

## Assessment Package References and Definitions

REPORT REFERENCE	NAME	DESCRIPTION
11A	% Share of Operating Safe Yield	The Party's yearly percentage of operating safe yield as delineated in the judgment. Copied from [2A].
11B	Reallocation of Agricultural Pool Safe Yield—32,800 AF Early Transfer	The Party's percent share of operating safe yield [11A] multiplied by 32,800.
11C	Reallocation of Agricultural Pool Safe Yield—Land Use Conversions	Total land use conversions claimed on Page 10 (as verified by each party on their Water Activity Report).
11D	Reallocation of Agricultural Pool Safe Yield—Potential for Reallocation (AF)	The Agricultural Pool allocation amount potentially available to each Appropriator. [11B] + [11C].
11E	Reallocation of Agricultural Pool Safe Yield—Difference: Potential vs. Net	The total over or under Agricultural Pool allocation (from Page 10) distributed to each party. Calculated as each Party's percent of potential for reallocation [11D] from the total of [11D].
11F	Reallocation of Agricultural Pool Safe Yield—Net Ag Pool Reallocation	Net Agricultural Pool reallocation to each party. [11D] + [11E].

REPORT REFERENCE	NAME	DESCRIPTION
12A	AF Production	Actual production by each Party. Copied from [13G].
12B	Non-Agricultural Pool—AF/Admin	Production [12A] <times> per acre foot Admin fee.
12C	Non-Agricultural Pool—AF/OBMP	Production [12A] <times> per acre foot OBMP fee.
12D	Replenishment Assessments—AF Exceeding Safe Yield	Over-production for each Party beyond their water right. Copied from [13H].
12E	Replenishment Assessments—Per AF	Amount overproduced [12D] <times> the current replenishment rate.
12F	CURO Adjustment	Monetary amount needed for each Party's Cumulative Unmet Replenishment Obligation (CURO). Calculated on Page 9B.
12G	Other Adjustments	Used as necessary for any other monetary adjustments needed to the Assessment Package.
12H	Total Assessments Due	Total fees assessed based on party production. [12B] + [12C] + [12E] + [12F] + [12G].



## Assessment Package References and Definitions

REPORT REFERENCE	NAME	DESCRIPTION
13A	Carryover Beginning Balance	The beginning balance in each Annual Account. This number carries forward from the ending balance in the previous period Assessment Package.
13B	Prior Year Adjustments	This number reflects the adjusted production rights from a previous Assessment Package, in the event that corrections are needed.
13C	2% Storage Loss	Carryover beginning balance [13A] <times> 0.02.
13D	Assigned Share of Operating Safe Yield (AF)	The Party's yearly volume of operating safe yield as delineated in the Judgment.
13E	Water Transaction Activity	Total of one-time water transfers between parties for this period. Transfers in this column include the annual transfer of 10-percent of the Non-Ag OSY to the seven Appropriator parties, as stated in Peace II.
13F	Annual Production Right	Current Year Production Right. [13A] + [13B] + [13C] + [13D] + [13E].
13G	Actual Fiscal Year Production	Actual production from CBWM's production system (as verified by each party on their Water Activity Report).
13H	Net Over Production	Over-production, if any, for each Party beyond their water right. [13G] – [13F], equaling more than zero.
13I	Under Production Balances— Total Under-Produced	Production rights [13F] <minus> production [13G], equaling more than zero.
13J	Under Production Balances— Carryover: Next Year Begin Bal	Either total under-produced [13I] or share of operating safe yield [13D], whichever is less.
13K	Under Production Balances—To Local Storage Account	Total under produced [13I] <minus> carryover to next year [13J], equaling more than zero.

REPORT REFERENCE	NAME	DESCRIPTION
14A	Local Storage Account— Carryover Beginning Balance	The beginning balance in each Local Storage account. This number carries forward from the ending balance in the previous period Assessment Package.
14B	Local Storage Account—2% Storage Loss	Beginning balance [14A] <times> 0.02.
14C	Local Storage Account— Transfers To / (From)	Total of water transferred to and from the Annual Account.
14D	Local Storage Account—Ending Balance	The current balance in each Local Storage account. [14A] + [14B] + [14C].

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**CHINO BASIN WATERMASTER  
ASSESSMENT CALCULATION  
FISCAL YEAR 2010-2011**

PRODUCTION BASIS	FISCAL YEAR 2010-2011 BUDGET	ASSESSMENT	APPROPRIATIVE POOL		AGRICULTURAL POOL		NON-AG POOL	
			OBMP	Administration	OBMP	Administration	OBMP	Administration
2008-09 Production & Exchanges in Acre-Feet (Actuals)		121,253,204	84,716,450	69.867%	32,142,764	26.509%	4,393,990	3.624%
2009-10 Production & Exchanges in Acre-Feet (Actuals)		114,495,915	78,733,238	68.765%	31,854,766	27.822%	3,907,911	3.413%
<b>BUDGET</b>			<b>General Administration</b>	<b>OBMP</b>	<b>General Administration</b>	<b>OBMP</b>	<b>General Administration</b>	<b>OBMP</b>
Administration, Advisory Committee & Watermaster Board (1)	\$847,518		\$582,797		\$235,794		\$28,927	
OBMP & Implementation Projects(1)	5,133,009			3,529,719		1,428,093		175,197
General Admin & OBMP Assessments	\$5,980,527		582,797	3,529,719	235,794	1,428,093	28,927	175,197
<b>TOTAL BUDGET</b>			5,980,527	3,529,719	235,794	1,428,093	28,927	175,197
Less Budgeted Interest Income	(175,010)			(120,346)		(48,691)		(5,973)
Contributions from Outside Agencies	(148,410)			(102,054)		(41,290)		(5,065)
<b>CASH DEMAND</b>			5,657,108	3,307,319	235,794	1,338,112	28,927	164,159
<b>OPERATING RESERVE</b>								
Administrative	0	\$0	\$0		\$0		\$0	
OBMP	0	0	0	0	0	0	0	0
Less: Funds On Hand Utilized for Assessments	0	0	0	0	0	0	0	0
<b>FUNDS REQUIRED TO BE ASSESSED</b>			\$5,657,108	\$3,307,319	\$235,794	\$1,338,112	\$28,927	\$164,159
<b>Assessments</b>								
General Administration Assessments			\$7.40	\$42.01	\$7.40	\$42.01	\$7.40	\$42.01
Minimum Assessments			\$5.00				\$5.00	
Prior Year Assessments (Actuals)			\$7.19	\$44.02	\$7.19	\$44.02	\$7.19	\$44.02
A - B			\$0.21	(\$2.01)		(\$1.80)		

(1) Total costs are allocated to Pools by actual production percentages. Does not include Recharge Debt Payment or Replenishment water purchases.

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Assessment Year 2010-2011 (Production Year 2009-2010)

# Pool 3 Assessment Fee Summary

	Appropriative Pool			Ag Pool SY Reallocation			Replenishment Assessments			85/15 Water Transaction Activity				ASSESSMENTS DUE		
	AF Production	\$7.40 AF/Admin	\$42.01 AF/OBMP	AF Total Reallocation	\$235,794.00 \$4.63 AF/Admin	\$1,338,112.00 \$26.27 AF/OBMP	AF/15%	\$459.85 AF/85%	\$541.00 AF/100%	15% Producer Credits	15% Pro-rated Debits	CURO Adjustment	Other Adjustments	Total Production Based	Recharge Debt Payment	Total Due
Arrowhead Mtn Spring Water Co	373.665	2,765.12	15,697.67	0.000	0.00	0.00	0.00	0.00	202,152.77	0.00	0.00	71,469.02	0.00	292,084.57	0.00	292,084.57
Chino Hills, City Of	973.554	7,204.30	40,899.00	2,056.775	9,519.54	54,022.63	3,289.09	0.00	0.00	0.00	11,214.62	1,871.54	0.00	128,020.72	26,994.12	155,014.84
Chino, City Of	(424.265)	(3,139.56)	(17,823.37)	8,113.788	37,553.71	213,114.29	(1,433.35)	0.00	0.00	0.00	(4,887.22)	(815.60)	0.00	222,568.90	51,569.92	274,138.82
Cucamonga Valley Water District	8,002.959	59,221.90	336,204.35	2,525.639	11,689.62	66,337.67	27,037.45	0.00	0.00	0.00	92,188.16	15,384.72	0.00	608,063.88	46,270.63	654,334.51
Desalter Authority	28,516.731	0.00	0.00	0.000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fontana Union Water Company	0.000	0.00	0.00	3,494.409	16,173.46	91,783.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	107,956.54	81,711.37	189,667.92
Fontana Water Company	13,557.470	100,325.28	569,549.31	762.817	3,530.61	20,035.92	45,802.99	1,281,864.52	0.00	(600,364.92)	156,172.00	586,125.94	0.00	2,163,041.64	14.02	2,163,055.66
Fontana, City Of	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Golden State Water Company	359.382	2,659.43	15,097.64	224.827	1,040.59	5,905.24	1,214.15	0.00	0.00	0.00	4,139.81	690.87	0.00	30,747.72	5,257.23	36,004.95
Jurupa Community Services District	13,728.325	101,589.61	576,726.93	12,622.316	58,420.90	331,533.91	46,380.21	0.00	0.00	0.00	158,140.12	196,653.58	0.00	1,469,445.26	26,349.24	1,495,794.50
Marygold Mutual Water Company	346.141	2,561.44	14,541.38	358.224	1,658.00	9,409.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	28,169.83	8,376.52	36,546.35
Monte Vista Irrigation Company	0.000	0.00	0.00	369.915	1,712.11	9,716.07	0.00	0.00	0.00	(117,000.00)	0.00	0.00	0.00	(105,571.82)	8,649.90	(96,921.92)
Monte Vista Water District	11,653.266	86,234.17	489,553.70	2,687.404	12,438.33	70,586.54	39,369.76	0.00	0.00	0.00	134,236.98	22,401.99	0.00	854,821.48	61,663.80	916,485.28
Niagara Water Company	1,298.352	9,607.80	54,543.77	0.000	0.00	0.00	0.00	0.00	702,408.43	0.00	0.00	238,232.61	0.00	1,004,792.61	0.00	1,004,792.61
Nicholson Trust	0.000	0.00	0.00	2.098	9.71	55.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	64.82	49.07	113.88
Norco, City Of	0.000	0.00	0.00	110.315	510.58	2,897.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,408.08	2,579.55	5,987.63
Ontario, City Of	17,478.191	129,338.61	734,258.80	7,520.482	34,807.66	197,530.69	59,048.88	0.00	0.00	0.00	201,335.79	33,599.71	0.00	1,389,920.15	145,393.95	1,535,314.10
Pomona, City Of	9,361.359	69,274.06	393,270.69	6,131.477	28,378.82	161,047.51	0.00	0.00	0.00	0.00	0.00	0.00	0.00	651,971.08	143,375.18	795,346.25
San Antonio Water Company	966.222	7,150.04	40,590.99	823.766	3,812.70	21,636.79	3,264.32	0.00	0.00	0.00	11,130.16	1,857.44	0.00	89,442.44	19,262.49	108,704.93
San Bernardino County Shtg Prk	16.494	122.06	692.91	0.000	0.00	0.00	55.72	7,584.77	0.00	0.00	190.00	3,422.31	0.00	12,067.77	0.00	12,067.77
Santa Ana River Water Company	0.000	0.00	0.00	711.352	3,292.41	18,684.16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21,976.56	16,633.88	38,610.44
Upland, City Of	1,042.123	7,711.72	43,779.63	1,559.399	7,217.49	40,958.70	3,520.74	0.00	0.00	(58,500.00)	12,004.50	2,003.36	0.00	58,696.14	36,464.15	95,160.29
West End Consolidated Water Com	0.000	0.00	0.00	518.001	2,397.51	13,605.66	0.00	0.46	0.00	0.00	0.00	0.00	0.00	16,003.62	12,112.66	28,116.28
West Valley Water District	0.000	0.00	0.00	352.229	1,630.25	9,251.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,881.79	8,236.33	19,118.12
	<b>107,249.969</b>	<b>582,625.98</b>	<b>3,307,583.41</b>	<b>50,945.233</b>	<b>235,794.00</b>	<b>1,338,112.00</b>	<b>227,549.96</b>	<b>1,289,449.75</b>	<b>904,561.20</b>	<b>(775,864.92)</b>	<b>775,864.92</b>	<b>1,172,897.48</b>	<b>0.00</b>	<b>9,058,573.77</b>	<b>700,964.00</b>	<b>9,759,537.77</b>

1: The "Pomona Credit" column was removed as it is no longer needed. Recharge Debt Payment is for the Phase I CBFIP Bond.

1A 1B 1C 1D 1E 1F 1G 1H 1I 1J 1K 1L 1M 1N 1O 1P



Assessment Year 2010-2011 (Production Year 2009-2010)  
**Pool 3 Water Production Summary**

	Percent of Operating Safe Yield	Assigned Share of Operating Safe Yield	Carryover Beginning Balance	Prior Year Adjustments	2% Storage Loss	Net Ag Pool Reallocation	Water Transaction Activity	New Yield	Annual Production Right	Actual Fiscal Year Production	Storage and Recovery Program(s)	Total Production and Exchanges	Net Over-Production		Under Production Balances		
													85/15%	100%	Total Under-Produced	Carryover: Next Year Begin Bal	To Excess Carryover Account
Arrowhead Mtn Spring Water Co	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	373.665	0.000	373.665	0.000	373.665	0.000	0.000	0.000
Chino Hills, City Of	3.851%	2,111.422	2,111.422	0.000	(42.228)	2,056.775	0.000	0.000	6,237.391	973.554	0.000	973.554	0.000	0.000	5,263.837	2,111.422	3,152.415
Chino, City Of	7.357%	4,033.857	4,033.857	0.000	(80.677)	8,113.788	(5,085.000)	0.000	11,015.824	1,206.635	(1,630.900)	(424.265)	0.000	0.000	11,440.089	4,033.857	7,406.232
Cucamonga Valley Water District	6.601%	3,619.454	3,619.454	0.000	(72.389)	2,525.639	9,886.145	0.000	19,578.303	19,263.160	(11,260.200)	8,002.959	0.000	0.000	11,575.343	3,619.454	7,955.889
Desalter Authority	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	28,516.731	0.000	28,516.731	0.000	28,516.731	0.000	0.000	0.000
Fontana Union Water Company	11.657%	6,391.736	0.000	0.000	0.000	3,494.409	(9,886.145)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Fontana Water Company	0.002%	1.000	0.000	0.000	0.000	762.817	10,006.082	0.000	10,769.899	13,557.470	0.000	13,557.470	2,787.571	0.000	0.000	0.000	0.000
Fontana, City Of	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Golden State Water Company	0.750%	411.476	237.956	0.000	(4.759)	224.827	0.000	0.000	869.500	359.382	0.000	359.382	0.000	0.000	510.118	411.476	98.642
Jurupa Community Services District	3.759%	2,061.118	0.000	0.000	0.000	12,622.316	1,200.000	0.000	15,883.434	15,538.225	(1,809.900)	13,728.325	0.000	0.000	2,155.108	2,061.118	93.990
Marygold Mutual Water Company	1.195%	655.317	655.317	0.000	(13.106)	358.224	16.000	0.000	1,671.752	346.141	0.000	346.141	0.000	0.000	1,325.610	655.317	670.293
Monte Vista Irrigation Company	1.234%	676.759	676.759	0.000	(13.535)	369.915	(1,709.898)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Monte Vista Water District	8.797%	4,823.954	2,358.606	0.000	(47.172)	2,687.404	3,237.111	0.000	13,059.802	15,572.066	(3,918.800)	11,653.266	0.000	0.000	1,406.635	1,406.635	0.000
Niagara Water Company	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1,298.352	0.000	1,298.352	0.000	1,298.352	0.000	0.000	0.000
Nicholson Trust	0.007%	4.000	1.082	0.000	(0.021)	2.098	(6.082)	0.000	1.077	0.000	0.000	0.000	0.000	0.000	1.077	1.077	0.000
Norco, City Of	0.368%	201.545	201.545	0.000	(4.030)	110.315	0.000	0.000	509.375	0.000	0.000	0.000	0.000	0.000	509.375	201.545	307.830
Ontario, City Of	20.742%	11,373.816	11,373.816	0.000	(227.476)	7,520.482	845.000	0.000	30,885.638	19,708.991	(2,230.800)	17,478.191	0.000	0.000	13,407.446	11,373.816	2,033.630
Pomona, City Of	20.454%	11,215.852	11,215.852	0.000	(224.317)	6,131.477	(2,280.322)	0.000	26,058.542	11,403.859	(2,042.500)	9,361.359	0.000	0.000	16,697.183	11,215.852	5,481.331
San Antonio Water Company	2.748%	1,506.888	1,506.888	0.000	(30.137)	823.766	(789.433)	0.000	3,017.971	966.222	0.000	966.222	0.000	0.000	2,051.748	1,506.888	544.860
San Bernardino County Shtg Prk	0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	16.494	0.000	16.494	16.494	0.000	0.000	0.000	0.000
Santa Ana River Water Company	2.373%	1,301.374	357.591	0.000	(7.151)	711.352	(2,169.000)	0.000	194.166	0.000	0.000	0.000	0.000	0.000	194.166	194.166	0.000
Upland, City Of	5.202%	2,852.401	2,852.401	0.000	(57.048)	1,559.399	(4,339.322)	0.000	2,867.831	3,409.624	(2,367.500)	1,042.123	0.000	0.000	1,825.707	1,825.707	0.000
West End Consolidated Water Compa	1.728%	947.714	947.714	0.000	(18.954)	518.001	(2,394.476)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
West Valley Water District	1.175%	644.317	644.317	0.000	(12.886)	352.229	15.000	0.000	1,642.977	0.000	0.000	0.000	0.000	0.000	1,642.977	644.317	998.660
	<b>100.00%</b>	<b>54,834.000</b>	<b>42,794.577</b>	<b>0.000</b>	<b>(855.886)</b>	<b>50,945.233</b>	<b>(3,454.340)</b>	<b>0.000</b>	<b>144,263.582</b>	<b>132,510.571</b>	<b>(25,260.600)</b>	<b>107,249.969</b>	<b>2,804.065</b>	<b>30,188.748</b>	<b>70,006.419</b>	<b>41,262.647</b>	<b>28,743.772</b>
Less Desalter Authority Production										28,516.731		28,516.731		28,516.731			
Total Less Desalter Authority Production										<b>103,993.840</b>		<b>78,733.238</b>		<b>1,672.017</b>			

2: Watermaster Party DYY accounting is on a July 1 - June 30 fiscal year.

**2A**   **2B**   **2C**   **2D**   **2E**   **2F**   **2G**   **2H**   **2I**   **2J**   **2K**   **2L**   **2M**   **2N**   **2O**   **2P**   **2Q**



Assessment Year 2010-2011 (Production Year 2009-2010)

## Pool 3 Excess Carry Over Storage Account

	Excess Carry Over Account (ECO)					
	Beginning Balance	2% Storage Loss	Transfers To / (From)	From Supplemental Storage	From Under-Production	Ending Balance
Arrowhead Mtn Spring Water Co	0.000	0.000	0.000	0.000	0.000	0.000
Chino Hills, City Of	3,611.239	(72.224)	0.000	0.000	3,152.415	6,691.430
Chino, City Of	15,761.955	(315.239)	0.000	0.000	7,406.232	22,852.948
Cucamonga Valley Water District <b>A</b>	38,228.278	(764.565)	(2,560.011)	0.000	7,955.889	42,859.591
Desalter Authority <b>B</b>	314,359.706	0.000	(314,359.706)	0.000	0.000	0.000
Fontana Union Water Company	0.000	0.000	0.000	0.000	0.000	0.000
Fontana Water Company	0.000	0.000	0.000	0.000	0.000	0.000
Fontana, City Of	0.000	0.000	0.000	0.000	0.000	0.000
Golden State Water Company	802.225	(16.044)	0.000	0.000	98.642	884.823
Jurupa Community Services District	4,393.191	(87.863)	0.000	0.000	93.990	4,399.318
Marygold Mutual Water Company	(244.030)	0.000	0.000	244.030	670.293	670.293
Metropolitan Water District	0.000	0.000	0.000	0.000	0.000	0.000
Monte Vista Irrigation Company	1,952.826	(39.058)	(290.102)	0.000	0.000	1,623.668
Monte Vista Water District	1,199.079	(23.981)	0.000	0.000	0.000	1,175.098
Niagara Water Company	0.000	0.000	0.000	0.000	0.000	0.000
Nicholson Trust	0.000	0.000	0.000	0.000	0.000	0.000
Norco, City Of	1,667.559	(33.351)	0.000	0.000	307.830	1,942.038
Ontario, City Of	8,673.819	(173.476)	0.000	0.000	2,033.630	10,533.973
Pomona, City Of	2,886.970	(57.739)	0.000	0.000	5,481.331	8,310.562
San Antonio Water Company	7,887.440	(157.748)	0.000	0.000	544.860	8,274.552
San Bernardino County Shtg Prk	0.000	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	218.371	(4.367)	0.000	0.000	0.000	214.004
Upland, City Of	6,200.694	(124.013)	0.000	0.000	0.000	6,076.681
West End Consolidated Water Comp	5,598.524	(111.970)	(4,105.524)	0.000	0.000	1,381.030
West Valley Water District	3,069.398	(61.387)	(1,000.000)	0.000	998.660	3,006.671
	<b>416,267.244</b>	<b>(2,043.023)</b>	<b>(322,315.343)</b>	<b>244.030</b>	<b>28,743.772</b>	<b>120,896.680</b>

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Assessment Year 2010-2011 (Production Year 2009-2010)

# Pool 3 Supplemental Storage Account Summary

Reference	Recharged Recycled Account					Quantified (Pre 7/1/2000) Account					New (Post 7/1/2000) Account					Combined	
	Production + Exchanges (RW Agencies Only)	Beginning Balance	2% Storage Loss	Current Recharged Recycled	Transfer to ECO Account	Ending Balance	Beginning Balance	2% Storage Loss	Transfers To / (From)	Transfer to ECO Account	Ending Balance	Beginning Balance	2% Storage Loss	Transfers To / (From)	Transfer to ECO Account	Ending Balance	Ending Balance
Arrowhead Mtn Spring Water Co	-	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Chino Hills, City Of	973.554	452.588	(9.052)	610.800	0.000	1,054.336	5,487.657	(109.753)	0.000	0.000	5,377.904	0.000	0.000	0.000	0.000	0.000	6,432.240
Chino, City Of	(424.265)	519.250	(10.385)	682.100	0.000	1,190.965	1,205.087	(24.101)	0.000	0.000	1,180.986	2,207.491	(44.149)	0.000	0.000	2,163.342	4,535.293
Cucamonga Valley Water District	8,002.959	1,185.120	(23.702)	1,560.400	0.000	2,721.818	12,252.293	(245.045)	0.000	0.000	12,007.248	2,676.744	(53.534)	0.000	0.000	2,623.210	17,352.276
Desalter Authority	-	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Fontana Union Water Company	-	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Fontana Water Company	-	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.031	0.000	0.000	0.000	0.031	0.031
Fontana, City Of	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Golden State Water Company	-	0.000	0.000	0.000	0.000	0.000	1,591.484	(31.829)	0.000	0.000	1,559.655	65.534	(1.310)	0.000	0.000	64.224	1,623.879
Jurupa Community Services District	13,728.325	30.772	(0.615)	589.400	0.000	619.557	0.000	0.000	0.000	0.000	0.000	1,127.901	(22.558)	0.000	0.000	1,105.343	1,724.900
Marygold Mutual Water Company	-	0.000	0.000	0.000	0.000	0.000	1,749.292	(34.985)	0.000	0.000	1,714.307	358.563	(7.171)	0.000	(244.030)	107.362	1,821.669
Monte Vista Irrigation Company	-	0.000	0.000	0.000	0.000	0.000	6,470.703	(129.414)	0.000	0.000	6,341.289	370.266	(7.405)	0.000	0.000	362.861	6,704.150
Monte Vista Water District	11,653.266	222.394	(4.448)	290.100	0.000	508.046	3,868.752	(77.375)	0.000	0.000	3,791.377	2,430.182	(48.603)	0.000	0.000	2,381.579	6,681.002
Niagara Water Company	-	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Nicholson Trust	-	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Norco, City Of	-	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	110.421	(2.208)	0.000	0.000	108.213	108.213
Ontario, City Of	17,478.191	2,057.572	(41.151)	2,794.700	0.000	4,811.121	9,223.684	(184.473)	0.000	0.000	9,039.211	5,507.814	(110.156)	0.000	0.000	5,397.658	19,247.990
Pomona, City Of	-	0.000	0.000	0.000	0.000	0.000	12,502.866	(250.057)	0.000	0.000	12,252.809	1,787.250	(35.745)	0.000	0.000	1,751.505	14,004.314
San Antonio Water Company	-	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	824.548	(16.490)	0.000	0.000	808.058	808.058
San Bernardino County Shtg Prk	-	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	-	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	551.204	(11.024)	0.000	0.000	540.180	540.180
Upland, City Of	1,042.123	509.202	(10.184)	679.900	0.000	1,178.918	6,649.181	(132.983)	0.000	0.000	6,516.198	0.000	0.000	0.000	0.000	0.000	7,695.116
West End Consolidated Water Company	-	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	518.494	(10.369)	0.000	0.000	508.125	508.125
West Valley Water District	-	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	352.564	(7.051)	0.000	0.000	345.513	345.513
	52,454.153	4,976.898	(99.538)	7,207.400	0.000	12,084.760	61,000.999	(1,220.015)	0.000	0.000	59,780.984	18,889.007	(377.773)	0.000	(244.030)	18,267.204	90,132.948

12,084.760 + 18,267.204 = 30,351.964

Must not exceed 100,000 AF per Peace Agreements I and II

3: Supplemental Storage accounts have been divided as required by the Peace I Agreement.

- 4A
- 4B
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Assessment Year 2010-2011 (Production Year 2009-2010)

## 2010-2011 Pool 3 Other Storage Accounts Summary

### Desalter Authority Replenishment:

	Beginning Balance	Storage Loss	Transfers To	Transfers From	Ending Balance
Re-Operation Offset	314,359.706	0.000	0.000	(28,516.731)	285,842.975
Non-Ag Dedication	0.000	0.000	0.000	0.000	0.000
	5A	5B	5C	5D	5E

### Storage and Recovery:

	Beginning Balance	Storage Loss	Transfers To	Transfers From	Ending Balance
MWD DYY / CUP	34,493.564	(689.871)	0.000	(25,260.600)	8,543.093
	5F	5G	5H	5I	5J

### Chino Basin Watermaster:

	June 30, 2007 Storage Balance	June 30, 2008 Storage Loss	June 30, 2009 Storage Loss	June 30, 2010 Storage Loss	Ending Balance
Holding Account	0.000	0.000	0.000	0.000	0.000
	5K	5L	5M	5N	5O

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Assessment Year 2010-2011 (Production Year 2009-2010)

# Pool 3 Water Transaction Summary

## Water Transactions

	Assigned Rights	General Transfer	Transfers To / (From) ECO Account	Total Water Transactions
Arrowhead Mtn Spring Water Co	0.000	0.000	0.000	0.000
Chino Hills, City Of	0.000	0.000	0.000	0.000
Chino, City Of	(5,085.000)	0.000	0.000	(5,085.000)
Cucamonga Valley Water District	7,886.145	0.000	2,000.000	9,886.145
Desalter Authority	0.000	0.000	0.000	0.000
Fontana Union Water Company	(9,886.145)	0.000	0.000	(9,886.145)
Fontana Water Company	10,006.082	0.000	0.000	10,006.082
Fontana, City Of	0.000	0.000	0.000	0.000
Golden State Water Company	0.000	0.000	0.000	0.000
Jurupa Community Services District	1,200.000	0.000	0.000	1,200.000
Marygold Mutual Water Company	0.000	16.000	0.000	16.000
Monte Vista Irrigation Company	(2,000.000)	0.000	290.102	(1,709.898)
Monte Vista Water District	3,024.433	212.678	0.000	3,237.111
Niagara Water Company	0.000	0.000	0.000	0.000
Nicholson Trust	(6.082)	0.000	0.000	(6.082)
Norco, City Of	0.000	0.000	0.000	0.000
Ontario, City Of	765.000	80.000	0.000	845.000
Pomona, City Of	(2,500.000)	219.678	0.000	(2,280.322)
San Antonio Water Company	(789.433)	0.000	0.000	(789.433)
San Bernardino County Shtg Prk	0.000	0.000	0.000	0.000
Santa Ana River Water Company	(2,200.000)	31.000	0.000	(2,169.000)
Upland, City Of	(4,500.000)	160.678	0.000	(4,339.322)
West End Consolidated Water Company	(6,500.000)	0.000	4,105.524	(2,394.476)
West Valley Water District	(1,000.000)	15.000	1,000.000	15.000
	(11,585.000)	735.034	7,395.626	(3,454.340)

4: Column 6A does not equal zero because CBWM purchased water from Appropriators to offset the CURO.

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# Chino Basin Watermaster Assessment Breakdown 2010-2011 Water Transaction Detail

Assessment Year 2010-2011 (Production Year 2009-2010)

To:	From:	Date of Submittal	Quantity	\$ / Acre Feet	Total \$	85%	15%	WM Pays
Chino Basin Watermaster	Aqua Capital Management Annual Account To offset Non-Ag Parties replenishment obligation/CURO for FY 08-09 (previous Assessment Package).	9/18/2009	21,215	321.76	\$6,826.14			
	Chino, City Of Annual Account To offset FWC's replenishment obligation/CURO.	3/18/2010	5,085.000	366.00	\$1,861,110.00			
	Cucamonga Valley Water District Storage Account To offset FWC's replenishment obligation/CURO.	3/18/2010	5,000.000	400.00	\$2,000,000.00			
	Santa Ana River Water Company Annual Account To offset general replenishment obligation/CURO.	3/3/2010	1,000.000	366.00	\$366,000.00			
	West Valley Water District Storage Account To offset general replenishment obligation/CURO.	6/30/2010	500.000	366.00	\$183,000.00			
P222								
Cucamonga Valley Water District	Pomona, City Of Annual Account The transfer does not qualify for 85/15 consideration because CVWD had water placed in storage.	3/3/2010	2,500.000	366.00	\$915,000.00			
	West Valley Water District Storage Account The transfer does not qualify for 85/15 consideration because CVWD had water placed in storage.	5/10/2010	500.000	311.11	\$155,555.00			
Fontana Water Company	Nicholson Trust Annual Account	6/23/2010	6.082	400.00	\$2,432.80	\$2,067.88	\$364.92	Fontana Water Company
	Upland, City Of Annual Account	6/29/2010	10,000.000	400.00	\$4,000,000.00	\$3,400,000.00	\$600,000.00	Fontana Water Company
Jurupa Community Services District	Santa Ana River Water Company Annual Account	3/25/2010	1,200.000	304.00	\$364,800.00			

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# Chino Basin Watermaster Assessment Breakdown 2010-2011 Water Transaction Detail

Assessment Year 2010-2011 (Production Year 2009-2010)

To:	From:	Date of Submittal	Quantity	\$ / Acre Feet	Total \$	85%	15%	WM Pays
Monte Vista Water District	Monte Vista Irrigation Company Annual Account	4/5/2010	2,000.000	390.00	\$780,000.00	\$663,000.00	\$117,000.00	Monte Vista Irrigation Company
	San Antonio Water Company Annual Account	4/5/2010	19,245	182.95	\$3,520.87			
	<i>85/15 Rules does not apply--method of utilizing SAWCO shares.</i>							
	San Antonio Water Company Annual Account	10/14/2009	5,188	184.00	\$954.59			
	<i>85/15 Rules does not apply--method of utilizing SAWCO shares.</i>							
	Upland, City Of Annual Account	6/15/2010	1,000.000	390.00	\$390,000.00	\$331,500.00	\$58,500.00	Upland, City Of
Ontario, City Of	San Antonio Water Company Annual Account	6/16/2010	765.000	183.00	\$139,995.00			
	<i>85/15 Rules does not apply--method of utilizing SAWCO shares.</i>							
Upland, City Of	West End Consolidated Water Company Annual Account	11/9/2009	6,500.000	49.00	\$318,500.00			
			<b>36,101.730</b>		<b>\$11,487,694.40</b>	<b>\$4,396,567.88</b>	<b>\$775,864.92</b>	<b>Total Credits</b>
								<b>\$775,864.92</b>



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# Chino Basin Watermaster Assessment Breakdown 2010-2011 Water Transaction Detail

Assessment Year 2010-2011 (Production Year 2009-2010)

## Applied Recurring Transactions:

From:	To:	Quantity	\$ / Acre Feet
Fontana Union Water Company Annual Account - 32,800 AF Early Transfer	Cucamonga Valley Water District Annual Account - Assigned Rights	All	0.00
Fontana Union Water Company Annual Account - Difference - Potential vs. Net	Cucamonga Valley Water District Annual Account - Assigned Rights	All	0.00
Fontana Union Water Company Annual Account - New Yield	Cucamonga Valley Water District Annual Account - Assigned Rights	All	0.00
Fontana Union Water Company Annual Account - Assigned Share of Operating Safe Yield	Cucamonga Valley Water District Annual Account - Assigned Rights	All	0.00

*Transfer FUWC Ag Pool  
Reallocation Early Transfer to  
CVWD.*

*Transfer FUWC Ag Pool  
Reallocation Difference (Potential  
vs. Net) to CVWD.*

*Transfer FUWC New Yield to  
CVWD.*

*Transfer FUWC Share of Safe  
Yield to CVWD.*



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Assessment Year 2010-2011 (Production Year 2009-2010)

# Watermaster Replenishment Calculation

**Cost of Replenishment Water per acre foot:**

Watermaster Replenishment Cost	\$527.00
Projected Spreading - OCWD Connection Fee	\$2.00
Projected Spreading - IEUA Surcharge	\$12.00
Pre-purchased Credit	\$0.00
<b>Total Replenishment Cost per acre foot</b>	<b>\$541.00</b>

Replenishment Obligation:	AF @ \$541.00	15%	85%	Total
Appropriative - 100	1,672.017			\$904,561.20
Appropriative - 15/85	2,804.065	\$227,549.87	\$1,289,449.29	\$1,516,999.17
Non-Agricultural - 100	45.319			\$24,517.58
	<b>4,521.401</b>			<b>\$2,446,077.94</b>

Company	AF Production and Exchanges	85/15 Producers	Percent	15% Replenishment Assessments	15% Water Transaction Debits
Arrowhead Mtn Spring Water Co	373.665				-
Chino Hills, City Of	973.554	973.554	1.445%	\$3,289.09	\$11,214.62
Chino, City Of	(424.265)	(424.265)	(0.630%)	(\$1,433.35)	(\$4,887.22)
Cucamonga Valley Water District	8,002.959	8,002.959	11.882%	\$27,037.45	\$92,188.16
Desalter Authority	28,516.731				-
Fontana Union Water Company	0.000	0.000	0.000%	\$0.00	\$0.00
Fontana Water Company	13,557.470	13,557.470	20.129%	\$45,802.99	\$156,172.00
Fontana, City Of	0.000	0.000	0.000%	\$0.00	\$0.00
Golden State Water Company	359.382	359.382	0.534%	\$1,214.15	\$4,139.81
Jurupa Community Services District	13,728.325	13,728.325	20.382%	\$46,380.21	\$158,140.12
Marygold Mutual Water Company	346.141				-
Monte Vista Irrigation Company	0.000	0.000	0.000%	\$0.00	\$0.00
Monte Vista Water District	11,653.266	11,653.266	17.302%	\$39,369.76	\$134,236.98
Niagara Water Company	1,298.352				-
Nicholson Trust	0.000	0.000	0.000%	\$0.00	\$0.00
Norco, City Of	0.000	0.000	0.000%	\$0.00	\$0.00
Ontario, City Of	17,478.191	17,478.191	25.950%	\$59,048.88	\$201,335.79
Pomona, City Of	9,361.359				-
San Antonio Water Company	966.222	966.222	1.435%	\$3,264.32	\$11,130.16
San Bernardino County Shtg Prk	16.494	16.494	0.024%	\$55.72	\$190.00
Santa Ana River Water Company	0.000	0.000	0.000%	\$0.00	\$0.00
Upland, City Of	1,042.123	1,042.123	1.547%	\$3,520.74	\$12,004.50
West End Consolidated Water Co	0.000	0.000	0.000%	\$0.00	\$0.00
West Valley Water District	0.000	0.000	0.000%	\$0.00	\$0.00
	<b>107,249.969</b>	<b>67,353.721</b>	<b>**</b>	<b>\$227,549.96</b>	<b>\$775,864.92</b>

\*\* Fee assessment total is 15% of appropriate 15/85 replenishment

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5: The "Watermaster Replenishment Cost" listed is MWD's 2011 Tier 1 Full Service Untreated Rate, which is more representative of CBWM's actual replenishment costs.

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Assessment Year 2010-2011 (Production Year 2009-2010)

# Watermaster Cumulative Unmet Replenishment Obligation

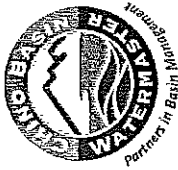
Remaining Replenishment Obligation:

	AF
Appropriative - 100	1,076,342
Appropriative - 15/85	3,280,818
Non-Agricultural - 100	10,524
	<b>4,367,684</b>

Replenishment Rate	
2010 Rate	\$541.00
2009 Rate	\$380.00

Company	Outstanding Obligation (AF)	Fund Balance (\$)	Outstanding Obligation (\$)	AF Production and Exchanges		85/15 Producers	Percent	15%	85%	100%	Total
				373,665	973,554						
Arrowhead Mtn Spring Water Co	248,385	\$62,907.27	\$71,469.02	373,665	973,554	973,554	1.445%	\$1,871.54	\$0.00	\$71,469.02	\$71,469.02
Chino Hills, City Of	0.000	\$0.00	\$0.00	973,554	973,554	973,554	1.445%	\$1,871.54	\$0.00	\$0.00	\$1,871.54
Chino, City Of	0.000	\$0.00	\$0.00	(424,265)	(424,265)	(424,265)	(0.630%)	(\$815.60)	\$0.00	\$0.00	(\$815.60)
Cucamonga Valley Water District	0.000	\$0.00	\$0.00	8,002,959	8,002,959	8,002,959	11.882%	\$15,384.72	\$0.00	\$0.00	\$15,384.72
Desalter Authority	0.000	\$0.00	\$0.00	28,516,731	28,516,731	28,516,731			\$0.00	\$0.00	\$0.00
Fontana Union Water Company	0.000	\$0.00	\$0.00	0.000	0.000	0.000	0.000%	\$0.00	\$0.00	\$0.00	\$0.00
Fontana Water Company	2,570,808	\$731,909.08	\$658,898.05	13,557,470	13,557,470	13,557,470	20.129%	\$26,062.59	\$560,063.34	\$560,063.34	\$566,125.94
Fontana, City Of	0.000	\$0.00	\$0.00	0.000	0.000	0.000	0.000%	\$0.00	\$0.00	\$0.00	\$0.00
Golden State Water Company	0.000	\$0.00	\$0.00	359,382	359,382	359,382	0.534%	\$690.87	\$0.00	\$0.00	\$690.87
Jurupa Community Services District	696,147	\$176,306.66	\$200,308.87	13,728,325	13,728,325	13,728,325	20.382%	\$26,391.04	\$170,262.54	\$170,262.54	\$196,653.58
Marygold Mutual Water Company	0.000	\$0.00	\$0.00	346,141	346,141	346,141			\$0.00	\$0.00	\$0.00
Monte Vista Irrigation Company	0.000	\$0.00	\$0.00	0.000	0.000	0.000	0.000%	\$0.00	\$0.00	\$0.00	\$0.00
Monte Vista Water District	0.000	\$0.00	\$0.00	11,653,266	11,653,266	11,653,266	17.302%	\$22,401.99	\$0.00	\$0.00	\$22,401.99
Niagara Water Company	827,957	\$209,692.13	\$238,232.61	1,298,352	1,298,352	1,298,352			\$238,232.61	\$238,232.61	\$238,232.61
Nicholson Trust	0.000	\$0.00	\$0.00	0.000	0.000	0.000	0.000%	\$0.00	\$0.00	\$0.00	\$0.00
Norco, City Of	0.000	\$0.00	\$0.00	0.000	0.000	0.000	0.000%	\$0.00	\$0.00	\$0.00	\$0.00
Ontario, City Of	0.000	\$0.00	\$0.00	17,478,191	17,478,191	17,478,191	25.950%	\$33,599.71	\$0.00	\$0.00	\$33,599.71
Pomona, City Of	0.000	\$0.00	\$0.00	9,367,359	9,367,359	9,367,359			\$0.00	\$0.00	\$0.00
San Antonio Water Company	0.000	\$0.00	\$0.00	966,222	966,222	966,222	1.435%	\$1,857.44	\$0.00	\$0.00	\$1,857.44
San Bernardino County Shtg Prk	13,863	\$3,510.94	\$3,988.94	16,494	16,494	16,494	0.024%	\$31.71	\$3,390.60	\$3,390.60	\$3,422.31
Santa Ana River Water Company	0.000	\$0.00	\$0.00	0.000	0.000	0.000	0.000%	\$0.00	\$0.00	\$0.00	\$0.00
Upland, City Of	0.000	\$0.00	\$0.00	1,042,123	1,042,123	1,042,123	1.547%	\$2,003.36	\$0.00	\$0.00	\$2,003.36
West End Consolidated Water Company	0.000	\$0.00	\$0.00	0.000	0.000	0.000	0.000%	\$0.00	\$0.00	\$0.00	\$0.00
West Valley Water District	0.000	\$0.00	\$0.00	0.000	0.000	0.000	0.000%	\$0.00	\$0.00	\$0.00	\$0.00
<b>Pool 3 Appropriative Total</b>	<b>4,357,160</b>	<b>\$1,184,326.08</b>	<b>\$1,172,897.48</b>	<b>107,249,969</b>	<b>107,249,969</b>	<b>67,353,721</b>	<b>**</b>	<b>\$129,479.38</b>	<b>\$733,716.48</b>	<b>\$309,701.62</b>	<b>\$1,172,897.48</b>

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Assessment Year 2010-2011 (Production Year 2009-2010)

# Watermaster Cumulative Unmet Replenishment Obligation

Remaining Replenishment Obligation:	AF
Appropriative - 100	1,076.342
Appropriative - 15/85	3,280.818
Non-Agricultural - 100	10.524
	<b>4,367.684</b>

Replenishment Rate	
2010 Rate	\$541.00
2009 Rate	\$380.00

## Pool 2 Non-Agricultural

Company	Outstanding Obligation (AF)	Fund Balance (\$)	Outstanding Obligation (\$)
Ameron Inc	0.000	\$0.00	\$0.00
Angelica Textile Service	5.949	\$1,506.59	\$1,711.82
Aqua Capital Management	0.000	\$0.00	\$0.00
Auto Club Speedway	0.000	\$0.00	\$0.00
California Steel Industries Inc	0.000	\$0.00	\$0.00
Ccg,Ontario, Llc	0.000	\$0.00	\$0.00
General Electric Company	4.354	\$1,102.74	\$1,252.77
K&S Ventures Inc	0.000	\$0.00	\$0.00
KCO, LLC / The Koll Company	0.000	\$0.00	\$0.00
Loving Savior Of The Hills	0.000	\$0.00	\$0.00
Ontario City Non-Ag	0.000	\$0.00	\$0.00
Praxair Inc	0.000	\$0.00	\$0.00
RRI Energy West, inc.	0.000	\$0.00	\$0.00
San Antonio Winery	0.221	\$55.88	\$63.68
San Bernardino Cty (Chino Airport)	0.000	\$0.00	\$0.00
Southern California Edison Company	0.000	\$0.00	\$0.00
Space Center Mira Loma Inc.	0.000	\$0.00	\$0.00
Sunkist Growers Inc	0.000	\$0.00	\$0.00
Swan Lake Mobile Home Park	0.000	\$0.00	\$0.00
Vulcan Materials Company	0.000	\$0.00	\$0.00
West Venture Development	0.000	\$0.00	\$0.00
<b>Pool 2 Non-Agricultural Total</b>	<b>10.524</b>	<b>\$2,665.21</b>	<b>\$3,028.27</b>



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# Chino Basin Watermaster Assessment Breakdown 2010-2011 Land Use Conversion Summary

Assessment Year 2010-2011 (Production Year 2009-2010)

	AGRICULTURAL POOL SUMMARY IN ACRE FEET				Total Prior to Peace Agrmt Converted AF	Acres Converted @ 1.3 af/ac		Acres Converted @ 2.0 af/ac		Total Land Use Conversions Acre-Feet
	Prior Converted	Acres	Acre Feet	Acres		Acres	Acre Feet			
Chino Hills, City Of	0.000	670.266	871.346	871.346	58.000	116.000	58.000	116.000	987.346	
Chino, City Of	196.235	1,454.750	1,891.175	2,087.410	2,188.701	4,377.402	2,188.701	4,377.402	6,464.812	
Cusamonga Valley Water District	0.000	460.280	598.364	598.364	0.000	0.000	0.000	0.000	598.364	
Fontana Water Company	0.000	0.000	0.000	0.000	417.000	834.000	417.000	834.000	834.000	
Jurupa Community Services District	0.000	2,756.920	3,583.996	3,583.996	4,497.040	8,994.080	4,497.040	8,994.080	12,578.076	
Monte Vista Water District	0.000	28.150	36.595	36.595	9.240	18.480	9.240	18.480	55.075	
Ontario, City Of	209.400	527.044	685.157	894.557	265.397	530.794	265.397	530.794	1,425.351	
	<b>405.635</b>	<b>5,897.410</b>	<b>7,666.633</b>	<b>8,072.268</b>	<b>7,435.378</b>	<b>14,870.756</b>	<b>7,435.378</b>	<b>14,870.756</b>	<b>22,943.024</b>	

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Assessment Year 2010-2011 (Production Year 2009-2010)

# Pool 3 Agricultural Pool Reallocation Summary

	% Share of Operating Safe Yield	Reallocation of Agricultural Pool Safe Yield				
		32,800 AF Early Transfer	Land Use Conversions	Potential for Reallocation (AF)	Difference: Potential vs. Net	Net Ag Pool Reallocation
Arrowhead Mtn Spring Water Co	0.000%	0.000	0.000	0.000	0.000	0.000
Chino Hills, City Of	3.851%	1,263.128	987.346	2,250.473	(193.698)	2,056.775
Chino, City Of	7.357%	2,413.096	6,464.812	8,877.908	(764.120)	8,113.788
Cucamonga Valley Water District	6.601%	2,165.128	598.364	2,763.492	(237.853)	2,525.639
Desalter Authority	0.000%	0.000	0.000	0.000	0.000	0.000
Fontana Union Water Company	11.657%	3,823.496	0.000	3,823.496	(329.087)	3,494.409
Fontana Water Company	0.002%	0.656	834.000	834.656	(71.839)	762.817
Fontana, City Of	0.000%	0.000	0.000	0.000	0.000	0.000
Golden State Water Company	0.750%	246.000	0.000	246.000	(21.173)	224.827
Jurupa Community Services District	3.759%	1,232.952	12,578.076	13,811.028	(1,188.712)	12,622.316
Marygold Mutual Water Company	1.195%	391.960	0.000	391.960	(33.736)	358.224
Monte Vista Irrigation Company	1.234%	404.752	0.000	404.752	(34.837)	369.915
Monte Vista Water District	8.797%	2,885.416	55.075	2,940.491	(253.087)	2,687.404
Niagara Water Company	0.000%	0.000	0.000	0.000	0.000	0.000
Nicholson Trust	0.007%	2.296	0.000	2.296	(0.198)	2.098
Norco, City Of	0.368%	120.704	0.000	120.704	(10.389)	110.315
Ontario, City Of	20.742%	6,803.376	1,425.351	8,228.727	(708.245)	7,520.482
Pomona, City Of	20.454%	6,708.912	0.000	6,708.912	(577.435)	6,131.477
San Antonio Water Company	2.748%	901.344	0.000	901.344	(77.578)	823.766
San Bernardino County Shtg Prk	0.000%	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	2.373%	778.344	0.000	778.344	(66.992)	711.352
Upland, City Of	5.202%	1,706.256	0.000	1,706.256	(146.857)	1,559.399
West End Consolidated Water Company	1.728%	566.784	0.000	566.784	(48.783)	518.001
West Valley Water District	1.175%	385.400	0.000	385.400	(33.171)	352.229
	<b>100.000%</b>	<b>32,800.000</b>	<b>22,943.024</b>	<b>55,743.023</b>	<b>(4,797.790)</b>	<b>50,945.233</b>
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# Assessment Year 2010-2011 (Production Year 2009-2010) Pool 2 Assessment Fee Summary

	Non-Agricultural Pool			Replenishment Assessments			CURO Adjustment	Other Adjustments	Total Assessments Due
	AF Production	AF/Admin	\$42.01 AF/OBMP	AF Exceeding Safe Yield	\$541.00 Per AF				
Ameron Inc	4,548	33.66	191.06	0.000	0.00	0.00	0.00	0.00	224.72
Angelica Textile Service	40,897	302.64	1,718.08	23,987	12,976.97	1,711.82	0.00	0.00	16,733.49
Aqua Capital Management	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00	0.00
Auto Club Speedway	495,942	3,669.97	20,834.52	0.000	0.00	0.00	0.00	0.00	24,504.49
California Steel Industries Inc	1,059,223	7,838.25	44,497.96	0.000	0.00	0.00	0.00	0.00	52,336.21
CCG Ontario, Llc	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00	0.00
General Electric Company	8,615	63.75	361.92	8,615	4,660.72	1,252.77	0.00	0.00	6,347.77
Kaiser Ventures Inc	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00	0.00
K&B, LLC / The Koll Company	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00	0.00
Long Savior Of The Hills	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00	0.00
Ontario City Non-Ag	1,682,150	12,447.91	70,667.12	0.000	0.00	0.00	0.00	0.00	83,115.03
Praxair Inc	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00	0.00
RRI Energy West, Inc.	(7,428)	(128.97)	(732.15)	0.000	0.00	0.00	0.00	0.00	(861.12)
San Antonio Winery	12,717	94.11	534.24	12,717	6,879.90	63.68	0.00	0.00	7,584.64
San Bernardino City (Chino Airport)	146,522	1,084.26	6,155.39	0.000	0.00	0.00	0.00	0.00	7,239.65
Southern California Edison Company	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00	0.00
Space Center Mira Loma Inc.	93,707	693.43	3,936.63	0.000	0.00	0.00	0.00	0.00	4,630.06
Sunkist Growers Inc	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00	0.00
Swan Lake Mobile Home Park	380,711	2,817.26	15,993.67	0.000	0.00	0.00	0.00	0.00	18,810.93
Vulcan Materials Company	0.307	2.27	12.90	0.000	0.00	0.00	0.00	0.00	15.17
West Venture Development	0.000	0.00	0.00	0.000	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>3,907,911</b>	<b>28,918.54</b>	<b>164,171.34</b>	<b>45,319</b>	<b>24,517.58</b>	<b>3,028.27</b>	<b>0.00</b>	<b>0.00</b>	<b>220,681.05</b>

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# Assessment Year 2010-2011 (Production Year 2009-2010) Pool 2 Water Production Summary

	Carryover Beginning Balance	Prior Year Adjustments	2% Storage Loss	Assigned Share of Operating Safe Yield (AF)	Water Transaction Activity	Annual Production Right	Actual Fiscal Year Production	Net Over Production	Under Production Balances		
									Total Under-Produced	Carryover: Next Year Begin Bal	To Local Storage Account
Ameron Inc	97,858	0.000	(1,957)	97,858	(9,786)	183,973	4,548	0.000	179,425	97,858	81,567
Angelica Textile Service	0.000	0.000	0.000	18,789	(1,879)	16,910	40,897	23,987	0.000	0.000	0.000
Aqua Capital Management	948,118	0.000	(18,962)	948,118	(94,811)	1,782,463	0.000	0.000	1,782,463	948,118	834,345
Auto Club Speedway	1,000,000	0.000	(20,000)	1,000,000	(100,000)	1,880,000	495,942	0.000	1,384,058	1,000,000	384,058
California Steel Industries Inc	1,000,234	0.000	(20,004)	1,300,000	(130,000)	2,150,230	1,059,223	0.000	1,091,007	1,091,007	0.000
CCG Ontario, Llc	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
General Electric Company	0.000	0.000	0.000	0.000	0.000	0.000	8,615	8,615	0.000	0.000	0.000
Kaiser Ventures Inc	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
KNO, LLC / The Koll Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Loving Savior Of The Hills	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Ontario City Non-Ag	2,101,659	0.000	(42,033)	2,299,848	(229,985)	4,129,488	1,682,150	0.000	2,447,338	2,299,848	147,490
Praxair Inc	0.000	0.000	0.000	1,000	(0,100)	0,900	0.000	0.000	0,900	0,900	0.000
RRI Energy West, Inc.	954,540	0.000	(19,090)	954,540	(95,454)	1,794,536	(17,428)	0.000	1,811,964	954,540	857,424
San Antonio Winery	0.000	0.000	0.000	0.000	0.000	0.000	12,717	12,717	0.000	0.000	0.000
San Bernardino Cty (Chino Airport)	77,397	0.000	(1,547)	133,870	(13,387)	196,333	146,522	0.000	49,811	49,811	0.000
Southern California Edison Company	27,959	0.000	(0,559)	27,959	(2,796)	52,563	0.000	0.000	52,563	27,959	24,604
Space Center Mira Loma Inc.	0.000	0.000	0.000	104,121	(10,412)	93,709	93,707	0.000	0.002	0.002	0.000
Sunkist Growers Inc	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Swan Lake Mobile Home Park	464,240	0.000	(9,284)	464,240	(46,424)	872,772	380,711	0.000	492,061	464,240	27,821
Vulcan Materials Company	0.000	0.000	0.000	0.000	0,307	0,307	0,307	0.000	0.000	0.000	0.000
West Venture Development	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>TOTAL</b>	<b>6,672,005</b>	<b>0.000</b>	<b>(133,436)</b>	<b>7,350,343</b>	<b>(734,727)</b>	<b>13,154,184</b>	<b>3,907,911</b>	<b>45,319</b>	<b>9,291,592</b>	<b>6,934,283</b>	<b>2,357,309</b>

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## Assessment Year 2010-2011 (Production Year 2009-2010) Pool 2 Storage Account Summary

	Carryover Beginning Balance	2% Storage Loss	Transfers To / (From)	Ending Balance
Ameron Inc	2,053,411	(41,068)	81,567	2,093,910
Angelica Textile Service	0.000	0.000	0.000	0.000
Aqua Capital Management	10,076,934	(201,538)	834,345	10,709,741
Auto Club Speedway	2,002,621	(40,052)	384,058	2,346,627
California Steel Industries Inc	3,036,569	(60,731)	0.000	2,975,838
CCG Ontario, Lic	0.000	0.000	0.000	0.000
General Electric Company	0.000	0.000	0.000	0.000
Kaiser Ventures Inc	0.000	0.000	0.000	0.000
KCO, LLC / The Koll Company	0.000	0.000	0.000	0.000
Long Savior Of The Hills	0.000	0.000	0.000	0.000
Ontario City Non-Ag	14,756,219	(295,124)	147,490	14,608,585
Praxair Inc	4,554,345	(91,086)	0.000	4,463,259
RRI Energy West, Inc.	6,128,256	(122,565)	857,424	6,863,115
San Antonio Winery	0.000	0.000	0.000	0.000
San Bernardino Cty (Chino Airport)	176,728	(3,534)	0.000	173,194
Southern California Edison Company	252,867	(5,057)	24,604	272,414
Space Center Mira Loma Inc.	0.000	0.000	0.000	0.000
Sunkist Growers Inc	0.000	0.000	0.000	0.000
Swan Lake Mobile Home Park	3,256,675	(65,133)	27,821	3,219,363
Vulcan Materials Company	305,004	(6,100)	(293,296)	5,608
West Venture Development	0.000	0.000	0.000	0.000
	46,599,629	(931,988)	2,064,013	47,731,654
	14A	14B	14C	14D

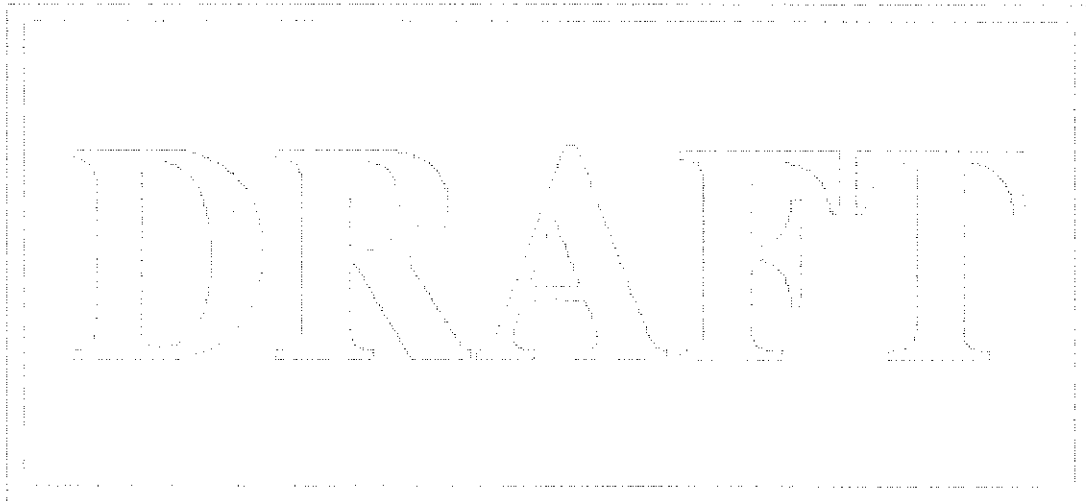
5: Ontario City Non-Ag purchased all but 4,463,259 AF of Praxair's storage water. The 4,463,259 AF amount is the amount that was in the account on 06/30/07 subject to the Attachment G Purchase and Sale Agreement.

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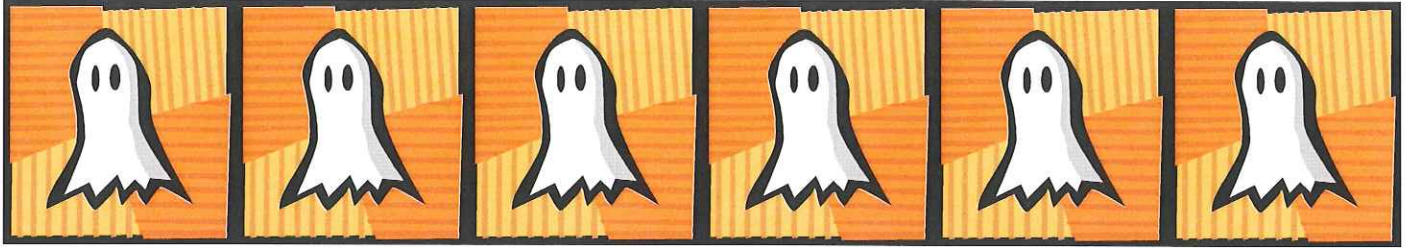


Assessment Year 2010-2011 (Production Year 2009-2010)  
**Assessment Package Notes**

	Company	Account	Note
A	Cucamonga Valley Water District	Local Storage	The Peace II Vulcan over-transfer has been corrected by removing 292.989 AF from Vulcan's Storage account & 560.011 AF from CVWD's ECO account.
B	Desalter Authority	Local Storage	There is no loss assessed on the native basin water allocated to offset desalter production as a result of basin reoperation as approved in Peace II.
C	Vulcan Materials Company	Local Storage	The Peace II Vulcan over-transfer has been corrected by removing 292.989 AF from Vulcan's Storage account & 560.011 AF from CVWD's ECO account.



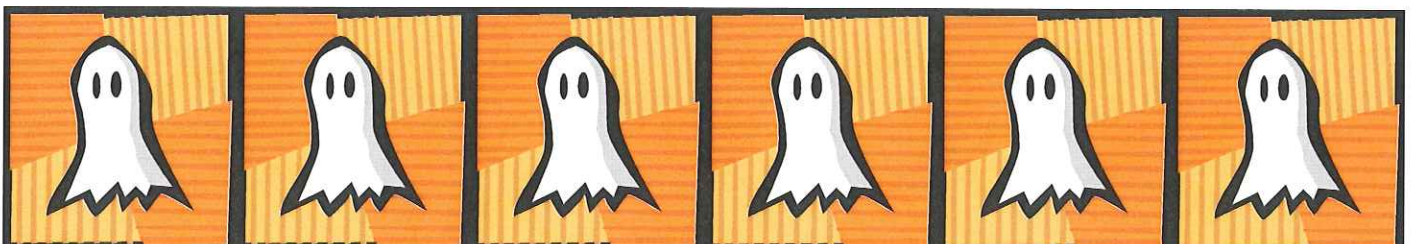
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# CHINO BASIN WATERMASTER

## II. BUSINESS ITEM

### C. SAN SEVAINE CHANNEL REPAIR AGREEMENT





# CHINO BASIN WATERMASTER

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

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KENNETH R. MANNING  
Chief Executive Officer

## STAFF REPORT

**DATE:** October 28, 2010  
**TO:** Board Members  
**SUBJECT:** Agreement with San Bernardino County Flood Control District and Inland Empire Utilities Agency regarding repairs to San Sevaine Channel

### SUMMARY

**Issue** - Consider approval of cost sharing agreement with San Bernardino County Flood Control District and Inland Empire Utilities Agency regarding repairs to San Sevaine channel.

**Recommendation** – Staff recommends approval of the agreement.

**Financial Impact** - Watermaster's share of the contract cost is not to exceed \$245,750. Any additional costs would require additional approval by Watermaster:

### Background and Description of the Agreement

On Christmas Day 2003 a severe storm caused damage to the San Sevaine channel. The damage resulted from a combination of events involving construction on the channel that was underway but that was unattended at the time of the storm because of the holiday.

The cost of repair has been estimated at approximately one million dollars. Liability for the damage has been a subject of dispute between San Bernardino County Flood Control District (SBCFCD) on the one hand and Watermaster and Inland Empire Utilities Agency (IEUA) on the other.

The proposed agreement represents a compromise whereby SBCFCD will pay one half of the repair costs, and CBWM and IEUA will each pay 25% of the repair costs. The agreement contains provisions relating to the process to be followed in the event that project costs are anticipated to exceed estimates.

Watermaster does not have funds currently budgeted to account for payments under the agreement, but payments to SBCFCD under the agreement will be made on a reimbursement basis and it is not known at this time when work will commence.

### Recommendation

Staff recommends approval of the agreement.

**Actions:**

October 7, 2010 Appropriative Pool – Approved Unanimously  
October 7, 2010 Non-Agricultural Pool – Approved Unanimously  
October 14, 2010 Agricultural Pool – Approved Unanimously  
October 21, 2010 Advisory Committee – Approved Unanimously  
October 28, 2010 Watermaster Board –





**San Bernardino County  
FLOOD CONTROL DISTRICT**  
  
**F A S**  
  
**STANDARD CONTRACT**

FOR OFFICIAL USE ONLY

<input checked="" type="checkbox"/> New	Vendor Code	Dept.	Contract Number					
<input type="checkbox"/> Change	INSERT HERE 23	SC	A					
<input type="checkbox"/> Cancel	IF ENTITY HAS SEAL							
INSERT HERE		Dept.	Orgn.	Contractor's License No.				
Flood Control District		097	097					
Contract Representative			Telephone		Total Contract Amount			
Melissa Walker			(909) 387-8120		\$491,500			
Contract Type								
<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Encumbered <input type="checkbox"/> Unencumbered <input type="checkbox"/> Other:								
If not encumbered or revenue contract type, provide reason:								
Commodity Code		Contract Start Date	Contract End Date	Original Amount	Amendment Amount			
				\$	\$			
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount		
RFA	091	091		8842	11F01806	\$491,500		
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount		
						\$		
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount		
						\$		
Project Name			Estimated Payment Total by Fiscal Year					
San Sevaine			FY	Amount	I/D	FY	Amount	I/D
Channel Reconstruction								

THIS AGREEMENT is entered into in the State of California by and between the San Bernardino County Flood Control District, hereinafter called the DISTRICT, and

Name Inland Empire Utility Agency hereinafter called IEUA  
 Address 6075 Kimball Avenue  
Chino CA 91710  
 Telephone 909-993-1600 Federal ID No. or Social Security No. \_\_\_\_\_

Name Chino Basin Watermaster hereinafter called CBWM  
 Address 9641 San Bernardino Road  
Rancho Cucamonga CA 91730  
 Telephone 909-984-3888 Federal ID No. or Social Security No. \_\_\_\_\_

**IT IS HEREBY AGREED AS FOLLOWS:**

*(Use space below and additional bond sheets. Set forth service to be rendered, amount to be paid, manner of payment, time for performance or completion, determination of satisfactory performance and cause for termination, other terms and conditions, and attach plans, specifications, and addenda, if any.)*

**WHEREAS**, the San Bernardino County Flood Control District (hereinafter referred to as **DISTRICT**), the Inland Empire Utility Agency (hereinafter referred to as **IEUA**) and the Chino Basin Watermaster (**CBWM**) are signatories to this **AGREEMENT**, and shall be collectively referred to as "the **PARTIES**"; and

*Auditor/Controller-Recorder Use Only*

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Input Date	Keyed By

**WHEREAS**, in 2003 severe storms caused damage to the San Sevaine Channel; and

**WHEREAS**, in 2003, **IEUA** and **CBWM** hired a contractor to work on the San Sevaine Channel; and

**WHEREAS**, reconstruction of the channel is necessary to repair the damage; and

**WHEREAS**, the **PARTIES** desire to cooperate and participate in construction management and construction of the damaged portions of the San Sevaine Channel (hereinafter referred to as **PROJECT**); and

**WHEREAS**, the **PROJECT** consists of the reconstruction of approximately 1,500 feet of damaged concrete-lined channel from south of Victoria Street to north of the I-15 freeway; and

**WHEREAS**, construction of a drop inlet diversion structure, side drain outlet structures and other appurtenant work will be completed with the channel reconstruction but will not be considered part of the **PROJECT** under this **AGREEMENT**; and

**WHEREAS**, the portion of the work not to be considered as part of the **PROJECT** under this **AGREEMENT** is estimated at \$217,000 and will be funded in whole by the **DISTRICT**; and

**WHEREAS**, **DISTRICT** will act as the lead agency on the **PROJECT**; and

**WHEREAS**, the projected costs for the **PROJECT** is estimated at \$983,000, including construction management and construction; and

**WHEREAS**, the **PROJECT** will be of mutual benefit to all of the **PARTIES** and therefore the **PARTIES** agree that **IEUA** and **CBWM** will each fund up to twenty-five percent (25%) of the total **PROJECT** costs not to exceed \$245,750 each, and **DISTRICT** will fund the remaining total **PROJECT** cost (50%) estimated at \$491,500; and

**WHEREAS**, the **PARTIES** desire to set forth the responsibilities and obligations of each as they pertain to such participation and to the construction and funding of the **PROJECT**.

**NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:**

## **SECTION I**

1.0 **IEUA** agrees to:

- 1.1 Pay its proportionate share of the **PROJECT** costs, equal to twenty-five percent (25%) of total **PROJECT** costs, not to exceed \$245,750.
- 1.2 Review and comment on the plans, specifications, cost estimates and environmental documentation related to the **PROJECT**.
- 1.3 Reimburse the **DISTRICT** its proportionate share of **PROJECT** costs within thirty (30) days after receipt of an itemized statement, setting forth all actual **PROJECT** costs incurred by the **DISTRICT** to date and which have not already been paid by **IEUA**, together with adequate documentation of said expenditures.

## **SECTION II**

2.0 **CBWM** agrees to:

- 2.1 Pay its proportionate share of the **PROJECT** costs, equal to twenty-five percent (25%) of total **PROJECT** costs, not to exceed \$245,750.

- 2.2 Review and comment on the plans, specifications, cost estimates and environmental documentation related to the **PROJECT**.
- 2.3 Reimburse the **DISTRICT** its proportionate share of **PROJECT** costs within thirty (30) days after receipt of an itemized statement, setting forth all actual **PROJECT** costs incurred by the **DISTRICT** to date and which have not already been paid by **CBWM**, together with adequate documentation of said expenditures.

### SECTION III

#### 3.0 **DISTRICT** agrees to:

- 3.1 Act as the Lead Agency to oversee and administer the construction engineering and construction of the **PROJECT**.
- 3.2 Enter into a construction contract with a contractor for the **PROJECT**.
- 3.3 Ensure the **PROJECT** is constructed in accordance with the plans and specifications approved by the **PARTIES**.
- 3.4 Advertise, award, administer, and fund construction of the **PROJECT** in accordance with the California Public Contract Code. Any construction contract awarded by **DISTRICT** to a contractor for the **PROJECT** will include language that substantially conforms to the following provision:

Contractor recognizes that this Project is funded by the San Bernardino County Flood Control District, the Inland Empire Utility Agency and the Chino Basin Watermaster. The Inland Empire Utility Agency and the Chino Basin Watermaster are not parties to this agreement. Contractor recognizes and agrees that only the San Bernardino County Flood Control District is responsible for payment to Contractor under this Agreement.

- 3.5 Arrange for relocation of any utilities which interfere with construction of the **PROJECT** within the **PROJECT** site.
- 3.6 Provide notification to **IEUA** and **CBWM** of any meetings related to the **PROJECT** and schedule meetings to ensure that all **PARTIES** have the opportunity to attend.
- 3.7 Provide **IEUA** and **CBWM**, upon request, with copies of all reports, and other technical documents related to the **PROJECT**.
- 3.8 Submit a request for reimbursement on no more frequently than a monthly basis, with itemized accounting of all actual costs funded by the **DISTRICT**, including all supporting data, to **IEUA** and **CBWM**, in accordance with Sections 1.3 and 2.3, commencing after **PARTIES** approval of the construction contract. In the event **IEUA** and **CBWM** request additional work that is beyond the scope of the original **PROJECT** pursuant to Section 4.10, the **DISTRICT** shall provide **IEUA** and **CBWM** with a Request for Payment, with documentation detailing the actual cost of such additional work, prior to **DISTRICT's** approval of the additional work.
- 3.9 Pay its proportionate share of the **PROJECT** costs, equal to fifty percent (50%) of total **PROJECT** costs, estimated to be \$491,500. **DISTRICT** acknowledges that, due to change orders and other increases in **PROJECT** costs during the construction of the **PROJECT**, **PROJECT** costs may be amended following completion of the **PROJECT** and the **DISTRICT's** proportionate share of the **PROJECT** costs may increase beyond the estimate of \$491,500.
- 3.10 Upon **PROJECT** completion and acceptance by all **PARTIES**, submit to **IEUA** and **CBWM**, a final itemized accounting of all actual **PROJECT** costs incurred by the **DISTRICT**, including all costs for

additional work requested by any **PARTY** pursuant to Section 4.10, whether or not any **PARTY** has already paid the **DISTRICT** for the costs of such additional work. **DISTRICT** shall not be responsible for the payment of any additional work requested by **IEUA** or **CBWM**.

- 3.11 Upon completion and acceptance of the **PROJECT**, the **DISTRICT** shall assume title to the improvements and shall be responsible for maintenance of the completed **PROJECT** in accordance with the **DISTRICT's** established policies and procedures:
- 3.12 Provide inspection of all items of work performed under the construction contract(s) with the **DISTRICT's** contractors and subcontractors for the **PROJECT** and maintain adequate records of inspection and materials testing for review by **IEUA** and **CBWM**. The **DISTRICT** shall provide copies of all records of inspection and materials testing to **IEUA** and **CBWM** within ten (10) days of the **DISTRICT's** receipt of written request from **IEUA** and/or **CBWM** for such records.
- 3.13 Provide status reports regarding the **PROJECT** to **IEUA** and **CBWM** upon request. Provide **IEUA** and **CBWM**, upon completion, one set of Mylar drawings.
- 3.14 Retain or cause to be retained for audit by the **PARTIES** or government auditors for a period of ten (10) years from the date of final payment, all records and accounts relating to the **PROJECT**.

#### **SECTION IV**

#### **4.0 IT IS FURTHER UNDERSTOOD AND AGREED:**

- 4.1 The Effective Date of this **AGREEMENT** shall be the first date on which all of the following has occurred: (1) the **IEUA** Board, **CBWM** Board and **DISTRICT** Board have approved the **AGREEMENT**; and (2) the authorized representative of each has signed the **AGREEMENT**; and (3) a fully executed copy of the **AGREEMENT** has been submitted to all **PARTIES**.
- 4.2 All of the **DISTRICT's** revenues as defined below, have been pledged to secure the payment of the principal and interest on certain bonds and refunding bonds ("Bonds") issued by the **DISTRICT** in May 2007. The pledge constitutes a first lien on the revenues for the payment of the Bonds. Any payments under this **AGREEMENT** are subject to the prior pledge of revenues described above. **DISTRICT** payments pursuant to this **AGREEMENT** will be made to the extent there are sufficient funds available after payment of the Bonds. For purposes of this paragraph, "revenues" shall mean all income and revenue received by the **DISTRICT** from the operation or ownership of the flood and storm water control and conservation facilities ("Flood Control System") of the **DISTRICT** (including but not limited to, all real and personal property, or any interest therein, and all additions, improvements, betterments and extensions thereto), determined in accordance with Generally Accepted Accounting Principles, including all ad valorem property taxes received by the **DISTRICT** pursuant to Article XIII A of the Constitution of the State of California and Section 95 et seq. of the California Revenue and Taxation Code, all rents, royalties and license and permit fees and charges received by the **DISTRICT**, investment income and all other money howsoever derived by the **DISTRICT** from the operation or ownership of the Flood Control System or arising from the Flood Control System, but excluding (a) ad valorem property taxes levied to pay any voter approved general obligation indebtedness of the **DISTRICT**, (b) assessments levied pursuant to Section 43-7 or Section 43-26.9 of the San Bernardino County Flood Control Act (Cal. Water Code App. Sect. 43-1 et seq.), and (c) grants, advances or contributions in aid of construction, except to the extent such grants are unrestricted and available for any expenditure of the **DISTRICT**.
- 4.3 American Recovery and Reinvestment Act Funding (ARRA). **DISTRICT** and its contractors shall comply with the following provisions in the event this Agreement is funded in whole or in part by ARRA.

Use of ARRA Funds and Requirements. This Agreement may be funded in whole or in part with funds provided by the American Recovery and Reinvestment Act of 2009 ("ARRA"), signed into law on

February 17, 2009. Section 1605 of ARRA prohibits the use of recovery funds for a project for the construction, alteration, maintenance or repair of a public building or public work (both as defined in 2 CFR 176.140) unless all of the iron, steel and manufactured goods (as defined in 2 CFR 176.140) used in the project are produced in the United States. A waiver is available under three circumstances: (i) Iron, steel or relevant manufactured goods are not produced in the United States in sufficient and reasonable quantities and of a satisfactory quality; (ii) Inclusion of iron, steel or manufactured goods produced in the United States will increase the cost of the overall project by more than 25 percent; or (iii) Applying the domestic preference would be inconsistent with the public interest. This is referred to as the "Buy American" requirement. Request for waiver must be made to the District for an appropriate determination.

Section 1606 of ARRA requires that laborers and mechanics employed by contractors and subcontractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to ARRA shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act (40 U.S.C. 31). This is referred to as the "wage rate" requirement.

The above described provisions constitute notice under ARRA of the Buy American and wage requirements. The contractors must contact the District contact if they have any questions regarding the applicability or implementation of the ARRA Buy American and wage rate requirements. The contractors will also be required to provide detailed information regarding compliance with the Buy American requirements they have under ARRA. The information may be required as frequently as monthly or quarterly. The contractors agree to fully cooperate in providing information or documents as requested by the District pursuant to this provision. Failure to do so will be deemed a default and may result in the withholding of payments and termination of this Contract.

The contractors may also be required to register in the Central Contractor Registration (CCR) database at <http://www.ccr.gov> and may be required to have their subcontractors also register in the same database. The contractors must contact the District with any questions regarding registration requirements.

Schedule of Expenditure of Federal Awards. In addition to the requirements described in "Use of ARRA Funds and Requirements," proper accounting and reporting of ARRA expenditures in single audits is required. The contractors agree to separately identify the expenditures for each grant award funded under ARRA on the Schedule of Expenditures of Federal Awards (SEFA) and the Data Collection Form (SF-SAC) required by the Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations." This identification on the SEFA and SF-SAC shall include the Federal award number, the Catalog of Federal Domestic Assistance (CFDA) number, and amount such that separate accountability and disclosure is provided for ARRA funds by Federal award number consistent with the recipient reports required by ARRA Section 1512 (c).

In addition, the contractors agree to separately identify to each subcontractor and document at the time of subcontract and at the time of disbursement of funds, the Federal award number, any special CFDA number assigned for ARRA purposes, and amount of ARRA funds.

The contractors may be required to provide detailed information regarding expenditures so that the District may fulfill any reporting requirements under ARRA described in this section. The information may be required as frequently as monthly or quarterly. The contractors agree to fully cooperate in providing information or documents as requested by the District pursuant to this provision. Failure to do so will be deemed a default and may result in the withholding of payments and termination of this Contract.

- 4.4 All payments shall be made via electronic funds transfer (EFT) directly deposited into the **PARTIES** designated checking or other bank account. The **PARTIES** shall promptly comply with directions and accurately complete forms provided and required to process EFT payments.

4.5 Indemnification and Insurance.

- a. **CBWM** agrees to indemnify and hold harmless the **DISTRICT**, its officers, employees, agents, and volunteers from any and all claims, actions, losses, damages and/or liability resulting from **CBWM's** negligent acts or omissions which arise from **CBWM's** performance of its obligations under this **AGREEMENT**.
- b. **CBWM** agrees to indemnify and hold harmless **IEUA**, its officers, employees, agents, and volunteers from any and all claims, actions, losses, damages and/or liability resulting from **CBWM's** negligent acts or omissions which arise from **CBWM's** performance of its obligations under this **AGREEMENT**.
- c. **IEUA** agrees to indemnify and hold harmless the **DISTRICT**, its officers, employees, agents, and volunteers from any and all claims, actions, losses, damages and/or liability resulting from **IEUA's** negligent acts or omissions which arise from **IEUA's** performance of its obligations under this **AGREEMENT**.
- d. **IEUA** agrees to indemnify and hold harmless **CBWM**, its officers, employees, agents, and volunteers from any and all claims, actions, losses, damages and/or liability resulting from **IEUA's** negligent acts or omissions which arise from **IEUA's** performance of its obligations under this **AGREEMENT**.
- e. **DISTRICT** agrees to indemnify and hold harmless **CBWM**, its officers, employees, agents, and volunteers from any and all claims, actions, losses, damages and/or liability resulting from **DISTRICT's** negligent acts or omissions which arise from **DISTRICT's** performance of its obligations under this **AGREEMENT**.
- f. **DISTRICT** agrees to indemnify and hold harmless **IEUA**, its officers, employees, agents, and volunteers from any and all claims, actions, losses, damages and/or liability resulting from **DISTRICT's** negligent acts or omissions which arise from **DISTRICT's** performance of its obligations under this **AGREEMENT**.
- g. In the event **DISTRICT** and/or **CBWM** and/or **IEUA** are found to be comparatively at fault for any claim, action, loss or damage which results from their respective obligations under the **AGREEMENT**, the **DISTRICT** and/or **CBWM** and/or **IEUA** shall indemnify the other **PARTY** to the extent of their comparative fault. Furthermore, if the **DISTRICT** and/or **CBWM** and/or **IEUA** attempt to seek recovery from the other for Workers' Compensation benefits paid to an employee, **DISTRICT** and/or **CBWM** and/or **IEUA** agree that any alleged negligence of the employee shall not be construed against the employer of that employee.
- h. Insurance. **PARTIES** have adequate insurance/self-insurance or resources to protect against liabilities arising out of the terms, conditions and obligations of this **AGREEMENT**.

4.6 Time is of the essence for each and every provision of this **AGREEMENT**.

4.7 **Reserved**.

4.8 If, upon opening of bids for the **PROJECT**, bids indicate the actual cost of the **PROJECT** will exceed 25% of the estimated cost of the **PROJECT**, **PARTIES** shall endeavor to agree upon an alternative course of action. If, after thirty (30) days, an alternative course of action is not mutually agreed upon in writing, this **AGREEMENT** shall be deemed to be terminated by mutual consent.

- 4.9 Additional work/costs arising from unforeseen site conditions (e.g. relocating a utility that the **PARTIES** were not aware of) will be paid by the **PARTIES** in proportion to the percentages identified in Sections 1.1, 2.1 and 3.9 of this **AGREEMENT**.
- 4.10 If a **PARTY** requests additional work that is beyond the scope of the original **PROJECT**, said work will be paid solely by the **PARTY** requesting the work. **DISTRICT**, in its sole discretion, may determine whether to include the requested additional work as part of the **PROJECT**.
- 4.11 In the event that change orders are required during the course of the **PROJECT**, said change orders must be in writing and approved or rejected by the **PARTIES** within two working days of submittal.
- 4.12 Since **PARTIES** or their agents have participated fully in the preparation of this **AGREEMENT**, the language of this **AGREEMENT** shall be construed simply, according to its fair meaning, and not strictly for or against any party. Any term referencing time, days or period for performance shall be deemed **DISTRICT** work days. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this **AGREEMENT**.
- 4.13 This **AGREEMENT** may be terminated, with or without cause, upon thirty (30) days written notice of any **PARTY**, provided however, that no **PARTY** may terminate this **AGREEMENT** after the **DISTRICT** awards a contract to construct the **PROJECT**. In the event of cancellation as provided herein, all **PROJECT** costs to be paid by the **PARTIES** prior to the effective date of cancellation shall be paid by the **PARTIES** in the proportion provided herein.
- 4.14 Except with respect to the **PARTIES'** operation, maintenance and indemnification obligations contained herein, this **AGREEMENT** shall terminate upon completion of the **PROJECT** and final payment by **IEUA** and **CBWM** to the **DISTRICT**.
- 4.15 This **AGREEMENT** contains the entire agreement of the **PARTIES** with respect to subject matter hereof, and supersedes all prior negotiations, understandings or agreements.
- 4.16 This **AGREEMENT** shall be governed by the laws of the State of California. If a court of competent jurisdiction declares any portion of this **AGREEMENT** invalid, illegal, or otherwise unenforceable, the remaining provisions shall continue in full force and effect, unless the purpose of this **AGREEMENT** is frustrated. Any dispute or action to enforce any obligation under this **AGREEMENT** shall be filed and resolved in the appropriate Superior Court in the County of San Bernardino, California. In the event of litigation arising from this **AGREEMENT**, each **PARTY** to the **AGREEMENT** shall bear its own costs, including attorneys' fees. This provision concerning costs shall not apply to costs or attorneys' fees relative to Section 4.5.
- 4.17 No supplement, assignment, modification, or amendment of this **AGREEMENT** shall be binding unless executed in writing and signed by all **PARTIES**.
- 4.18 All notices, approvals, consents or other documents required or permitted under this **AGREEMENT** shall be in writing and, except as otherwise provided therein, shall be effective upon personal delivery or three days after deposit in the United States mail, certified, with first class postage fully prepaid, addressed as follows:
- |   |  |  |
|---|--|--|
| Inland Empire Utility Agency<br>6075 Kimball Avenue<br>Chino CA 91710 | San Bernardino County<br>Flood Control District<br>825 E. Third Street<br>San Bernardino CA 92415-0835 | Chino Basin Watermaster<br>9641 San Bernardino Road<br>Rancho Cucamonga CA 91730 |
|---|--|--|
- 4.19 This **AGREEMENT** may be signed in counterparts, each of which shall constitute an original.

**SAN SEVAINE CHANNEL RECONSTRUCTION**

**IN WITNESS WHEREOF**, this **AGREEMENT** has been fully executed on behalf of the **DISTRICT** by its duly authorized officer and **IEUA** and **CBWM** have caused the same to be duly executed in their name and on their behalf by their duly authorized representatives.

This **AGREEMENT** shall inure to the benefit of and be binding upon the successors and assigns of all **PARTIES**.

**SAN BERNARDINO COUNTY  
FLOOD CONTROL DISTRICT**

▶ \_\_\_\_\_  
GARY C. OVITT, Board Chairman

Dated: \_\_\_\_\_

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD

Laura H. Welch, Secretary

By \_\_\_\_\_  
Deputy

Approved as to Legal Form	Reviewed by Contract Compliance	Presented to Board for Signature
▶ _____ Counsel	▶ _____	▶ _____



**SAN SEVAINE CHANNEL RECONSTRUCTION**

**IN WITNESS WHEREOF**, this **AGREEMENT**, has been fully executed on behalf of **IEUA** by its duly authorized officer and **DISTRICT** and **CBWM** have caused the same to be duly executed in their name and on their behalf by their duly authorized representatives.

This **AGREEMENT** shall inure to the benefit of and be binding upon the successors and assigns of all **PARTIES**

**INLAND EMPIRE UTILITY AGENCY**

INLAND EMPIRE UTILITY AGENCY  
*(Print or type name of corporation, company, contractor, etc.)*

\_\_\_\_\_  
*(Authorized signature - sign in blue ink)*

Name Richard Atwater  
*(Print or type name of person signing contract)*

Title General Manager  
*(Print or Type)*

Dated: \_\_\_\_\_

Address 6075 Kimball Avenue  
Chino CA 91710

Approved as to Legal Form	Attested by Notary Public
▶ _____ Legal Counsel	▶ _____ Notary Public

**SAN SEVAINE CHANNEL RECONSTRUCTION**

**IN WITNESS WHEREOF**, this **AGREEMENT**, has been fully executed on behalf of **CBWM** by its duly authorized officer and the **DISTRICT** and **IEUA** have caused the same to be duly executed in their name and on their behalf by their duly authorized representatives.

This **AGREEMENT** shall inure to the benefit of and be binding upon the successors and assigns of all **PARTIES**

**CHINO BASIN WATERMASTER**

CHINO BASIN WATERMASTER

*(Print or type name of corporation, company, contractor, etc.)*

\_\_\_\_\_  
*(Authorized signature - sign in blue ink)*

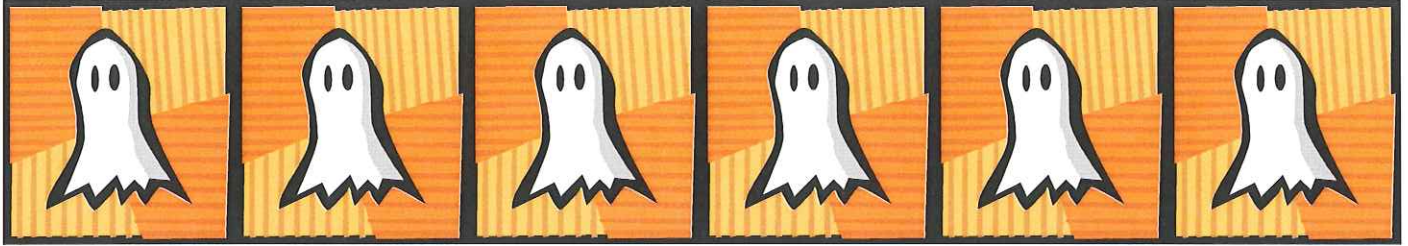
Name Kenneth Manning  
*(Print or type name of person signing contract)*

Title Chief Executive Officer  
*(Print or Type)*

Dated: \_\_\_\_\_

Address 9641 San Bernardino Road  
Rancho Cucamonga CA

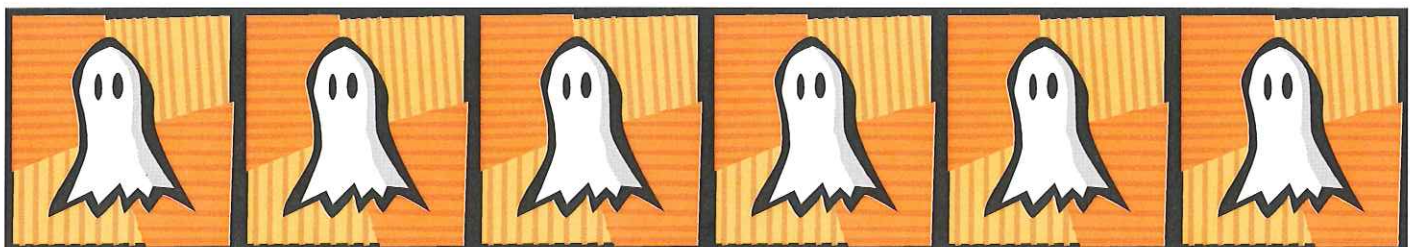
Approved as to Legal Form	Attested by Notary Public
▶ _____ Legal Counsel	▶ _____ Notary Public



# CHINO BASIN WATERMASTER

## II. BUSINESS ITEM

### D. BUDGET MODIFICATION





# CHINO BASIN WATERMASTER

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

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KENNETH R. MANNING  
Chief Executive Officer

## STAFF REPORT

**DATE:** October 28, 2010  
**TO:** Board Members  
**SUBJECT:** Carryover of Appropriative Pool's Special Assessment of \$100,000 for Legal Services from Fiscal Year 2009/2010 Budget

### SUMMARY

**Issue** – Carryover of funds from the Fiscal Year 2009/2010 Budget for the Appropriative Pool's Special Assessment of \$100,000 for legal services.

**Recommendations** – Staff recommends the amount of \$63,333 be added to the Approved Fiscal Year 2010/2011 Budget as recommended by the Chino Basin Watermaster outside audit firm of Mayer Hoffman McCann.

**Fiscal Impact** – The Fiscal Year 2010/2011 "Approved Budget" is \$6,681,490. The carryover of unused funds from Fiscal Year 2009/2010 of \$63,333 would increase the Fiscal Year budget to \$6,744,823.

### DISCUSSION

During a Non-Agricultural Pool meeting of February 11, 2010, the Non-Agricultural Pool approved a special assessment of \$100,000 from their pool members for legal services. The invoicing for the Special Assessment of \$100,000 was issued on February 17, 2010 and coded to general ledger 4123. During the fiscal year 2009/2010, invoices from Hogan & Hartson/Hogan Lovells related to the Non-Agricultural Pool legal services were coded to general ledger 6067. At the end of fiscal year 2009/2010, the fund balance of \$100,000 had been depleted and no "Special Assessment" funds for the Non-Agricultural Pool were remaining.

During an Appropriative Pool meeting of February 25, 2010, the Appropriative Pool approved a special assessment of \$100,000 from their pool members for legal services. The invoicing for the Special Assessment of \$100,000 was issued on March 18, 2010 and coded to general ledger 4111.3. During the fiscal year 2009/2010, invoices from John J. Schatz related to the Appropriative Pool legal services were

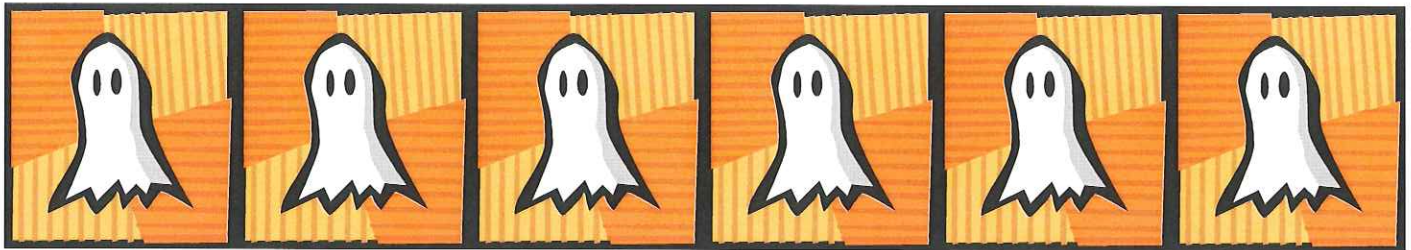
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coded to general ledger 8367. At the end of fiscal year 2009/2010, the fund balance of \$100,000 had been reduced by \$36,667, leaving a fund balance available of \$63,333.

Joseph S. Joswiak, CFO of Chino Basin Watermaster, contacted Mayer Hoffman McCann (the outside audit firm for Chino Basin Watermaster) and requested instructions on the best practices and correct accounting method to record and account for the remaining Appropriative Pool fund balance of \$63,333. Mayer Hoffman McCann recommended that the remaining fund balance be recorded to the fiscal year 2010/2011 budget under the general ledger account 8367. As legal related expenses are recorded during the fiscal year to general ledger account 8367, the fund balance will continue to be reduced until either the fund balance is zero, or the remaining fund balance amount is transferred to the next fiscal year's budget. This budget transfer process continues each fiscal year until the fund balance is zero.

**Actions:**

October 7, 2010 Appropriative Pool – Approved unanimously  
October 7, 2010 Non-Agricultural Pool – Receive & File by Bob Bowcock for the Non-Ag Pool  
October 14, 2010 Agricultural Pool – Approved unanimously  
October 21, 2010 Advisory Committee – Approved Unanimously  
October 28, 2010 Watermaster Board –

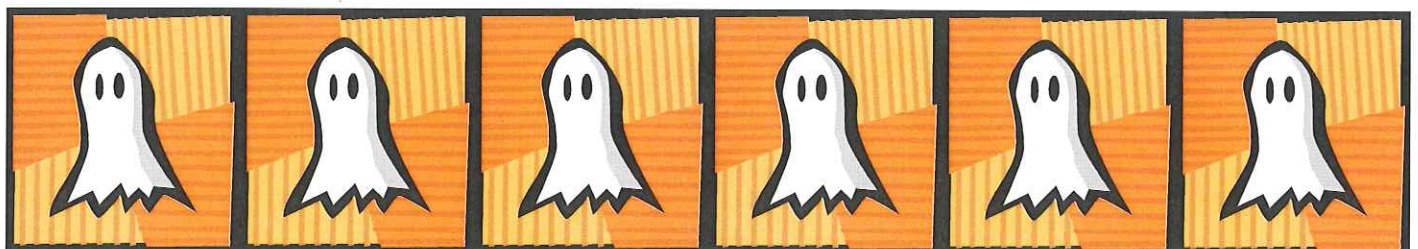


# CHINO BASIN WATERMASTER

## III. REPORTS/UPDATES

### C. CEO/STAFF REPORT

3. Strategic Planning Conference Notes





## **Strategic Planning Conference**

### **NOTES**

**October, 4-5, 2010**

**Breakout Session I – How Do We Accomplish the Recharge Master Plan Goals?**

**Breakout Session II – What Water?**

**Breakout Session III – Recharge Master Plan Policy Questions.**

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## Breakout Session I—How Do We Accomplish the RMP Goals? (Large Room)

*Question #1—Does the Traditional Approach of Shared Funding Work Here?*

*Question #2—How Can We Provide Incentives to Get the Work Done?*

*Question #3—How Do We Validate Results Associated with RMP Projects?*

- “Pay to Play”
- Historically, everybody pays and receives benefits of rights but differing benefits in terms of water levels. (Facility improvements may happen in another area).
- Safe Yield vs. Total Yield
  - Are these projects a catch-up of lost Safe Yield or are they New Yield?
  - Do we have to catch up before “Pay to Play” implemented?
- What’s cost effective to one Party may not be cost effective to another (depending on individual rights, etc.).
- Need to establish a baseline so we can determine what is New Yield.
- Has everything become so entangled (because of the way we’ve done things historically) that we can’t break it out now?
- Decisions need to look at O&M as well as capital costs.
- Is there anybody that feels that we shouldn’t proceed with any of the phases?
  - Is it always good to have additional water in the ground?
  - And placing new facilities in particular locations?
    - Causes uneven playing field.
- Incentive example: If a city works with a developer to construct a recharge basin and it generates New Yield.
- Parties can partner together.
- Who takes the lead? CBWM or Party?
  - For example: Phases I, II and III “low hanging fruit” could be paid for in typical/past way, but other phases could be incentivized by/with a Party.
- New Water is a possibility, not just New Yield.
- Opt-out option is troubling to some when they’ve been paying for years for projects that have helped others, but now that it’s their turn for projects, other parties will opt-out.
- Would be helpful for Parties to understand which projects fulfill a legal obligation vs. which go above and beyond.
  - It’s all a legal requirement at some level, nothing is purely voluntary.

- What exactly is CBWM's role?
  - Not entirely clear – Judgment treats the Basin like a bathtub.
  - CBWM's unbounded obligation to recharge.
  - Now that we know more, we have a responsibility to do more.
- Knowledge should empower people to behave in a way as to minimize the impacts.
- How do past improvements factor-in to these incentives?
  - Relates to the baseline that must be established.
- Timing is important!
  - How immediate are the needs?
- Need to develop criteria as to what qualifies.

## Breakout Session II—What Water? (Large Room)

*Question #1—Does Evaluate the Current Sources of Supply.*

*Question #2—Evaluate New Methods and Sources.*

*Question #3—Who and How?*

- MWD Replenishment water is not available like it used to be.
  - Not enough water from them.
- Others: Storm, Recycled, Desalter.
- Other sources are available outside of the Basin. What are the priorities among them?
- If not limits on CURO acre-feet amount, are there limits on \$/AF?
- What is the value of reliability?
  - Need to get ahead and buy extra in the 3 out of 10 years that replenishment water is available.
- MWD has Wheeling rate ( $\approx$  \$300 AF).
  - Total cost to buy outside water will be  $\geq$  Tier 1 Rate.
- For parties that have access to MWD water (WFA, etc.), it's less expensive to purchase that way than from the Basin.
  - Replenishment water is being converted to firm demand.
  - Flexibility lost.
- As a group, we should be looking for water outside of the MWD family.
- Other analyses have shown that MWD is always least expensive rate available.
- Possible CURO limit that triggers storage as replenishment supply.
- CBWM becoming more of a broker rather than accountant.
- Changes at MWD as to how they account for water.
  - We need to have a very good understanding.
- We are different than other Basins because we are still growing.
- CBWM role – may be involved in negotiations, etc., but ownership has to remain with others.
- Explore beyond IEUA.
  - Recycled water from non-IEUA sources.
  - In-lieu deliveries.
- Criteria changes every year.
  - Projects that didn't make sense before maybe do now.
  - “We are being very short-sighted if anything is off the table” – Marty Z.
- Delta water – losses are high, reliability issues are still there.
- CBWM has to be able to move quickly on an opportunity.

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## **Breakout Session III—Recharge Master Plan Policy Questions. (Combined Room)**

*Question #1—What Policy Issues Are Imbedded in the RMP?*

*Question #2—Schedule(s) and/or Trigger(s) for Development of Projects.*

*Question #3—What's the Next Step?*

- #1 issue for JCSD Board is cost (due to the economy).
  - Cost is a criteria.
  - JCSD feels the cost of water should be consistent within California. Needs to not be “out of step” with current market. Portfolio of supplies cannot exceed (\$) neighboring markets.
- Sustainability is an issue.
  - Need to look at reliability of alternate sources.
- Who/What is the best organizational structure to look for the water? And what is CBWM's role in it?
  - CBWM's duty is to secure replenishment water.
  - Whoever/whatever it is, it needs to have a lot of financial capabilities.
  - Three MWD member agencies were formed to bring in supplemental water.
  - Maybe a surrogate / JPA.
  - CBWM already has the power to do Special Assessments in such a situation.
- A concern is the unknown of the eventual cost of Replenishment / CURO water. It is difficult to make decisions in this situation.
  - Policy question for “buy” criteria.
  - Pre-purchasing water would take away the unknown.
  - What is the CURO and how far can it go out?
- Ease of transaction for securing Party's own water.
- What is the obligation under the 85/15 Rule if an individual Party secures their own water?
  - Depends if toward over-production or storage.
- How much flexibility will CBWM be given to wait for less expensive water? What are the control points?
- How big can the CURO get?
  - Does a bigger CURO increase the urgency to buy water?
  - Impact-based test on hydrology and finances.
- How much \$\$ are Appropriators willing to carry forward? (Have to think about \$\$, not just AF.)
- Some parties cannot pump to such a high CURO without physical implications.
  - Maybe a physical standard for CURO.
- Policy needs to integrate availability and cost.
- Safe Yield established. How can Basin tolerate CURO?
  - Storage!
  - CBWM has flexibility for CURO, as long as it's caught-up in a reasonable amount of time, due to water in storage.
- Impact-based – What will be the criteria? Need to take a holistic view. Managed over long-term.

- New Yield vs. Safe Yield
  - How to reconcile?
  - Safe Yield varies year to year.
  - Does New Yield concept make sense when Safe Yield is declining?
  - Maybe opt-in / opt-out strategy.
- Parties beginning to shift their supplies / diversify.
  - Does the policy accommodate that?
  - Are there impacts to Parties doing that?
- This same discussion has been happening for years – time to move forward or stop talking about it.
- Perception and awareness within last 24 months with regard to imported supply.
- CBWM is working to balance recharge in Management Zones.
  - Community obligation.
  - Policy has to take into account the complexities of maintaining hydraulic control / balance.
- Desalter Replenishment Obligation.
  - CURO is small now, but it will be very different when Desalter replenishment needed.
  - Priority of Desalter replenishment vs. over-production. Are replenishments treated differently?
  - Policy question relating to supply and cost for types of replenishment.
    - If not, Parties will be harmed.
    - But do they also benefit?
- When do we move forward with RMP? And how do we move forward?
  - Contingency plan to offset harm.
    - Level of urgency that doesn't allow us to wait indefinitely.
  - Focus this year has been on CDA. Next year will be RMP!
- How should we accomplish it? And what is the process?
  - Forums like this conference? Or through Attorney-Manager process?
  - First, we need to validate analyses. Needs to be "meeting of the minds" between CBWM and IEUA. Reconciliation process.
  - Propose supply sources and characteristics.
  - Schedule of implementation (so Parties can plan). Call-out for 'hot spots'.
  - Action plan and financing components need to be "Married Up".
  - Triggers to take action (worst case scenario).
  - Other side of bracket: Have plans and be ready to move if/when bonds/funds become available.
  - JCSD is concerned about waiting (no matter the reason for waiting). They feel they are running out of time.
- Lots of talk about facilities, but where is the water? (Facilities will capture additional storm water, but that's not enough).
- Part of the solution going forward is changing behavior.
- Shovel Ready Water Basin!
- Difference between timing, sequence, triggers – RMP needs to address all these!
- Moving forward – Do we have common ground?

- But what is process???
    - Start at the Pool level? Board will be interested in Party input as to the next step(s).
  - Many things need to be negotiated and talked about.
    - Can start at the Pool level, but will likely progress to “Attorney-Manager Plus” process to also include the Board.
- 

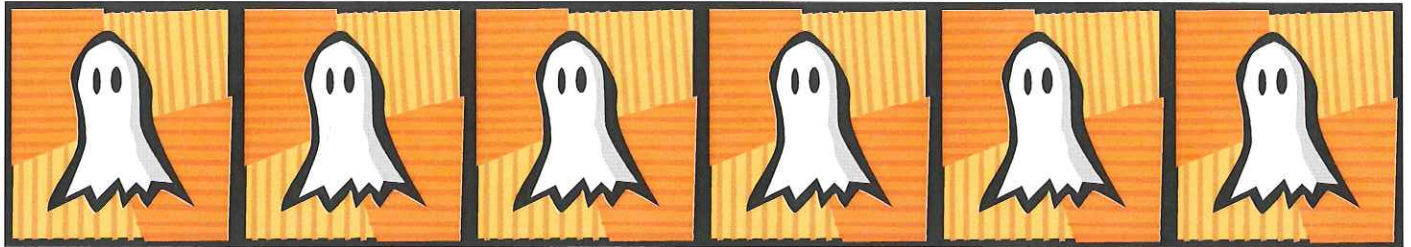
## **Extended Discussion (Combined Room)**

### *Direction for Examining Modification in Safe Yield*

- Special process or the standard run it through the Pools or do nothing?
  - If choose to “do nothing” a Party may act on it and others may not like it.
- Need to be proactive.
  - Level of urgency on water side.
  - Need to create a process that can prioritize all issues.
- Start with Board and then seek direction.
- Parties need to provide suggestions for the Board to consider.
- A process that is too narrowly focused will not facilitate discussions. Everybody can succeed that way rather than feeling like “winners and losers”.

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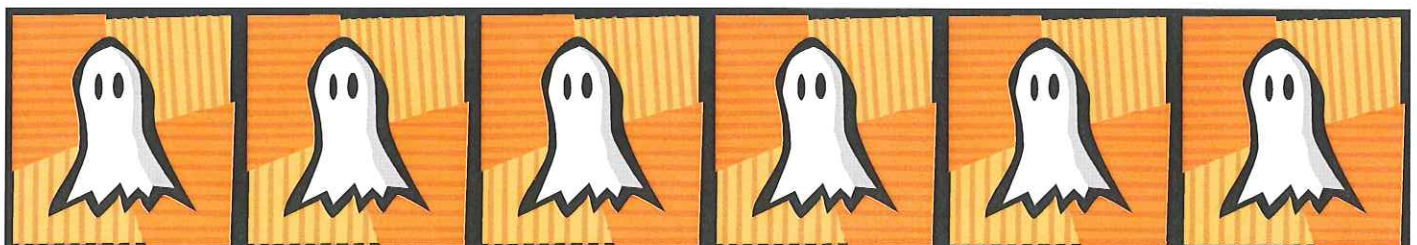




# CHINO BASIN WATERMASTER

## IV. INFORMATION

1. Cash Disbursements for September 2010



CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of  
September 1, 2010 - September 30, 2010

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	09/01/2010	14468	DIRECTV	019447404	1012 - Bank of America Gen'l Ckg	
Bill	08/30/2010	019447404		8/19/10-9/18/10	6031.7 - Other Office Supplies	83.99
TOTAL						83.99
Bill Pmt -Check	09/01/2010	14469	STANDARD INSURANCE CO.	Policy # 00-640888-0009	1012 - Bank of America Gen'l Ckg	
Bill	08/30/2010	116408880009		Employee Life & Disability Insurance	60191 - Life & Disab.Ins Benefits	509.05
TOTAL						509.05
Bill Pmt -Check	09/01/2010	14470	STATE COMPENSATION INSURANCE FUND	1615535-10	1012 - Bank of America Gen'l Ckg	
Bill	08/30/2010	1615535-10		Workers Comp Insurance	60183 - Worker's Comp Insurance	1,123.49
TOTAL						1,123.49
Bill Pmt -Check	09/01/2010	14471	W.C. DISCOUNT MOBILE AUTO DETAILING	Truck washing service	1012 - Bank of America Gen'l Ckg	
Bill	08/30/2010			truck washing 4 trucks	6177 - Vehicle Repairs & Maintenance	100.00
TOTAL						100.00
Bill Pmt -Check	09/01/2010	14472	APPLIED COMPUTER TECHNOLOGIES	1976	1012 - Bank of America Gen'l Ckg	
Bill	08/30/2010	1976		Database Services	6052.2 - Applied Computer Technol	3,947.25
TOTAL						3,947.25
Bill Pmt -Check	09/01/2010	14473	BOWCOCK, ROBERT	8/26/10 Board Meeting	1012 - Bank of America Gen'l Ckg	
Bill	08/26/2010	8/26 Board Meeting		8/26/10 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						125.00
Bill Pmt -Check	09/01/2010	14474	CAMACHO, MICHAEL		1012 - Bank of America Gen'l Ckg	
Bill	08/05/2010	8/05 Appro Pool Mitg		8/05/10 Appropriative Pool Meeting	6311 - Board Member Compensation	125.00
Bill	08/06/2010	8/06 CDA Ad Hoc Comm		8/06/10 CDA Ad Hoc Committee Meeting	6311 - Board Member Compensation	125.00
Bill	08/12/2010	8/12 Ag Pool Meeting		8/12/10 Ag Pool Meeting	6311 - Board Member Compensation	125.00
Bill	08/13/2010	8/13 CDA Ad Hoc Comm		8/13/10 CDA Ad Hoc Committee Meeting	6311 - Board Member Compensation	125.00
Bill	08/19/2010	8/19 Advisory Comm		8/19/10 Advisory Committee Meeting	6311 - Board Member Compensation	125.00
Bill	08/20/2010	8/20 CDA Ad Hoc Comm		8/20/10 CDA Ad Hoc Committee Meeting	6311 - Board Member Compensation	125.00
Bill	08/25/2010	8/25 CDA Ad Hoc Comm		8/25/10 CDA Ad Hoc Committee Meeting	6311 - Board Member Compensation	125.00
Bill	08/26/2010	8/26 Board Meeting		8/26/10 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						1,000.00
Bill Pmt -Check	09/01/2010	14475	CITISTREET	Payroll and Taxes for 08/08/10-08/21/10	1012 - Bank of America Gen'l Ckg	
General Journal	08/21/2010	08/08/10-08/21/10		Staff's 457 Retirement - Employee Portion	2000 - Accounts Payable	1,829.87
TOTAL						1,829.87
Bill Pmt -Check	09/01/2010	14476	CORO SOUTHERN CALIFORNIA	Sponsorship of Nov. 10, 2009 Luncheon	1012 - Bank of America Gen'l Ckg	

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CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of  
September 1, 2010 - September 30, 2010

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	09/01/2010			Sponsorship of Oct. 14, 2010 Luncheon	6191 - Conferences + General	1,500.00
TOTAL						1,500.00
Bill Pmt -Check	09/01/2010	14477	HAUGHEY, TOM	8/26/10 Board Meeting	1012 - Bank of America Gen'l Ckg	125.00
Bill	08/26/2010	8/26 Board Meeting		8/26/10 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						250.00
Bill Pmt -Check	09/01/2010	14478	JAMES JOHNSTON	208	1012 - Bank of America Gen'l Ckg	885.00
Bill	08/31/2010	208		August 2010 Website Services	6053 - Internet Expense	885.00
TOTAL						885.00
Bill Pmt -Check	09/01/2010	14479	KUHN, BOB	8/26/10 Board Meeting	1012 - Bank of America Gen'l Ckg	125.00
Bill	08/26/2010	8/26 Board Meeting		8/26/10 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						250.00
Bill Pmt -Check	09/01/2010	14480	MWH LABORATORIES	L0034726 - Laboratory Services	1012 - Bank of America Gen'l Ckg	2,065.00
Bill	07/31/2010	L0034726		L0034728 - Laboratory Services	7108.4 - Hydraulic Control-Lab Svcs	2,065.00
Bill	07/31/2010	L0034728		L0035403 - Laboratory Services	7108.4 - Hydraulic Control-Lab Svcs	2,065.00
Bill	07/31/2010	L0035403		L0034079 - Laboratory Services	7108.4 - Hydraulic Control-Lab Svcs	1,532.00
Bill	07/31/2010	L0034079		L0034214 - Laboratory Services	7108.4 - Hydraulic Control-Lab Svcs	2,065.00
Bill	07/31/2010	L0034214		L0033837 - Laboratory Services	7108.4 - Hydraulic Control-Lab Svcs	615.00
Bill	07/31/2010	L0033837		L0033836 - Laboratory Services	7108.4 - Hydraulic Control-Lab Svcs	2,065.00
Bill	07/31/2010	L0033836				11,022.00
TOTAL						27,314.00
Bill Pmt -Check	09/01/2010	14481	PARK PLACE COMPUTER SOLUTIONS, INC.	442	1012 - Bank of America Gen'l Ckg	4,200.00
Bill	08/30/2010	442		IT Services for August 2010	6052.1 - Park Place Comp Solutn	4,200.00
TOTAL						8,400.00
Bill Pmt -Check	09/01/2010	14482	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	Payor #3493	1012 - Bank of America Gen'l Ckg	6,946.89
General Journal	08/21/2010	08/08/10-08/21/10	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	CalPERS for 08/08/10-08/21/10	2000 - Accounts Payable	6,946.89
TOTAL						13,893.78
Bill Pmt -Check	09/01/2010	14483	VANDEN HEUVEL, GEOFFREY	6311	1012 - Bank of America Gen'l Ckg	125.00
Bill	08/06/2010	8/06 CDA A Hoc Comm		8/06/10 CDA Ad Hoc Committee Meeting	6311 - Board Member Compensation	125.00
Bill	08/13/2010	8/13 CDA Ad Hoc Comm		8/13/10 CDA Ad Hoc Committee Meeting	6311 - Board Member Compensation	125.00
Bill	08/20/2010	8/20 CDA Ad Hoc Comm		8/20/10 CDA Ad Hoc Committee Meeting	6311 - Board Member Compensation	125.00
Bill	08/25/2010	8/25 CDA Ad Hoc Comm		8/25/10 CDA Ad Hoc Committee Meeting	6311 - Board Member Compensation	125.00
Bill	08/26/2010	8/26 Board Meeting		8/26/10 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						625.00

CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of  
September 1, 2010 - September 30, 2010

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	09/01/2010	14484	WHITEHEAD, MICHAEL	8/26/10 Board Meeting	1012 - Bank of America Gen'l Ckg	125.00
Bill	09/26/2010	8/26 Board Meeting		8/26/10 Board Meeting	6311 - Board Member Compensation	125.00
<b>TOTAL</b>						
Bill	09/01/2010	14485	WILDERMUTH ENVIRONMENTAL INC		1012 - Bank of America Gen'l Ckg	4,468.75
Bill	07/31/2010	2010358		2010358 - OBMP Engineering Services	6906 - OBMP Engineering Services	14,812.25
Bill	07/31/2010	2010362		2010362 - OBMP Engineering Services	6906 - OBMP Engineering Services	300.00
Bill	07/31/2010	2010363		2010363 - OBMP Engineering Services	6906 - OBMP Engineering Services	5,422.50
Bill	07/31/2010	2010364		2010364 - OBMP Engineering Services	6906 - OBMP Engineering Services	1,717.25
Bill	07/31/2010	2010365		2010365 - OBMP Engineering Services	6906 - OBMP Engineering Services	675.00
Bill	07/31/2010	2010368		2010368 - Grdwtr Qual-Engineering	7103.3 - Grdwtr Qual-Engineering	375.00
Bill	07/31/2010	2010372		2010372 - Grdwtr Qual-Engineering	7103.3 - Grdwtr Qual-Engineering	450.00
Bill	07/31/2010	2010375		2010375 - Grdwtr Qual-Engineering	7104.3 - Grdwtr Level - Engineering	2,744.80
Bill	07/31/2010	2010377		2010377 - Grdwtr Qual-Engineering	7104.3 - Grdwtr Level - Engineering	1,156.25
Bill	07/31/2010	2010378		2010378 - Grdwtr Qual-Engineering	7104.3 - Grdwtr Level - Engineering	575.00
Bill	07/31/2010	2010379		2010379 - Grdwtr Qual-Engineering	7104.3 - Grdwtr Level - Engineering	17,474.27
Bill	07/31/2010	2010387		2010387 - Grd Level-Engineering	7107.2 - Grd Level-Engineering	247.50
Bill	07/31/2010	2010390		2010390 - Grd Level-Engineering	7107.6 - Grd Level-Contract Svcs	25,645.70
Bill	07/31/2010	2010391		2010391 - Grd Level-Engineering	7107.2 - Grd Level-Engineering	300.00
Bill	07/31/2010	2010393		2010393 - Grd Level-Engineering	7107.2 - Grd Level-Engineering	625.00
Bill	07/31/2010	2010395		2010395 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	5,030.95
Bill	07/31/2010	2010396		2010396 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	968.75
Bill	07/31/2010	2010397		2010397 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	750.00
Bill	07/31/2010	2010398		2010398 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	656.25
Bill	07/31/2010	2010399		2010399 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	137.50
Bill	07/31/2010	2010401		2010401 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	1,046.55
Bill	07/31/2010	2010402		2010402 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	125.00
Bill	07/31/2010	2010403		2010403 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	62.50
Bill	07/31/2010	2010404		2010404 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	1,012.50
Bill	07/31/2010	2010408		2010408 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	4,192.50
Bill	07/31/2010	2010411		2010411 - Recharge & Well - Engineering	7109.3 - Recharge & Well - Engineering	11,788.75
Bill	07/31/2010	2010414		2010414 - PE3&5-Engineering	7303 - PE3&5-Engineering	3,440.00
Bill	07/31/2010	2010419		2010419 - PE6&7-Engineering	7502 - PE6&7-Engineering	1,758.75
Bill	07/31/2010	2010420		2010420 - PE6&7-Engineering	7502 - PE6&7-Engineering	2,391.00
Bill	07/31/2010	2010421		2010421 - PE6&7-Engineering	7502 - PE6&7-Engineering	110,351.27
<b>TOTAL</b>						
Bill	09/01/2010	14486	WILLIS, KENNETH		1012 - Bank of America Gen'l Ckg	125.00
Bill	08/20/2010	8/20 CDA Ad Hoc Comm		8/20/10 CDA Ad Hoc Committee Meeting	6311 - Board Member Compensation	125.00
Bill	08/25/2010	8/25 CDA Ad Hoc Comm		8/25/10 CDA Ad Hoc Committee Meeting	6311 - Board Member Compensation	125.00
Bill	08/26/2010	8/26 Board Meeting		8/26/10 Board Meeting	6311 - Board Member Compensation	125.00

CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of  
September 1, 2010 - September 30, 2010

Type	Date	Num	Name	Memo	Account	Paid Amount
TOTAL						375.00
Bill Pmt -Check	09/01/2010	14487	CUCAMONGA VALLEY WATER DISTRICT	Registration Fee for Oct. 13-15, 2010 Conf.	1012 - Bank of America Gen'l Ckg	
Bill	09/01/2010			Registration Fee for Ken Manning	6191 - Conferences - General	275.00
TOTAL						275.00
Bill Pmt -Check	09/02/2010	14488	PAYCHEX	2010082600	1012 - Bank of America Gen'l Ckg	
Bill	08/31/2010	2010082600		August 2010 Payroll Services	6012 - Payroll Services	250.90
TOTAL						250.90
Bill Pmt -Check	09/02/2010	14489	PETTY CASH	2277-2299	1012 - Bank of America Gen'l Ckg	
Bill	08/02/2010			supplies for admin mtgs - booklet overview	6141.3 - Admin Meetings	45.33
				purchase flex tubing for cords	6031.7 - Other Office Supplies	2.99
				mileage reimbursement to S. Molino	6173 - Mileage Reimbursements	31.79
				purchase supplies for 7/15 & 8/19 Ad Meetings	6212 - Meeting Expense	32.51
				purchase lunch for 7/01 Intervention/Judgment	6909.1 - OBMP Meetings	54.46
				purchase supplies for 8/26 Ad Hoc Litigation	6909.5 - Ad Hoc Litigation Committee	20.79
				to purchase supplies for 7/27 GRCC Meeting	7204 - Comp Recharge-Supplies	23.51
				purchase supplies for 7/07, 7/14, 7/21, 8/04, 8/12, 8/19 DYY Meetings	7604 - PE3&5-Supplies	107.37
				purchase supplies for 7/15 and 8/19 DYY Meetings	7604 - PE8&9-Supplies	32.50
				purchase supplies for 6/30 MZ1 Meeting	7404 - PE4-Supplies	20.48
				purchase supplies for 7/01, 8/05 & 9/02 Approp. Pool 8312 - Meeting Expenses		26.95
				purchase supplies for 8/05 & 9/02 Non Ag Pool Meett 8512 - Meeting Expense		12.49
TOTAL						411.17
General Journal	09/04/2010	09/04/10	Payroll and Taxes for 08/22/10-09/04/10		1012 - Bank of America Gen'l Ckg	
				Payroll Taxes for 08/22/10-09/04/10	1012 - Bank of America Gen'l Ckg	7,680.94
				Direct Deposits for 08/22/10-09/04/10	1012 - Bank of America Gen'l Ckg	27,626.55
TOTAL						35,507.49
Bill Pmt -Check	09/13/2010	14490	ACWA SERVICES CORPORATION	ID #000000643 Account 00198	1012 - Bank of America Gen'l Ckg	
Bill	09/09/2010	00198		Prepayment - October 2010	1409 - Prepaid Life, BAD&D & LTD	130.80
				July Premium	60191 - Life & Disab. Ins Benefits	111.17
TOTAL						241.97
Bill Pmt -Check	09/13/2010	14491	ARROWHEAD MOUNTAIN SPRING WATER	0023230253	1012 - Bank of America Gen'l Ckg	
Bill	08/31/2010	0023230253		Office Water Bottle - August 2010	6031.7 - Other Office Supplies	55.97
TOTAL						55.97
Bill Pmt -Check	09/13/2010	14492	GREAT AMERICA LEASING CORP.	10032925	1012 - Bank of America Gen'l Ckg	
Bill	09/09/2010	10032925		invoice for Ricoh copiers	6043.1 - Ricoh Lease Fee	593.37

CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of  
September 1, 2010 - September 30, 2010

Type	Date	Num	Name	Memo	Account	Paid Amount
TOTAL						593.37
Bill Pmt -Check	09/13/2010	14493	HSBC BUSINESS SOLUTIONS	7003-7309-1000-2744	1012 - Bank of America Gen'l Ckg	
Bill	09/31/2010	7003730910002744		misc. office supplies - drinks, coffee, paper goods	6031.7 - Other Office Supplies	722.48
TOTAL						722.48
Bill Pmt -Check	09/13/2010	14494	MIJAC ALARM	287935	1012 - Bank of America Gen'l Ckg	
Bill	09/09/2010	287935		building monitoring 9/01/10-11/30/10	6028 - Security services	396.00
TOTAL						396.00
Bill Pmt -Check	09/13/2010	14495	PURCHASE POWER	8000909000168851	1012 - Bank of America Gen'l Ckg	
Bill	08/31/2010	8000909000168851		4 FedEx shipments: Audit paperwork to auditors and	6042 - Postage + General	76.66
TOTAL						76.66
Bill Pmt -Check	09/13/2010	14496	REID & HELLYER	171414	1012 - Bank of America Gen'l Ckg	
Bill	08/31/2010	171414		171414 - Ag Pool Legal Services	8467 - Ag Legal & Technical Services	10,658.50
TOTAL						11,483.50
Bill Pmt -Check	09/13/2010	14497	SAFEGUARD DENTAL & VISION	3302618	1012 - Bank of America Gen'l Ckg	
Bill	09/09/2010	3302618		September 2010 Premium	60182.2 - Dental & Vision Ins	7.91
TOTAL						7.91
Bill Pmt -Check	09/13/2010	14498	STAPLES BUSINESS ADVANTAGE	8016353467	1012 - Bank of America Gen'l Ckg	
Bill	08/31/2010	8016353467		miscellaneous office supplies - batteries, binder clips,	6031.7 - Other Office Supplies	456.39
TOTAL						456.39
Bill Pmt -Check	09/13/2010	14499	UNION 76	300-732-989	1012 - Bank of America Gen'l Ckg	
Bill	09/09/2010	300732989		Fuel for August 2010	6175 - Vehicle Fuel	94.63
TOTAL						94.63
Bill Pmt -Check	09/13/2010	14500	VERIZON		1012 - Bank of America Gen'l Ckg	
Bill	08/31/2010	012561121521714508		August 2010 services	7405 - PE4+Other Expense	155.99
Bill	09/09/2010	012519116950792103		August 2010 services	6022 - Telephone	424.80
TOTAL						580.88
Bill Pmt -Check	09/13/2010	14501	WESTERN DENTAL SERVICES, INC.	002483	1012 - Bank of America Gen'l Ckg	
Bill	09/09/2010	002483		October 2010 Dental Premium	60182.2 - Dental & Vision Ins	28.06
TOTAL						28.06
Bill Pmt -Check	09/13/2010	14502	YUKON DISPOSAL SERVICE	08-K2 213849	1012 - Bank of America Gen'l Ckg	

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Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	09/09/2010	08-k2 213849		Service for Sept 2010	6024 - Building Repair & Maintenance	142.88
<b>TOTAL</b>						142.88
Bill Pmt -Check	09/15/2010	14503	BANC OF AMERICA LEASING	011624576	1012 - Bank of America Gen'l Ckg	
Bill	09/13/2010	011624576		Minolta lease - billing period 09/01/10-09/30/10	6043.1 - Ricoh Lease Fee	3,215.74
<b>TOTAL</b>						3,215.74
Bill Pmt -Check	09/15/2010	14504	BANK OF AMERICA	402442000-0193-9341	1012 - Bank of America Gen'l Ckg	
Bill	09/31/2010	4024420001939341		foot controls for new digital system	6055 - Computer Hardware	76.79
				lunch for ACL Method of Assessment Meeting	6909.1 - OBMP Meetings	99.14
				lunch for 8/26 WM Board Meeting	6312 - Meeting Expenses	530.70
<b>TOTAL</b>						706.63
Bill Pmt -Check	09/15/2010	14505	BROWNSTEIN HYATT FARBER SCHRECK		1012 - Bank of America Gen'l Ckg	
Bill	09/31/2010	436016		436016 - WM Legal Counsel	6907.3 - WM Legal Counsel	298.78
Bill	09/31/2010	436017		436017 - Santa Ana River	6907.34 - Santa Ana River	2,466.89
Bill	09/31/2010	436018		436018 - Ontario Airport Plume	6907.31 - Ontario Airport Plume	126.90
Bill	09/31/2010	436019		436019 - Chino Airport Plume	6907.32 - Chino Airport Plume	16,079.25
Bill	09/31/2010	436020		436020 - Desalter Negotiations	6907.33 - Desalter Negotiations	30,775.05
Bill	09/31/2010	436021		436021 - Purchase & Sale Agreement NOI	6907.35 - Purchase & Sale Agreement NOI	3,453.30
Bill	09/31/2010	436022		436022 - Santa Ana Sucker	6907.36 - Santa Ana Sucker	1,305.31
Bill	09/31/2010	436015		436015 - WM Legal Counsel	6907.3 - WM Legal Counsel	15,705.93
				436015 - Purchase & Sale Agreement NOI	6907.35 - Purchase & Sale Agreement NOI	4,294.50
				436015 - Santa Ana Sucker	6907.36 - Santa Ana Sucker	444.60
				436015 - Desalter Negotiations	6907.33 - Desalter Negotiations	1,710.20
				436015 - Reg. Water Quality Cntrl Board	6907.38 - Reg. Water Quality Cntrl Board	3,591.00
				436015 - Recharge Master Plan	6907.39 - Recharge Master Plan	2,462.40
				436015 - Peace II - CEQA	6907.30 - Peace II - CEQA	786.60
<b>TOTAL</b>						83,500.71
Bill Pmt -Check	09/15/2010	14506	CALIFORNIA DEPARTMENT OF WATER RESOURCES		1012 - Bank of America Gen'l Ckg	
Bill	09/15/2010			well completion reports-Desalter III Chino Creek	7305 - PE3&5-Supplies	174.15
<b>TOTAL</b>						174.15
Bill Pmt -Check	09/15/2010	14507	CUCAMONGA VALLEY WATER DISTRICT		1012 - Bank of America Gen'l Ckg	
Bill	09/15/2010			Lease Due Oct.1, 2010	6021 - Office lease	5,844.00
				Lease Due October 1, 2010 - adjustment made		5,844.00
<b>TOTAL</b>						11,688.00
Bill Pmt -Check	09/15/2010	14508	CUCAMONGA VALLEY IAAP		1012 - Bank of America Gen'l Ckg	
Bill	09/14/2010			Sept. 22, 2010 Cucamonga Valley IAAP Chapter # 1012 - Bank of America Gen'l Ckg	6192 - Training & Seminars	77.00
				Fee for J. Wilson, S. Molino and A. Camp		77.00
<b>TOTAL</b>						154.00

CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of  
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Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	09/15/2010	14509	GUARANTEED JANITORIAL SERVICE, INC.	28134	1012 - Bank of America Gen'l Ckg	865.00
Bill	09/13/2010	28134		Service -September 2010	6024 - Building Repair & Maintenance	865.00
TOTAL						865.00
Bill Pmt -Check	09/15/2010	14510	JOHN J. SCHATZ		1012 - Bank of America Gen'l Ckg	4,098.32
Bill	09/31/2010			Appropriative Pool Legal Services	8367 - Legal Service	4,098.32
TOTAL						4,098.32
Bill Pmt -Check	09/15/2010	14511	LIATTI & ASSOCIATES	405	1012 - Bank of America Gen'l Ckg	256.00
Bill	09/15/2010	405		Position Bond Insurance	6086 - Position Bond Insurance	256.00
TOTAL						256.00
Bill Pmt -Check	09/15/2010	14512	MCI	VOID		
Bill Pmt -Check	09/15/2010	14513	PREMIERE GLOBAL SERVICES	03693719	1012 - Bank of America Gen'l Ckg	2,064.67
Bill	08/31/2010	03693719		CDA calls on 7/28, 7/30, 8/04, 8/12, 8/13, 8/16, 7305 - PE3&5-Supplies	6909.1 - OBMP Meetings	165.77
				Peace II calls on 7/29, 8/03 and 8/18	8512 - Meeting Expense	168.85
				Non AG Pool Mtg on 8/05	calls on Appropriative Pool agenda on 7/28 and 8/25	25.94
				calls on AG Pool Agenda on 7/28 and 8/25	8412 - Meeting Expenses	25.94
				calls on Non AG Pool Agenda on 7/28 and 8/25	8512 - Meeting Expense	25.94
				call on water level	7104.6 - Grdwtr Level - Supplies	30.80
				call on water purchase	8909.1 - OBMP Meetings	165.43
				call on subsidence mitigation	7405 - PE4-Other Expense	37.19
TOTAL						2,710.53
Bill Pmt -Check	09/15/2010	14514	STAPLES BUSINESS ADVANTAGE	8016426456	1012 - Bank of America Gen'l Ckg	495.44
Bill	09/13/2010	8016426456		miscellaneous office supplies - end table for conferen	6031.7 - Other Office Supplies	495.44
TOTAL						495.44
Bill Pmt -Check	09/15/2010	14515	STAULA, MARY L		1012 - Bank of America Gen'l Ckg	136.61
Bill	09/30/2010				60182.4 - Retiree Medical	136.61
TOTAL						136.61
Bill Pmt -Check	09/15/2010	14516	THE STANDARD INSURANCE COMPANY	160-513170-00006	1012 - Bank of America Gen'l Ckg	313.12
Bill	09/09/2010	16051317000006		October 2010 Premium	60182.2 - Dental & Vision ins	313.12
TOTAL						313.12
Bill Pmt -Check	09/15/2010	14517	UNITED PARCEL SERVICE	2x81x0	1012 - Bank of America Gen'l Ckg	28.76
Bill	08/31/2010	2x81x0		booklets to Mathis, Info. sent to City of Ontario	6042 - Postage - General	28.76



CHINO BASIN WATERMASTER  
 Cash Disbursements For The Month of  
 September 1, 2010 - September 30, 2010

For Informational Purposes Only

Type	Date	Num	Name	Memo	Account	Paid Amount
TOTAL						28.76
Bill Pmt -Check	09/15/2010	14518	VERIZON WIRELESS	0903039481	1012 - Bank of America Gen'l Ckg	570.89
Bill	09/13/2010	0903039481		monthly service	6022 - Telephone	570.89
TOTAL						570.89
Bill Pmt -Check	09/15/2010	14519	W.C. DISCOUNT MOBILE AUTO DETAILING	Truck washing service	1012 - Bank of America Gen'l Ckg	75.00
Bill	09/14/2010			truck washing 3 trucks	6177 - Vehicle Repairs & Maintenance	75.00
TOTAL						75.00
Bill Pmt -Check	09/15/2010	14520	MCI	VOID		
Bill Pmt -Check	09/15/2010	14521	MCI	74553444	1012 - Bank of America Gen'l Ckg	1,255.75
Bill	09/15/2010	74553444		74553444 - Monthly Website and Internet Service	6053 - Internet Expense	1,255.75
TOTAL						1,255.75
General Journal	09/18/2010	09/18/10	Payroll and Taxes for 09/05/10-09/18/10	Payroll and Taxes for 09/05/10-09/18/10	1012 - Bank of America Gen'l Ckg	7,756.86
Bill Pmt -Check	09/20/2010	14522	CITISTREET	Payroll Taxes for 09/05/10-09/18/10	1012 - Bank of America Gen'l Ckg	26,780.29
General Journal	09/04/2010	08/22/10-09/04/10	CITISTREET	Direct Deposits for 09/05/10-09/18/10	1012 - Bank of America Gen'l Ckg	34,537.15
TOTAL						1,845.34
Bill Pmt -Check	09/20/2010	14523	PAK, BEN	Sept. 12-15, 2010 Water Reuse Symposium Reimt	1012 - Bank of America Gen'l Ckg	903.13
Bill	09/16/2010			Sept. 12-15, 2010 Water Reuse Symposium	6191 - Conferences - General	903.13
TOTAL						1,845.34
Bill Pmt -Check	09/20/2010	14524	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	Payroll and Taxes for 08/22/10-09/04/10	1012 - Bank of America Gen'l Ckg	6,946.89
General Journal	09/04/2010	08/22/10-09/04/10	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	Staff's 457 Retirement for 08/22/10-09/04/10	2000 - Accounts Payable	6,946.89
TOTAL						6,946.89
Bill Pmt -Check	09/22/2010	14525	CALPERS	October 2010 Medical Premiums	1012 - Bank of America Gen'l Ckg	3,758.46
Bill	09/17/2010	1741			60182.1 - Medical Insurance	3,758.46
TOTAL						3,758.46
Bill Pmt -Check	09/22/2010	14526	COMPUTER NETWORK	79427	1012 - Bank of America Gen'l Ckg	179.13
Bill	09/17/2010	79427		to replace monitor in board room	6055 - Computer Hardware	179.13
TOTAL						179.13

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CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of  
September 1, 2010 - September 30, 2010

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	09/22/2010	14527	HOGAN LOVELLS		1012 - Bank of America Gen'l Ckg	
Bill	08/31/2010	1918389		1918389 - Non-Ag Legal Services	8587 - Non-Ag Legal Service	8,319.34
Bill	08/31/2010	1910725		1910725 - Non-Ag Legal Services	8587 - Non-Ag Legal Service	7,914.25
TOTAL						16,233.59
Bill Pmt -Check	09/22/2010	14528	INLAND EMPIRE UTILITIES AGENCY		1012 - Bank of America Gen'l Ckg	
Bill	08/31/2010	90006285		90006265	8456 - IEUA Readiness To Serve	400.98
TOTAL						400.98
Bill Pmt -Check	09/22/2010	14529	PRE-PAID LEGAL SERVICES, INC.		1012 - Bank of America Gen'l Ckg	
Bill	09/21/2010	111802		September 2010	60194 - Other Employee Insurance	77.70
TOTAL						77.70
Bill Pmt -Check	09/22/2010	14530	RAUCH COMMUNICATION CONSULTANTS, LLC Sep-091006		1012 - Bank of America Gen'l Ckg	
Bill	08/17/2010	Sep-091006		Downpayment for annual report	6081.3 - Rauch	2,767.50
TOTAL						2,767.50
Bill Pmt -Check	09/22/2010	14531	SANTA ANA WATERSHED PROJECT AUTHORITY 8031		1012 - Bank of America Gen'l Ckg	
Bill	09/21/2010	8031		8031 - SARW Group	6903 - SARW Group	25,778.00
TOTAL						25,778.00
Bill Pmt -Check	09/22/2010	14532	STANDARD INSURANCE CO.		1012 - Bank of America Gen'l Ckg	
Bill	09/17/2010	640888-0009		Policy # 00-640888-0009	60191 - Life & Disab.Ins Benefits	509.05
TOTAL						509.05
Bill Pmt -Check	09/22/2010	14533	W.C. DISCOUNT MOBILE AUTO DETAILING		1012 - Bank of America Gen'l Ckg	
Bill	09/22/2010			Truck washing service	6177 - Vehicle Repairs & Maintenance	100.00
				truck washing 4 trucks		100.00
TOTAL						100.00
Bill Pmt -Check	09/28/2010	14534	COMPUTER NETWORK		1012 - Bank of America Gen'l Ckg	
Bill	09/23/2010	78696		workstation repair for office specialist	6055 - Computer Hardware	141.31
Bill	09/23/2010	78902		cd burning software	6054 - Computer Software	277.31
Bill	09/23/2010	79034		replacement batteries	6055 - Computer Hardware	195.75
Bill	09/23/2010	78877		maintenance and parts for HP 9500 copier	6055 - Computer Hardware	125.00
Bill	09/23/2010	78656		laptop for Senior Engineer	6055 - Computer Hardware	886.00
TOTAL						1,625.37
Bill Pmt -Check	09/28/2010	14535	HOGAN LOVELLS		1012 - Bank of America Gen'l Ckg	
Bill	09/28/2010	1922830		1922830 - Non-Ag Legal Services	8587 - Non-Ag Legal Service	14,835.95
TOTAL						14,835.95

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CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of  
September 1, 2010 - September 30, 2010

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	09/29/2010	14536	ARROWHEAD MOUNTAIN SPRING WATER		1012 - Bank of America Gen'l Ckg	
Bill	09/27/2010	0023230253		Office Water Bottle -September 2010	6031.7 - Other Office Supplies	17.48
TOTAL						17.48
Bill Pmt -Check	09/29/2010	14537	BLACK & VEATCH CORPORATION		1012 - Bank of America Gen'l Ckg	
Bill	07/31/2010	1100130			7202 - Comp Recharge-Engineering	7,496.25
TOTAL						7,496.25
Bill Pmt -Check	09/29/2010	14538	DIRECTV		1012 - Bank of America Gen'l Ckg	
Bill	09/27/2010	019447404		Services for 9/19/10-10/18/10	6031.7 - Other Office Supplies	83.99
TOTAL						83.99
Bill Pmt -Check	09/29/2010	14539	EQUIPCO		1012 - Bank of America Gen'l Ckg	
Bill	09/16/2010	S43625		to purchase Flow Meter for gw quality	7103.6 - Grdwtr Qual - Supplies	3,826.81
TOTAL						3,826.81
Bill Pmt -Check	09/29/2010	14540	FIVE STAR CATERING		1012 - Bank of America Gen'l Ckg	
Bill	09/29/2010			balance due-caterer - Strategic Planning Conf	8193.1 - Strategic Planning Conference	2,744.03
TOTAL						2,744.03
Bill Pmt -Check	09/29/2010	14541	GRAINGER		1012 - Bank of America Gen'l Ckg	
Bill	09/21/2010	9353052054			7103.6 - Grdwtr Qual - Supplies	60.72
Bill	09/23/2010	9355267809			7103.6 - Grdwtr Qual - Supplies	150.98
Bill	09/23/2010	9355267817			7103.6 - Grdwtr Qual - Supplies	3.21
Bill	09/23/2010	9355267833			7103.6 - Grdwtr Qual - Supplies	10.85
Bill	09/23/2010	9355267825			7103.6 - Grdwtr Qual - Supplies	27.15
Bill	09/23/2010	9354245962			7103.6 - Grdwtr Qual - Supplies	6.52
Bill	09/23/2010	9354245954			7103.6 - Grdwtr Qual - Supplies	20.24
Bill	09/23/2010	9354245970			7103.6 - Grdwtr Qual - Supplies	77.42
TOTAL						357.09
Bill Pmt -Check	09/29/2010	14542	IAAP MULTI-CHAPTER SYMPOSIUM		1012 - Bank of America Gen'l Ckg	
Bill	09/27/2010			October 2, 2010 IAAP Multi Chapter Symposium	6191 - Conferences - General	190.00
TOTAL				fee for S. Molino and J. Wilson to attend		190.00
Bill Pmt -Check	09/29/2010	14543	OFFICE DEPOT		1012 - Bank of America Gen'l Ckg	
Bill	09/16/2010	534056999001		copy paper	6031.1 - Copy Paper	46.99
				desk calendars 2011	6031.7 - Other Office Supplies	60.62
TOTAL						107.61
Bill Pmt -Check	09/29/2010	14544	STAPLES BUSINESS ADVANTAGE		1012 - Bank of America Gen'l Ckg	

CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of  
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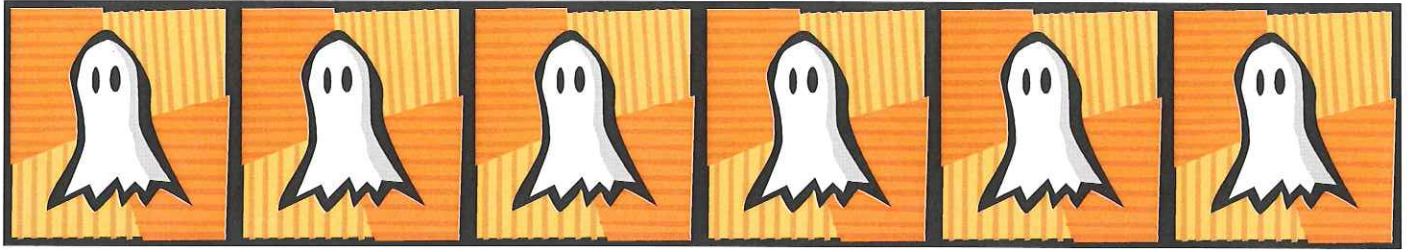
Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	09/18/2010	8016533293		misc. office supplies - index dividers for filings	6031.7 - Other Office Supplies	298.64
TOTAL						298.64
Bill Pmt -Check	09/29/2010	14545	STATE COMPENSATION INSURANCE FUND	1615535-10	1012 - Bank of America Gen'l Ckg	1,069.20
Bill	09/23/2010	1615535-10		Workers Comp Premium 1615535-10	60183 - Worker's Comp Insurance	1,069.20
TOTAL						1,069.20
Bill Pmt -Check	09/29/2010	14546	VERIZON	012561121521714508	1012 - Bank of America Gen'l Ckg	150.89
Bill	09/28/2010	012561121521714508		September 2010	7405 - PE4-Other Expense	150.89
TOTAL						150.89
Bill Pmt -Check	09/29/2010	14547	VISION SERVICE PLAN	00-101789-0001	1012 - Bank of America Gen'l Ckg	64.98
Bill	09/27/2010	001017890001		October 2010	60182.2 - Dental & Vision Ins	64.98
TOTAL						64.98
Bill Pmt -Check	09/29/2010	14548	WEST VALLEY WATER DISTRICT	payment for FY 09-10 replenishment water	1012 - Bank of America Gen'l Ckg	183,000.00
Bill	09/29/2010			\$366 x 500 AF	5011 - Replenishment Water	183,000.00
TOTAL						183,000.00
Bill Pmt -Check	09/29/2010	14549	WILDERMUTH ENVIRONMENTAL INC		1012 - Bank of America Gen'l Ckg	4,207.50
Bill	08/31/2010	2010516		2010516 m- OBMP Engineering Services	6906 - OBMP Engineering Services	4,207.50
Bill	08/31/2010	2010517		201057 - OBMP Engineering Services	6906 - OBMP Engineering Services	1,300.00
Bill	08/31/2010	2010518		2010518 - OBMP Engineering Services	6906 - OBMP Engineering Services	5,502.50
Bill	08/31/2010	2010519		2010519 - OBMP Engineering Services	6906 - OBMP Engineering Services	28,068.75
Bill	08/31/2010	2010520		2010520 - OBMP Engineering Services	6906 - OBMP Engineering Services	3,846.25
Bill	08/31/2010	2010521		2010521 - OBMP Engineering Services	6906 - OBMP Engineering Services	1,075.00
Bill	08/31/2010	2010522		2010522 - Grdwtr Qual-Engineering	7103.3 - Grdwtr Qual-Engineering	10,429.55
Bill	08/31/2010	2010523		2010523 - Grdwtr Qual-Engineering	7103.3 - Grdwtr Qual-Engineering	406.25
Bill	08/31/2010	2010524		2010524 - Grdwtr Qual-Engineering	7103.3 - Grdwtr Qual-Engineering	3,137.50
Bill	08/31/2010	2010525		2010525 - Grdwtr Level - Engineering	7104.3 - Grdwtr Level - Engineering	287.50
Bill	08/31/2010	2010526		2010526 - Grdwtr Level - Engineering	7104.3 - Grdwtr Level - Engineering	787.50
Bill	08/31/2010	2010527		2010527 - Grdwtr Level - Engineering	7104.3 - Grdwtr Level - Engineering	5,371.80
Bill	08/31/2010	2010528		2010528 - Grdwtr Level - Engineering	7104.3 - Grdwtr Level - Engineering	468.75
Bill	08/31/2010	2010529		2010529 - Grdwtr Level - Contracted Serv	7104.8 - Grdwtr Level - Contracted Serv	2,075.00
Bill	08/31/2010	2010530		2010530 - Grd Level-SAR Imagery	7107.3 - Grd Level-SAR Imagery	12,400.00
Bill	08/31/2010	2010531		2010531 - Grd Level-Engineering	7107.2 - Grd Level-Engineering	3,147.29
Bill	08/31/2010	2010532		2010532 - Grd Level-Cap Equip Exlde	7107.8 - Grd Level-Cap Equip Exlde	2,933.39
Bill	08/31/2010	2010533		2010533 - Grd Level-Contract Svcs	7107.6 - Grd Level-Contract Svcs	10,512.55
Bill	08/31/2010	2010534		2010534 - Grd Level-Engineering	7107.2 - Grd Level-Engineering	12,455.20
Bill	08/31/2010	2010535		2010535 - Grd Level-Contract Svcs	7107.6 - Grd Level-Contract Svcs	10,512.55
Bill	08/31/2010	2010536		2010536 - Grd Level-Contract Svcs	7107.6 - Grd Level-Contract Svcs	9,000.00

P280

CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of  
September 1, 2010 - September 30, 2010

For Informational Purposes Only

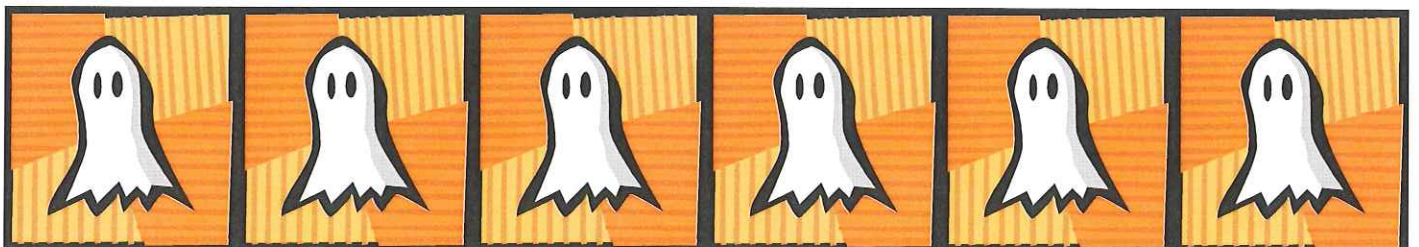
Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	08/31/2010	2010537		2010537 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	300.00
Bill	08/31/2010	2010538		2010538 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	5,033.60
Bill	08/31/2010	2010539		2010539 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	488.75
Bill	08/31/2010	2010540		2010540 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	93.75
Bill	08/31/2010	2010541		2010541 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	112.50
Bill	08/31/2010	2010542		2010542 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	962.70
Bill	08/31/2010	2010543		2010543 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	93.75
Bill	08/31/2010	2010544		2010544 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	31.25
Bill	08/31/2010	2010545		2010545 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	500.00
Bill	08/31/2010	2010546		2010546 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	15.88
Bill	08/31/2010	2010547		2010547 - Recharge & Well - Engineering	7108.3 - Recharge & Well - Engineering	1,005.00
Bill	08/31/2010	2010548		2010548 - PE3&5-Engineering	7303 - PE3&5-Engineering	17,537.50
Bill	08/31/2010	2010549		2010549 - PE6&7-Engineering	7502 - PE6&7-Engineering	1,825.00
Bill	08/31/2010	2010550		2010550 - PE6&7-Engineering	7502 - PE6&7-Engineering	1,561.25
Bill	08/31/2010	2010551		2010550 - PE6&7-Engineering	7502 - PE6&7-Engineering	4,718.05
<b>TOTAL</b>						162,183.81
<b>P281</b>						
Bill	09/30/2010	14550	MWH LABORATORIES		1012 - Bank of America Gen'l Ckg	2,065.00
Bill	08/31/2010	L0036084		L0036084 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	615.00
Bill	08/31/2010	L0036085		L0036085 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	2,065.00
Bill	08/31/2010	L0036914		L0036914 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	1,532.00
Bill	08/31/2010	L0036915		L0036915 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	2,065.00
Bill	08/31/2010	L0037162		L0037162 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	615.00
Bill	08/31/2010	L0036922		L0036922 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	2,065.00
Bill	08/31/2010	L0038362		L0038362 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	2,065.00
<b>TOTAL</b>						11,022.00
Bill	09/30/2010	14551	CITISTREET	Payroll and Taxes for 09/05/10-09/18/10	1012 - Bank of America Gen'l Ckg	1,715.67
General Journal	09/18/2010	09/05/10-09/18/10	CITISTREET	Staff's 457 Retirement for 09/05/10-09/18/10	2000 - Accounts Payable	1,715.67
<b>TOTAL</b>						3,431.34
Bill	09/30/2010	14552	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	Payor #3493	1012 - Bank of America Gen'l Ckg	6,946.89
General Journal	09/18/2010	09/05/10-09/18/10	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	CalPERS for 09/05/10-09/18/10	2000 - Accounts Payable	6,946.89
<b>TOTAL</b>						13,893.78
<b>Total Disbursements:</b>						792,422.30



# CHINO BASIN WATERMASTER

## IV. INFORMATION

2. Newspaper Articles



## Team studying source of Rialto-area water contamination gets funding

11:17 PM PDT on Sunday, September 12, 2010

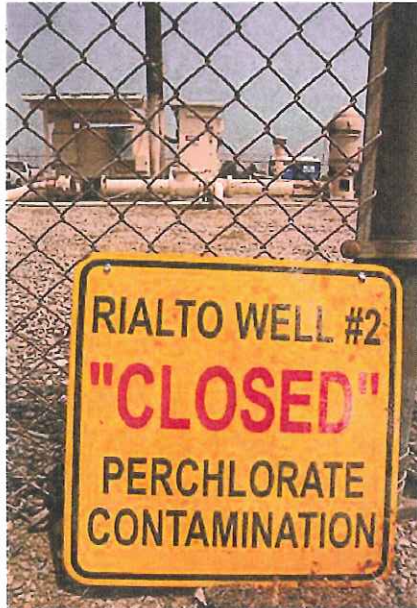
By JANET ZIMMERMAN  
The Press-Enterprise

Federal money will fund work by the U.S. Geological Survey to determine the source and movement of an underground plume of perchlorate in the Fontana-Rialto area that also threatens water wells serving the city of Riverside.

Officials with the Fontana Water Co. -- determined to find out who is fault for the contamination -- sought the \$262,000 from a research arm of the Department of Defense, water company spokesman Rick Ruiz said. The company wants the responsible party to pay for water treatment now funded by district ratepayers, he said.

Water company officials and community activists say Fontana residents are being unfairly burdened because the city is not included in a cleanup plan being developed by the U.S. **Environmental Protection Agency**. Last year, the EPA added a nearby 160-acre industrial area in Rialto, known as the Goodrich site, to its Superfund list for hazardous waste cleanup.

[Story continues below](#)



2005 / The Press-Enterprise  
Experts will use an isotope study on perchlorate molecules found in well water to find out if contamination is seeping from manmade sites, a U.S. Geological Survey official says.

The parcel is just east of Fontana, north of Highway 210, between Alder and Locust avenues. It was used by private companies and government agencies to store, test and manufacture munitions, rocket motors and pyrotechnics. Chemicals were dumped on the ground or burned in pits for decades and seeped into the water table, EPA investigators said.

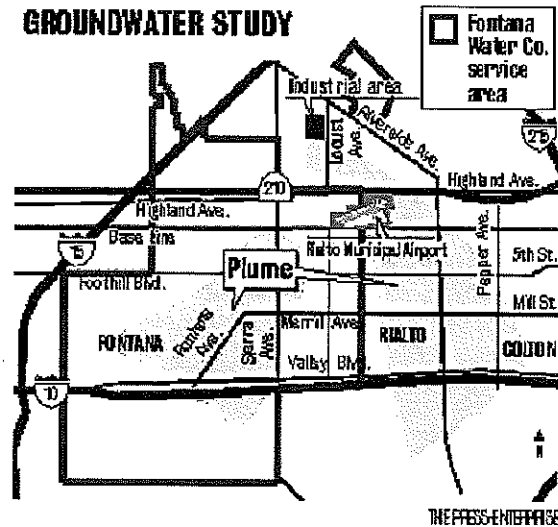
Perchlorate is a rocket fuel ingredient that can impair thyroid function. Some of the wells contaminated with perchlorate also have had elevated levels of the cleaning solvent trichloroethylene, or TCE, a likely carcinogen that may cause liver and kidney damage and impair fetal development.

## RIVERSIDE-BOUND

The plume extends seven miles to the southeast and appears to be headed toward three Riverside wells. Fontana Water Co., which serves 160,000 people, closed nine wells and spent millions of dollars on treatment systems, Ruiz said. Another 11 wells have been shut down in Rialto and Colton.

Experts will use an isotope study on perchlorate molecules found in the well water to determine whether the contamination is seeping from the manmade sources, such as the Goodrich site or adjacent Mid Valley Sanitary Landfill owned by San Bernardino County, or from Chilean fertilizer used in agricultural operations from the 1900s to the 1950s, said John Izbicki, a USGS research hydrologist.

Story continues below



He also will examine groundwater movement in relation to earthquake faults. The Goodrich site and the landfill are sandwiched in a triangular area between the Rialto-Colton and San Jacinto faults.

The consensus is that the water moves to the south-southeast, toward the Santa Ana River and Riverside's wells. But there is some movement across the fault lines, Izbicki said.

"There are people who have differing opinions about how the water is moving," he said.

Fontana Water Co. officials say the EPA is relying on old data developed by probable responsible parties at the expense of ratepayers.

"There is some evidence that there is water moving from the northeast to the southwest across that series of faults," Ruiz said. "If that's the case, then we'll have a good sense that the people should also be responsible for what's going on on the southwest side" of the Superfund site.

EPA project manager Wayne Praskins denied allegations that the data is insufficient, and said the government has spent several million dollars on its own well and soil testing. Those efforts, and the latest USGS studies, will complement each other, he said.

The EPA has proposed a \$29.3 million plan to install wells northeast of the Rialto airport that would pump and treat the water before it is delivered to homes and businesses. A decision is on how the agency will proceed is expected by next month.

Reach Janet Zimmerman at 951-369-9586 or [jzimmerman@PE.com](mailto:jzimmerman@PE.com)





## Recycled water project work to start in Upland in the fall

Sandra Emerson, Staff Writer

Posted: 09/11/2010 09:44:35 PM PDT

UPLAND - Water that goes down drains in houses and businesses will soon be used for public landscaping.

In partnership with the Chino-based Inland Empire Utilities Agency, Upland officials will begin work in the fall on a number of recycled water projects in the eastern portion of the city.

The \$20 million project will provide recycled water for landscape irrigation, industrial use and groundwater recharge. The water will be available for city parks and schools, the Euclid Avenue median, Upland Hills Country Club and San Antonio Community Hospital.

The locations "would be automatically switched over to recycled water use, which then, of course, in turn makes more potable water available to our residents," Public Works Director Anthony La said. "So this is a way of achieving water conservation."

The project will be funded by \$5 million in stimulus money from the U.S. Bureau of Reclamation and \$2 million from the city. The

utilities agency will provide the rest of the funding.

Materials and equipment need to be provided to the city before construction can begin, La said.

Construction is to be completed in phases over the next year.

The first phase will be on 16th Street from the eastern city limit to Campus Avenue, La said.

The project also stretches south to 14th Street, east to a mobile home park and south to Hospital Parkway. It then goes through several parking lots around San Antonio Community Hospital

to Arrow Highway and east to Grove Avenue.

The agency will oversee the construction of a regional pipeline and the city will be in charge of installing pipelines to customers.

The wastewater from city residences and businesses will be treated through a regional system and later used for nondrinking purposes.

The agency has recycled water projects in Chino, Chino Hills, Montclair, Ontario and Rancho Cucamonga. There are plans for a system in Fontana.

The cities benefit from the system because they do not have to import as much recycled water, said Tom Love, CEO and general manager of the

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agency.

Cost to import water is \$600 per acre-foot annually, he said. One acre foot is about 326,000 gallons.

"We maximize the use of our groundwater, and we certainly want to use the recycled water and minimize the dependence on imported supply," Love said.

The drought and environmental issues in the Sacramento Delta have led to less water that is more expensive, he said.

"Those imported supplies are not as reliable and so it's both cost-effective to save money and avoid the purchase of expensive imported water and also to improve local reliability," he said.

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# Viewpoints: State water issues won't wait for bond vote

**Special to The Bee**

**Published Sunday, Sep. 12, 2010**

Now that California lawmakers have pulled an \$11 billion water bond measure off the November ballot, California is facing new questions about how to fix our long-standing water problems, including the long-term health of the Sacramento-San Joaquin Delta and the future reliability of our water supply.

A number of commentators have praised or pilloried the delay of the bond, but one thing we can all agree on is that California's water challenges have not gone away. The recent state Water Resources Control Board report that finds we must halve our water withdrawals from the rivers and streams that sustain the Delta is simply one more indication that we have over-tapped California's precious water resources and that we must find innovative ways to do more with less.

The Legislature has two years to fix some of the key flaws with the current water bond, including its size, unclear definitions and unbalanced approaches. A recent Pacific Institute analysis – "The 2010 California Water Bond: What Does it Say and Do?" – offers principles for amending the current water bond to make it more effective. But it would be a serious mistake to do nothing until 2012. The good news is that there is a lot that can be done now.

There is no silver-bullet solution to our water problems, as all rational observers acknowledge. Instead, we need a diverse portfolio of solutions. But the need to do many things does not mean we must, or can afford, to do everything. We must do the most effective things first.

More than \$3 billion of approved bond funding from previous voter initiatives has not yet been spent, according to the Legislative Analyst's Office. These existing funds should be made available for top priorities such as repairing the Delta levees and restoring threatened ecosystems. In addition, there is a clear need for better enforcement of water rights and critical water quality laws.

Legislation that would have done all of these things, sponsored by Sens. Lois Wolk, D-Davis; Fran Pavley, D-Agoura Hills; Darrell Steinberg, D-Sacramento, and Assemblyman Jared Huffman, D-San Rafael, did not pass in this legislative session. We cannot allow our lawmakers to turn away from our growing water challenges.

In addition, water conservation and efficiency must be a central component of a portfolio of solutions for California's water problems. Numerous reports and studies have shown that water conservation and efficiency are the cheapest, fastest and least destructive sources of water.

A new Pacific Institute report, "California's Next Million Acre-Feet: Saving Water, Energy and Money," details how California can save 1 million acre-feet of water at a fraction of the cost

of other new water supply options. Water savings can come from replacing old, inefficient devices with high-efficiency models in our homes and businesses, as well as replacing some lawn area with low-water-use plants.

In the agricultural sector, best water management practices include weather-based irrigation scheduling, regulated deficit irrigation and switching from flood irrigation to sprinkler or drip irrigation systems. There are already many examples of how cities and farms throughout California are cutting their water use and reusing water that was formerly considered waste, yet more must be done.

The efficiency improvements, identified in the "California's Next Million Acre-Feet" report, require an up-front investment of less than \$1.9 billion, a small fraction of the proposed water bond. These costs can be borne by a combination of water and wastewater agencies, irrigation districts, energy utilities, state and federal agencies, and the individual customer.


These efficiency improvements are far cheaper than most proposed new surface storage projects. Sites Reservoir, for example, is estimated to require a capital investment of \$3 billion while providing only 184,000 acre-feet of water per year. And unlike proposed new water storage projects, efficiency improvements often pay for themselves as a result of the many co-benefits that water conservation and efficiency provides, including lower water, wastewater and energy bills, and improvements in crop quality and yield. Reducing water demand also delays or eliminates the need to develop expensive water and wastewater treatment plants, and the energy infrastructure to power those plants, thereby producing additional long-term financial savings.

The conclusion is clear: There is still enormous untapped potential for better use of existing financial and water resources. While the water bond may be on hold, California's water problems are not – and citizens and lawmakers must continue to make meaningful reform a high priority.

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*Juliet Christian-Smith is senior research associate and Heather Cooley is co-director of the Water Program at the Pacific Institute in Oakland. They are two of the authors of the new report "California's Next Million Acre-Feet: Saving Water, Energy and Money."*

 The North County Times - Californian

## ENERGY: Hoover Dam could stop generating electricity as soon as 2013, officials fear

Dropping water levels imperil power flowing to Southern California

By ERIC WOLFF - ewolff@nctimes.com | Posted: Saturday, September 11, 2010 8:18 pm

After 75 years of steadily cranking out electricity for California, Arizona and Nevada, the mighty turbines of the Hoover Dam could cease turning as soon as 2013, if water levels in the lake that feeds the dam don't start to recover, say water and dam experts.

Under pressure from the region's growing population and years of drought, Lake Mead was down to 1,087 feet, a 54-year low, as of Wednesday.

If the lake loses 10 feet a year, as it has recently, it will soon reach 1,050 feet, the level below which the turbines can no longer run.

Those hydroelectric generators produce cheap electricity for the Metropolitan Water District of Southern California, which is responsible for pumping water across the Colorado River Aqueduct to hydrate much of Southern California.

Without that power, Metropolitan's costs to transport water will double or even triple, a district executive said.

That could result in a \$10 to \$20 a month increase in annual costs for residential customers, but could have greater impacts on business customers who use more water.

Federal and state water managers have been working to stave off that day, and two scientists from the Scripps Institution of Oceanography in La Jolla who study Lake Mead believe that managers will never allow levels to get below 1,050 feet.

But Pat Mulroy, who runs the Las Vegas Valley Water District and the Southern Nevada Water Authority, said she has to worry about the worst-case scenario.

One of two intake pipes that pump water to Las Vegas is at that same 1,050-foot level.

"We're teetering on the first shortage right now," Mulroy said. "How quickly Mead goes down depends on which hydrology you look at; the Bureau (of Reclamation, which runs the dam) bases it on probability. But the whole probability analysis, because of climate change, has been thrown out the window. We're experiencing anomaly after anomaly."

The decrease in water already experienced at Lake Mead has reduced output from the turbines from 130 megawatts of peak capacity to 100, according to Peter DiDonato, who runs the Hoover Dam's hydroelectric generators.

Each megawatt could power 650 homes.

### Megawatts per foot

For every foot of elevation lost in Lake Mead ---- about 100,000 acre feet of water, or enough for 200,000 households ---- the dam produces 5.7 megawatts less power.

That's because at lower water pressure, air bubbles flow through with the water, causing the turbines to lose efficiency.

"It was designed as a high-elevation dam," DiDonato said.

The bureau is preparing for reduced elevations by testing a different type of turbine starting in 2012, one that can handle levels down to 1,000 feet, he said.

DiDonato is concerned about falling levels, but not too concerned. The government's 24-month forecast shows lake levels returning to 1,100 feet next year.

"The drought can't last forever," DiDonato said. "Eventually, the lake is going to fill up again. You have to hope it does."

Actually, the drought may not be a short-term emergency so much as a feature of a new, drier American West.

"To blame this on a drought that's going to be over next year or something, that's not correct," said Tim Barnett, a marine physicist at the Scripps Institution of Oceanography in La Jolla. "This looks like the first harbingers of man's impact on the climate."

Barnett and his Scripps colleague, climate researcher David Pierce, wrote several papers on the hydrology of Lake Mead.

In a 2009 paper in the Proceedings of the National Academy of Sciences, the pair calculated a 50 percent chance that by 2025, users would not receive their full request of water from the Colorado River.

That would create water problems for Arizona, Nevada, California and Mexico (which is at the end of the river), in addition to the lost megawatts from lower efficiency in the hydroelectric turbines.

Pierce recalculated their figures to determine the effects of increased demand from development and of climate change.

He determined that with no change in water management policy, there was a 20 percent chance that the turbines would have to shut off in 2025.

### **Wet century past**

Also, natural cycles exacerbate the problem, Pierce and Barnett wrote.

The 20th century was the wettest in a millennium for the American West, based on research using tree rings.

If a reversion to historical water levels combines with climate change and continued increases in demand, there's a 20 percent chance that Lake Mead will fall below 1,050 feet next year, Pierce said in an interview.

But Pierce and Barnett don't think the government will allow that to happen.

Federal water managers can release more water from upriver Lake Powell, although no water was released this year.

And they can refuse to grant water requests in full, something that's never happened before, Pierce said.

Losing power from the Hoover Dam would raise expenses for Metropolitan and for Southern California Edison, both of which buy power for the dam at low rates. Edison has already begun preparations for lower power generation from the dam, which represents 0.3 percent of its portfolio, said Gil Alexander, a spokesman for the utility.

The dam supplies 60 percent of Metropolitan's power needs, said Brian Thomas, chief financial officer and assistant general manager of the agency.

Without power from the dam, Metropolitan would turn to the spot electricity market and pay double or triple the cost, depending on how much less power the dam is producing.

Government agencies aren't sitting around doing nothing.

When Lake Mead falls to 1,075 feet, an austerity plan kicks in that reduces water deliveries by 10 percent.

Metropolitan and the Southern Nevada Water Authority are storing excess water from other sources in Lake Mead, and the Mexican government is in negotiations to do the same thing.

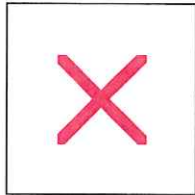
Metropolitan initiated a new energy policy last month that includes more efficiency and construction of 10 megawatts of solar panels, to offset loss of power from the dam.

Still, Barnett and Pierce are worried.

"It would be very foolish to think this is a short-term aberration due to a drought of three, four, five or even 10 years," Barnett said. "It's a resource that's fully utilized. You can't get any more out of it. And nobody's talking about curtailing development."

Call staff writer Eric Wolff at 760-740-5412.

# Pechanga chairman says tribe is close to water deal



 Download story podcast

10:00 PM PDT on Thursday, September 16, 2010

By BEN GOAD  
Washington Bureau

WASHINGTON - The Pechanga Band of Luiseño Mission Indians' decades-long crusade to formalize its share of the region's increasingly valuable water supply appears close to a conclusion, the Temecula-area tribe's leader told a congressional panel Thursday.

Pechanga chairman Mark Macarro pressed members of the House Subcommittee on Water and Power to move forward with legislation, penned by Inland Rep. Joe Baca, to ratify a proposed settlement with the U.S. government and area water districts.

The measure is meant to bring the tribe's legal allotment in line with a 1951 federal court decision, which determined that Pechanga and two other area tribes have water rights but didn't quantify the amounts.

"This settlement will provide wet water -- not merely paper water rights -- to the Pechanga people for generations to come," Macarro testified.

Under the Pechanga's proposal, the government would recognize the tribes right to 4,994 acre-feet of water per year.

One acre-foot equals almost 326,000 gallons, enough to supply two typical families for a year.

The proposed settlement, which has broad, bipartisan support in Congress, would also set aside \$50.2 million to facilitate the flow of water to the tribe's reservation. About half that money would be used for infrastructure to treat and deliver water to the reservation, while the other half would be used to import additional water

But there's one problem: the federal government has not agreed to the terms of the settlement.

George Skibine, a top official in the federal Bureau of Indian Affairs, said he was hopeful that the two sides could strike a deal but cited obstacles, particularly the cost to taxpayers.

"Because of scarcity and tremendous competition, water rights in Southern California are extremely expensive," Skibine said in written testimony submitted to the committee.

Simply put, he told the panel, "We're not there yet."

Macarro downplayed those remarks, saying Skibine was not intimately involved in the negotiations. Both men expressed optimism that progress could be made during talks scheduled for Tuesday. Macarro said a settlement could be reached in the next two to four weeks.

Matthew Stone, general manager for the Rancho California Water District in Temecula, also testified in support of the proposed settlement and legislation to ratify it.

Baca, D-Rialto, introduced the legislation after a similar bill authored by Rep. Mary Bono Mack, R-Palm Springs, stalled late last year. Baca's bill will expire at the end of the year, leaving a short window of time in which an agreement must be reached if the settlement is to be ratified.

"Congress cannot act responsibly until those negotiations are concluded," said Rep. Tom McClintock, R-Roseville, who otherwise voiced support for the bill.

Given the time crunch, Baca urged the government to work hard to reach an agreement with the tribe.

"The administration should make this a priority," he said. "It has been too long. It's overdue. This is about justice."

*Reach Ben Goad at 202-661-8422 or [bgoad@PE.com](mailto:bgoad@PE.com)*



SACRAMENTO

September 20, 2010 9:00pm



- **So big a small plane could fly through it**
- **Last-minute opposition from federal agencies might block it**

A 45-mile long tunnel that would drain fresh water from the Sacramento-San Joaquin Delta -- so wide in diameter that small planes could fly through it -- is being talked about in secret meetings in Sacramento.

Broad plans for the tunnel have been worked out, although the planning document prepared by the state's Natural Resources Agency with the plans says that it is "presented only for purposes of facilitating discussion and is not intended as any preliminary or final decision...."

"These are government officials using taxpayer funds to try to develop a scheme for spending billions more taxpayer funds and they are doing it in a non-public way," says Jonas Minton, water policy advisor for the Planning and Conservation League, a Sacramento-based nonprofit lobbying organization specializing in environmental issues, and a former deputy director of the California Department of Water Resources.

"It includes many, many specifics that are in the form of a proposal. And perhaps this was a slip-up, but in the first appendix included with the document ... it's actually entitled 'state proposal.'" says Mr. Minton.

"Although they're saying that this is just an issue paper, it certainly comes across as more than that."

*(Jonas Minton talks about the 70-page document in today's CVBT Audio Interview. Please left-click on the link below to listen now or right-click to download the MP3 audio for later listening. The audio runs 14:15 in length.)*

Mr. Minton says that at this point there is no indication that others involved in Delta water manager, such as environmental groups or science-based regulations "have any intention of accepting this proposal."

The Stockton-based group Restore the Delta, which says it advocates "on behalf of local Delta stakeholders with government water agencies to ensure that water management decisions will protect and benefit local Delta

communities,” says the hush-hush process of the state in trying to craft a Delta deal has raised the hackles of state and federal lawmakers.

It says the lawmakers have sent a letter urging Natural Resources Agency Director Lester Snow and U.S. Interior Secretary Ken Salazar to open up the closed-door talks now underway.

The letter includes a series of questions including a request to know just who is meeting behind the closed doors and why they were invited to participate and others were ignored.

“This most recent exclusion only serves to further frustrate and anger those within the Delta community who are genuinely interested in working constructively with the state and federal agencies and the newly formed Delta Stewardship Council,” says the letter. “In short, this new ‘Delta Principals Group’ process represents a return to the closed-door deal-making that has historically resulted in further degradation of the Delta.”

The letter officially requests that the meetings be more inclusive and transparent

Signing the letter were U.S. Reps. John Garamendi, D-Sacramento; Doris Matsui, D-Sacramento; Jerry McNerney, D-Pleasanton; George Miller, D-Martinez; and Mike Thompson, D-St. Helena, along with state Sen. Lois Wolk, D-Davis; state Senate President Pro Tem Darrell Steinberg, D-Sacramento; state Sen. Mark DeSaulnier, D-Concord; and state Assembly Members Bill Berryhill, R-Ceres; Joan Buchanan, D-Alamo; Alyson Huber, D-El Dorado Hills; Tom Torlakson, D-Antioch, and Mariko Yamada, D-West Sacramento.

While the Natural Resources Agency is talking water tunnels, other groups are going about their missions involving the fate of the Delta.

The new Delta Independent Science Board (ISB) comprised of 10 nationally and internationally prominent scientists is scheduled to hold its first meeting Sept. 30-Oct. 1.

The Sacramento-San Joaquin Delta Reform Act of 2009 established the Delta ISB, whose members were to be appointed by the Delta Stewardship Council, which was also created by the Delta Reform Act as an independent agency of the state of California. The Delta ISB replaces the previous CALFED Independent Science Board.

The meeting is set for 8:30 a.m. - 5 p.m. on Sept. 30 and Oct. 1 in the Delta Room, 5th Floor at 650 Capitol Mall, Sacramento.

## [Water war truce would hike some bills, lower others](#)

September 21st, 2010, 3:00 am · [2 Comments](#) · posted by [Teri Sforza, Register staff writer](#)

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*Orange County Register*



After years of bickering over money and power – what else? – Orange County’s warring water lords hold a legal truce in their hands, which would shift some costs north and give southerners *and* northerners more say in who gets to play in **Water World’s** most powerful sandbox.

This long-sought truce — approved last week by embattled [Municipal Water District of Orange County](#), and waiting for a *thumbs-up-or-down* from the **29** cities and water districts to whom it delivers imported water — would shift some costs from south county to north county. But it’s a *small* shift, amounting to hikes of **\$10,000** or **\$20,000** a year on bills that are in the **millions** of dollars, said MWDOC general manager **Kevin Hunt**. (We’ll be getting an agency-by-agency breakdown later today, and will post it when it arrives. Meantime, read the truce itself here: [Water War Truce](#).)

“This is the end of about three years of negotiations,” said MWDOC general manager **Kevin Hunt**. “Hardly anyone got everything they wanted. All of us had preconceived ideas about what the changes would cost, and we did the financial modeling, and it isn’t such a big deal. It all shakes out. I think it will end up with the county being stronger, and with people being more involved.”

Said **John Schatz**, general manager of the rebellious [Santa Margarita Water District](#) (part of the secessionist **Southern Confederacy**, along with the **El Toro, Irvine Ranch, Moulton Niguel, South Coast** and **Trabuco Canyon** water districts): “It’s not perfect; there are things in it that both sides don’t like. Maybe that’s the sign that it’s a good agreement.”



The **Water War** threatened to cleave the county in two and cost between **\$1 million** and **\$1.5 million** just for an *election* on secession of the southern districts — not to mention the cost of running two different agencies doing essentially the same thing.

We told you in April that the warring water lords were on the brink of making nice, but that the devil was in the details. This agreement *is* the details. It would:

- give northerners and southerners much greater say in who represents them on the board of the mighty **Metropolitan Water District of Southern California**, allowing each region to essentially appoint one of MWDOC's four Metropolitan directors;
- reduce MWDOC's meaty reserves a bit, to **\$4.2 million** (which some feel is still too much);
- and allow cities and water districts to pick and choose among services they'd buy from MWDOC (right now, they have to pay for some programs they don't much want);
- and last for **10 years** (a period some feel is way too long).

A county-wide "MWD Roundtable" would also be created to better coordinate MWD positions between MWDOC, Fullerton, Santa Ana and Anaheim. And it would, somewhat inexplicably, group the **Emerald Bay Services District** (essentially an outgrowth of **Laguna Beach**) with the northerners. Go figure.

It's important to note that MWDOC's *raison d'être* is to buy expensive imported water from mighty Metropolitan, and then sell it to O.C. cities and water districts, which then sell it to *you*.

The Southern Confederacy (which uses a great deal of this expensive imported water) had been threatening to ditch its northern neighbors (who use mostly cheaper ground water) and form its *own* water-importing authority, thank you very much. (See [Mutiny ahoy! Southerners may secede from water union, which could cost northerners money](#) and [Southern secession from O.C. water union would waste millions, report says](#) for more background on all that). Districts have spent more than **\$150,000** on studies to *get* to this point, and one can only hope that it's really and truly over — at least for a while.

The truce now must be approved — or at least, not *opposed* — by two-thirds of MWDOC's 29 member agencies. That means going to city councils and water district boards from one end of the county to the other.

"I'm hoping we don't have to go back and negotiate some more," said Schatz of Santa Margarita. "I have serious concerns about whether it will be productive."

We'll keep you posted, and bring you details of who'll be paying what shortly.

**latimes.com**

## **State water board to vote on proposal requiring Malibu to install its first central sewer system**

**The proposal would also cease permits for new septic setups and phase out hundreds of existing small-scale systems. The city presents an alternative plan that would cover fewer homes and businesses.**

By Martha Groves, Los Angeles Times

September 21, 2010

Septic tanks and leach pits could soon be endangered commodities in Malibu.

On Tuesday, the State Water Resources Control Board is slated to vote in Sacramento on a proposal to require the coastal community to install its first central sewer system, cease permits for new septic setups and phase out hundreds of existing small-scale systems by 2019.

Chronic pollution in Malibu Creek and Lagoon and Surfrider Beach — and repeated failures by Malibu to address the problem — spurred the Los Angeles Regional Water Quality Control Board last November to propose the septic ban for a large area of central and eastern Malibu. The state board typically supports regional panels' recommendations.

Malibu officials say the proposed moratorium zone, which encompasses about 550 residences and businesses, is so large that the city could not devise a system capable of handling all of the wastewater. The city has presented to the board a modified plan that would cover fewer homes and businesses and eliminate septic systems in phases.

The city supports the regional board's clean-water goals, said Malibu Mayor Jefferson Wagner, a surfer who said he has been sickened many times by the tainted water at famed Surfrider Beach. But, he added, the "currently proposed expansive prohibition zone would create insurmountable obstacles and uncertainty that would stall action." Malibu's alternative plan, he added, is technically feasible and "something we can sell to our voters."

"Sewer" has long been a dirty word in Malibu, which formed its own government in 1991 to ward off Los Angeles County's plans to install a sewer system. Some residents feared that sewers would lead to unchecked development of their bucolic coastal enclave. But, with many tests over the years pointing to septic systems as a likely cause of persistent pollution, water-quality officials and the environmental community have pushed harder to spark change.

"The bottom line is Malibu Lagoon is polluted and has been polluted for decades, and Surfrider Beach is polluted and has been polluted for decades," said Mark Gold, president of Heal the Bay, a nonprofit environmental group. "Surfrider and Malibu Lagoon have waited long enough, and Tuesday, hopefully, that wait will be over."

Gold added that the environmental and surfing communities "are absolutely in solidarity supporting the regional board." At a "surf-in" Thursday, surfers and other activists linked arms at the Surfrider Beach shoreline to demonstrate.

Malibu City Manager Jim Thorsen said recent analyses commissioned by the city show that bacteria at Surfrider do not come from human waste. But those results have yet to be confirmed by other scientists.

The proposed ban would immediately halt the permitting of septic systems in the commercial areas of the Civic Center and the stretch of Pacific Coast Highway from Serra Road to Sweetwater Canyon, as well as the residential areas of Malibu Colony, Malibu Road, Serra Retreat, Sweetwater Mesa and Malibu Knolls.

The regional board's recommendation calls for phasing out existing septic systems in commercial areas by 2015 and in residential areas by 2019. Homeowners with projects underway or in the permitting process would be allowed to install septic systems, but they would have to stop discharges from those systems by 2019.

Malibu's alternative would cover about 30 businesses in the Civic Center area and about 100 homes in Serra Retreat. By 2015, a centralized plant would treat wastewater from the biggest users in the Civic Center. By 2019, the treatment would expand to cover effluent from Serra Retreat homes. Also by 2019, homes and restaurants in the Malibu Colony would be required to add a process to disinfect the effluent in their existing septic systems.

Thorsen said a "big chasm" existed between the projected 600,000 gallons of wastewater per day that would be generated in the regional board's proposed zone versus the 280,000 gallons that the city estimates a central plant could treat. "The region-wide prohibition is going to lead us to failure," he said.

He projected that the cost for sewage treatment in the regional board's proposed prohibition area would run as high as \$52 million and require discharging treated wastewater into the ocean or the Malibu Creek aquifer.

Gold said that an "ocean outfall" would never be approved by the California Coastal Commission and that Malibu's raising of the issue was "just not productive."

Malibu officials have been lobbying members of the state board to return the issue to the regional panel so that the city and regulators could work out their differences. Late last week the state board staff issued comments that appeared to open the door, years down the road, to adjustments in the prohibition zone's size should science and other evidence warrant.

One way or the other, the era of septic will end, Thorsen said.

"We don't want stagnation, delay and litigation," he said. "We want to build a wastewater treatment plant."

[martha.groves@latimes.com](mailto:martha.groves@latimes.com)

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## REDLANDS: Zanja trail progressing but still a dream

11:31 PM PDT on Saturday, September 25, 2010

By JAN SEARS  
The Press-Enterprise

A 4.5-mile-long trail along part of Redlands' historic Zanja, an irrigation channel built in 1819 to carry water from Mentone to Loma Linda, might be ready for walkers in time for the channel's 200th anniversary.

Built to carry water to Indian villages in the Loma Linda area, and later used by citrus farmers, ranchers and households in Redlands, the tree-lined, meandering Sankey, as longtime Redlands residents call it, was visible from as far away as the Cajon Pass, north of San Bernardino, in the 1800s.

Sherli Leonard, executive director of the Redlands Conservancy, updated the City Council last week on the progress of the organization's Save the Zanja committee, which proposes to construct a trail along the eastern end of the channel.

Story continues below



2008 / The Press-Enterprise  
The Zanja project already has received grants to help it along, including \$10,000 from the [History Channel](#) and \$30,000 from the San Manuel Band of Mission Indians.

She vowed to use the term Sankey during her council presentation, in deference to Councilman Jon Harrison, who prefers it, but found the Zanja habit hard to break. Zanja is Spanish for ditch.

The trail and greenway would run along the channel from 9th Street near downtown Redlands east to Sapphire Avenue in Mentone, she said.

It will provide walkers and bike riders access to the planned Orange Blossom Trail, which would traverse Redlands along former rail lines and flood control facilities, and to the Santa Ana River trail, which will run north of Redlands and eventually link the city with the sea.

The Mill Creek Zanja trail would provide [University of Redlands](#) students pedestrian and bike access to downtown shops, restaurants and farmers markets.

"Like other community trails and greenways, the Zanja Trail and Greenway will attract cultural and heritage tourists, will contribute to a healthful environment and will provide opportunities for healthful activities for all Redlands residents," Leonard told the council.

Trails near residential housing are a plus to potential homebuyers and can help the city attract businesses whose employees like to use them, she said.

The Zanja committee still has considerable work ahead, including gaining permission to use city, county and private land, designing the trail to meet Americans with Disabilities

Act requirements and determining how it will be maintained over the long term, she said.

She vowed that all those obstacles, including maintenance, will be overcome.

The project already has received grants to help it along, including \$10,000 from the History Channel and \$30,000 from the San Manuel Band of Mission Indians.

The History Channel grant helped develop a fourth-grade enrichment lesson, text for historical markers and a guide/history booklet. The San Manuel grant will help pay for the manufacture and installation of the markers, Leonard said.

On Nov. 15, the committee will conduct a public workshop to hear concerns and identify sites for trail amenities, such as small parks, she said.

By late spring next year, the committee plans to have a draft master plan for the council to consider.

Redlands residents have fought for decades to protect the Zanja, which is better preserved on the city's east side than on the west. The channel is almost pristine as it passes through Sylvan Park near the university, but dusty and debris-clogged elsewhere.

Leonard said the conservancy hopes that the trail's creation will end the preservation struggle for the channel's eastern end.

"This is not the first time passionate Redlanders have banded together to protect the Mill Creek Zanja from development or demolition," she said, "but we hope it will be the last."



## Smart Yard water controllers saving customers money

10:00 PM PDT on Sunday, September 26, 2010

By JANET ZIMMERMAN  
The Press-Enterprise

Not only has Riverside-area resident [Chris Lawrence](#) gotten his best-looking fall garden ever, he's done it for less money.

The secret? Switching to more efficient sprinkler heads and a weather-based irrigation controller that reduces over-watering.

"I'm convinced it's the way to go. Most of the ways we water our yards are archaic," said Lawrence, who lives on 1½ acres in the Mockingbird Canyon area near Riverside. "It clears my conscience a little and helps me get a good yard for less money."

Lawrence is participating in the Smart Yard program sponsored by his water provider, Western Municipal Water District. The agency covers half the cost of the controllers and installation for its retail customers in Riverside and Murrieta, then finances the remainder interest-free for five years; the loan is paid with the water bill.

The WeatherTRAK controllers range from \$599 to \$1,139, depending on the model. The "smart controllers" use weather station data, transmitted wirelessly to the device, and information on the types of plants, soil and sprinklers, the slope and other characteristics for each landscape zone.

Smart Yard is expected to save more than 1 billion gallons of water over 10 years among Western customers, said Tim Barr, the district's water use efficiency manager.

Story continues below



Kurt Miller / The Press-Enterprise  
Chris Lawrence walks past one of his water-saving sprinklers in the front yard at his Mockingbird Canyon home. Lawrence took advantage of the Western Municipal Water District's Smart Yard program that pays half the installation cost of the weather-based irrigation controller and finances the rest with zero percent interest.

So far, the water savings have exceeded the expected 15 percent. Of 165 controllers installed since May, customers have seen an average 25 percent reduction in water use, he said.

Last year, Western Municipal joined other agencies statewide and imposed mandatory reductions that limit outdoor watering to three days a week. It was a response to a third year of drought and ongoing restrictions of exports from the Sacramento-San Joaquin Delta because of environmental concerns.

While this year's water picture improved, the state's reservoirs remain low. Western's Stage 2 water restrictions remain in place. Residents can water three days a week before 8 a.m. and after 8 p.m. They must promptly repair leaks and are not allowed to hose down driveways or sidewalks. Violators can be fined and have their service turned off.

The drop in residential water use overall in the district has been 17 percent to 22

P300

percent, depending on the month, Barr said.

Western is focusing on landscapes because nearly 70 percent of the region's water supply is used outside. Most yards are over-watered, some by as much as 300 percent, Barr said.

A free outdoor water audit is included in the Smart Yard program.

So far, Lawrence said he is pleased with his savings and the look of his yard since his system was installed in July. His most recent bill, for August, showed that he used 140 units of water, down from 189 units last October, the earliest bill he could find. One unit is 748 gallons.

Lawrence is in the process of converting his front yard to a smart controller, which he expects will save more water. Under a separate program, he got a \$420 rebate for converting his sprinklers to rotating nozzles that apply water more slowly and uniformly and use 20 percent less.

"You've got to look at your whole system. I found I was doing a lot of things wrong -- under watering in some areas and over water in others," Lawrence said.

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### **Smart Yard**

**What:** Helps consumers with the cost of water-conserving irrigation systems.

**Who:** Open to retail customers of Western Municipal Water District in parts of Riverside and Murrieta.

**Information:** Call 888-799-6167, or go online, [www.westernsmartyard.com](http://www.westernsmartyard.com)

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# Utility hikes, fiscal waste top Jurupa election issues

10:00 PM PDT on Sunday, September 26, 2010

By SANDRA STOKLEY  
The Press-Enterprise

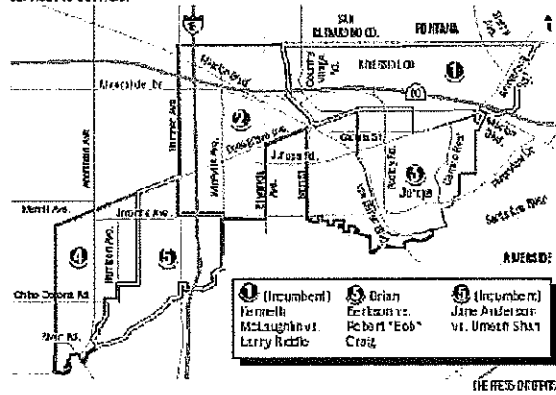
Water quality, increased water and sewer rates, customer service and financial waste are some of the issues that are in play in the campaign for the Jurupa Community Services District board of directors.

"They are wasting a lot of taxpayer money," said civil engineer Umesh Shah, who is challenging board member Jane Anderson for her Division 5 seat on the board. "That board approves things like a rubber stamp."

"I don't feel that the customer service (that) people expect from that district is adequate," said Brian Berkson, who is a candidate for the Division 3 seat.

[Story continues below](#)

**JURUPA COMMUNITY SERVICES DISTRICT:** Directors are elected to four-year terms and earn \$100 per meeting, up to a maximum of \$600 per month for board and committee meetings. The district provides water and sewer service and graffiti removal to the unincorporated Riverside County communities of San Juan, Peckley, Sunnyslope and parts of Mira Loma and the town of city of Eastvale. It is a fee developed and manages parks and provides recreation services to Eastvale.



Opposing Berkson is Robert "Bob" Craig.

"People are saying the water rates are too high. We should look at that and do what we can do," Craig said. "The board needs to be more accessible and approachable."

Three seats on the five-member board are up for election Nov. 2. Candidates run from the division they seek to represent but are elected by all voters in the district's service area.

In the Division 1 race, board veteran Ken McLaughlin is running against Larry Riddle.

McLaughlin and his fellow incumbent Jane Anderson are carrying the baggage of their votes in 2007 to increase water rates and in 2009 to restructure sewer rates.

The decision on sewer rates -- which factors water consumption into computing monthly bills -- has proven so controversial that the board is poised to commission a study that looks at alternative billing methods.

McLaughlin did not return calls or e-mails seeking comment.

He was appointed to the board in 2000, elected in 2001 and re-elected in 2005.

The board's decision to shift election to even-numbered years, added a year to all board member's terms of office.

Riddle, 54, who serves on the board of the Jurupa Area Recreation and Park District, owns an appliance repair company.

In 2008, the Jurupa park district filed a lawsuit against the community services district over the disputed sale of property to a partnership that includes Rep. [Ken Calvert](#), R-Corona.

The two agencies are involved in settlement negotiations.

Riddle said trying to speed up a settlement is not the reason he is running.

"I hope I can help resolve the lawsuit as well as any other issues that come before the board," he said.

The Division 3 race guarantees there will be at least one new face on the Jurupa district board. The seat has been vacant since April when board member R.M. "Cook" Barela died.

Brian Berkson, 41, has lived in Glen Avon for six years and works as a project manager for Far West Industries, a [real estate](#) investment and development firm.

Berkson said if he is elected, he will make customer service a priority -- something that he says is not being done at the district now.

"I've watched people who have gone to the board and they are getting the brush off," he said.

Bob Craig, 57, a retired firefighter/paramedic, has lived in the Pedley area for 25 years. He is co-director with his wife, Lynne, at Eddie Dee Smith Senior Center in Rubidoux.

Craig said that as co-director of the senior center, he has had the opportunity to discuss issues with seniors. The increased utility rates have been weighing heavily on them, Craig said.

"A lot of the seniors are on fixed incomes," Craig said. "We need to look at how we can alleviate the impact on them and on the rest of the community."

Jane Anderson, 66, who was elected to the board in 2007 to a short term while the board changed over to divisions, is running in Division 5. She has lived in Eastvale since 1999.

Anderson said she can understand people's concern about paying higher utility rates at a time of economic distress. But she said the board had no choice.

"There were periods of time where no rates had been raised for years," Anderson said. "There are sewer lines and water lines in the older parts of the district that are 40-plus years old. They need to be replaced. You have to raise rates to pay for this."

As for the sewer rate restructuring, Anderson said the board has heard the community and is looking at restructuring the rates "so they are more understandable and fair."

Umesh Shah, a former engineer with the Jurupa district, is challenging Anderson for her Division 5 seat. He has lived in Eastvale for four years. He is a civil engineer and works for Ear Engineering Construction and Support in Riverside.

Shah said he is running as a district "insider" who knows the workings of the district and knows how to rein in costs to benefit customers.

He said the board did not need to raise rates because it is sitting on healthy reserves and wastes money by hiring highly paid managers and consultants.

"I know how the district works," he said. "I can make it better. I can make it user-friendly."

*Reach Sandra Stokley at 951-368-9647 or [sstokley@PE.com](mailto:sstokley@PE.com)*

# The Miami Herald

Posted on Fri, Oct. 01, 2010

## California Democrats battle over water subsidies for farmers

Michael Doyle  
McClatchy Newspapers

WASHINGTON — California congressional Democrats are engaged in another of their periodic intramural fights over the state's water, this time involving the giant Westlands Water District.

Illustrating once more that regional loyalty trumps party labels when it comes to water, Rep. Jim Costa, D-Fresno, on Friday pledged "the fight of a lifetime" if some of his Democratic colleagues continued to criticize a proposed Westlands water deal.

In particular, Costa targeted Rep. George Miller, D-Concord. For years, Miller has criticized subsidized water deliveries to San Joaquin Valley farms.

"If he wants to pick a fight with an entire Valley population whose economy hinges on a fair share of water, we'll give him one," Costa declared.

Miller, in turn, is raising pointed questions about a Westlands proposal for a water swap with the Metropolitan Water District of Southern California. Joined by three other California Democrats, Miller last month wondered whether Westlands' proposed water exchange is inconsistent with the district's earlier dire warnings of a water shortage.

"Following Westlands' claims of significant hardship, many stakeholders and policymakers in California and Washington spent considerable time and energy this spring identifying additional water supplies for Westlands," Miller noted in a Sept. 15 letter.

Reps. John Garamendi, D-Walnut Creek, Mike Thompson, D-Napa, and Grace Napolitano, D-Santa Fe Springs, joined Miller's letter. It's a potent lineup. Miller and Thompson are particularly close allies of House Speaker Nancy Pelosi, and Napolitano chairs the House water and power subcommittee.

It's Miller, though, whose reputation resonates most among Costa's farm constituents. They still associate the Bay Area liberal with his co-authorship of the 1992 Central Valley Project Improvement Act, which diverted more water from farms to environmental protection.

This means publicly sparring with Miller could be politically advantageous for Costa, whose Republican opponent, Andy Vidak, argues that Valley Democrats "were not willing to stand up to their own party" on defending the region's water interests.

Miller, in turn, answers to urban Bay Area constituents who are skeptical of irrigation subsidies and what he termed Westlands' "political advocacy, press releases and court filings."

Though it builds on past conflicts, the latest water fight is rooted in this year's water allocations. The Interior Department initially announced Westlands would only get 5 percent of its contracted water supply. Following intense political pressure and other developments, that has since increased to 45 percent.

Westlands' farmers say they want to send the Metropolitan Water District about 80,000 acre-feet of water currently stored in San Luis Reservoir. In turn, the farmers will get access to a comparable amount of Southern California-owned water next year. Farmers have practiced such "rescheduling" of water for a number of years.

"It is often a necessity for obtaining financing from agricultural lenders," Los Banos-area farmer and Westlands board president Jean P. Sagouspe advised Miller. "One of the first questions a farmer on the Westside of the San Joaquin Valley will be asked by a banker is, 'What is your water supply?'"

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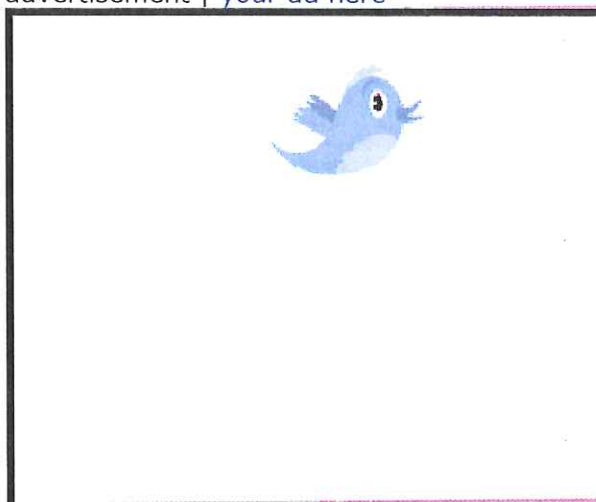
SFGate.com

## Cities key source of toxics in bay, study finds

Kelly Zito, Chronicle Staff Writer

Tuesday, October 5, 2010

Rainwater runoff from downtown sidewalks and suburban gardens dumps more toxic chemicals into San Francisco Bay than the large rivers that drain vast tracts of farmland in the Central Valley, according to a new study.



City dwellers are also responsible for one of the newest scourges in the bay - the ubiquitous plastic shopping bag.

In its annual report card on the bay, the San Francisco Estuary Institute found that heavy loads of mercury and PCBs are flowing into San Francisco, San Pablo and Suisun bays through the web of culverts and creeks that carry storm water from residential and industrial areas around the nine-county region.

Ten years ago, scientists believed that California's two largest rivers, the Sacramento and San Joaquin - which funnel most agricultural runoff from the Central Valley to the delta and San Francisco Bay - were the primary culprits.

But more advanced testing techniques show cities are the key source, according to Jay Davis, senior environmental scientist at the San Francisco Estuary Institute in Oakland. The volume of mercury flushed from the Central Valley may be half what had been estimated a decade ago.

"Historically, we thought (the Sacramento and San Joaquin) were the dominant inputs of contaminants in the bay, but our thinking has shifted," Davis said. "The tributaries from the urban landscapes are contributing more."

Higher levels of mercury are of particular concern, because when ingested by people and animals the heavy metal can cause a host of physical problems, including neurological damage. Tests of striped bass from the bay, a so-called "indicator species," show mercury levels at an average of 0.4 parts per million in 2009, Davis said, well above the 0.2 parts per million level considered safe for moderate consumption.

One of most mercury-laden waterways in the region remains the Guadalupe River, which flows from the Santa Cruz Mountains and the site of the now-defunct New Almaden Quicksilver Mining District, one of the largest historic mercury mining operations in North America. Various local agencies have partnered with one another with the intention of cutting mercury levels in the

Guadalupe, from controlling erosion along river banks to adding oxygen to local reservoirs. That process helps prevent mercury from converting to methylmercury, the chemical form most frequently eaten by and concentrated in fish.

Efforts are also under way to slash the most visible types of contamination: cigarette butts, Styrofoam packaging and plastic bags. Last year, the San Francisco Bay Regional Water Quality Control Board approved a measure requiring municipalities in Alameda, Contra Costa, San Mateo and Santa Clara and Solano counties to reduce the amount of trash in storm water runoff 40 percent by 2014.

"Without a question, trash has become one of our highest priority water quality concerns," said Tom Mumley, assistant executive officer at the water board. "It affects the creeks, the shoreline and contributes to ocean pollution. The public simply has to create less trash, and cities need to capture more of it."

E-mail Kelly Zito at [kzito@sfgate.com](mailto:kzito@sfgate.com).

<http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2010/10/05/BAPC1FO6QP.DTL>

This article appeared on page **C - 1** of the San Francisco Chronicle

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## O.C. man is new regional water chairman

October 12th, 2010, 5:05 pm · [1 Comment](#) · posted by [Pat Brennan, science, environment editor](#)



John V. Foley, new chairman of the Metropolitan Water District board. Photo courtesy Metropolitan Water District.

John V. Foley of Laguna Niguel was elected chairman of the [Metropolitan Water District](#) board Tuesday — a post he held once before in the 1990s.

Foley will be chairman of the region's water wholesaler, based in Los Angeles, which serves 19 million people in six counties, including Orange. Metropolitan provides about half the water used in its 5,200-square-mile service area.

"I think we've got a lot of division of interests that need to pull together," Foley said Tuesday. "We're in difficult times with water supply and meeting the demand, and we've got challenges with desalination and reclamation and recycling of water. And we're not out of drought, by any means."

His two-year term starts in January, and he succeeds Timothy F. Brick, Pasadena's representative, who has been chairman since 2005.

Foley, a retired U.S. Army colonel, has served in a variety of water agencies since the 1970s. He retired as general manager of Orange County's [Moulton-Niguel Water District](#) in 2008.

He was previously chairman of the Metropolitan board from 1993 to 1998, and the same 37-member board unanimously elected him to the post again Tuesday.

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