



CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Thursday, April 8, 2010

1:00 p.m. – Appropriative Pool Meeting

AT THE CHINO BASIN WATERMASTER OFFICES

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





CHINO BASIN WATERMASTER

Thursday, April 8, 2010

1:00 p.m. – Appropriative Pool Meeting

AGENDA PACKAGE



**CHINO BASIN WATERMASTER
APPROPRIATIVE POOL MEETING**

1:00 p.m. – April 8, 2010

*Mr. Mark Kinsey, Chair, Appropriative Pool
Mr. John Mura, Vice-Chair, Appropriative Pool*

At The Offices Of

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

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

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

A. MINUTES

1. Resubmitted Verbatim Minutes of the Joint Appropriative & Non-Agricultural Pool Meeting held February 4, 2010 *(Page 1)*
2. Minutes of the Appropriative Pool Meeting held March 4, 2010 *(Page 27)*
3. Minutes of the Special Appropriative Pool Meeting held March 25, 2010 *(Page 33)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of February 2010 *(Page 35)*
2. Watermaster Visa Check Detail for the month of February 2010 *(Page 39)*
3. Combining Schedule for the Period July 1, 2009 through February 28, 2010 *(Page 41)*
4. Treasurer's Report of Financial Affairs for the Period February 1, 2010 through February 28, 2010 *(Page 43)*
5. Budget vs. Actual July 2009 through February 2010 *(Page 45)*

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Jurupa Community Services District has agreed to purchase 1,200 acre-feet of water from Santa Ana River Water Company's annual production right, then any additional from storage. Date of Application: March 5, 2010 *(Page 47)*
2. **Consider Approval for Notice of Sale or Transfer** – Cucamonga Valley Water District has agreed to lease 2,500 acre-feet of water from the City of Pomona's net underproduction, if any, with the remainder from Pomona's local storage account. The water is to be placed in Cucamonga Valley Water District's Excess Carryover account. Date of Application: February 22, 2010 *(Page 57)*

3. **Consider Approval for Notice of Sale or Transfer** – Chino Basin Watermaster will purchase 5,085.000 acre-feet of water from the City of Chino. The transfer will be made first from Chino's net under-production in Fiscal Year 2009-10, with any remainder to be recaptured from storage. This transfer will solely offset Fontana Water Company's current Cumulative Unmet Replenishment Obligation (CURO). Date of Application: March 18, 2010 *(Page 67)*
4. **Consider Approval for Notice of Sale or Transfer** – Chino Basin Watermaster will purchase 5,000.000 acre-feet of water from the Cucamonga Valley Water District (CVWD). The transfer will be made from CVWD's storage account. This transfer will solely offset Fontana Water Company's current Cumulative Unmet Replenishment Obligation (CURO). Date of Application: March 18, 2010 *(Page 77)*
5. **Consider Approval for Notice of Sale or Transfer** – Chino Basin Watermaster will purchase 1,000.000 acre-feet of water from the Santa Ana River Water Company (SARWC). The transfer will be made first from SARWC's net under-production in Fiscal Year 2009-10, with any remainder to be recaptured from storage. Date of Application: March 3, 2010 *(Page 87)*
6. **Consider Approval for Notice of Sale or Transfer** – On March 31, 2010, Watermaster received Consolidated Water Transfer Forms 3, 4, and 5 with Praxair, Inc. as the Transferor and the City of Ontario (as an Overlying Non-Agricultural party) as Transferee in the amount of 426.446 acre-feet--a permanent transfer of all but one acre-foot of its share of safe yield. Also to be transferred are all of Praxair's post-June 30, 2007 stored, carry-over and unpumped groundwater. Date of Application: March 31, 2010 *(Page 97)*

II. BUSINESS ITEMS

A. **AGREEMENT TO FORM A TASK FORCE**

Discussion Regarding of Agreement to Form a Task Force to Conduct the Annual Emerging Constituents Characterization Program for the Santa Ana River Watershed (Emerging Constituents Program). No Action is Required for April. Staff Will Provide Further Report and Seek Guidance from the Watermaster Board *(Page 109)*

B. **AMENDMENT NO. 1 TO AGREEMENT TO FORM A TASK FORCE**

Discussion Regarding Approval of Amendment No. 1 to Form a Task Force to Conduct a Basin Monitoring Program for Nitrogen and Total Dissolved Solids in the Santa Ana River Watershed (Basin Monitoring Program). No Action is Required for April. Staff Will Provide Further Report and Seek Guidance from the Watermaster Board *(Page 127)*

III. REPORTS/UPDATES

A. **WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. Paragraph 31 Motion Update
2. Database and Record Management

C. **CEO/STAFF REPORT**

1. Legislative Update
2. Recharge Update
3. Regional Board Complaint
4. San Sevaine 5 Berm Improvements

IV. INFORMATION

1. Newspaper Articles *(Page 135)*

V. POOL MEMBER COMMENTS

VI. OTHER BUSINESS

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

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

VIII. FUTURE MEETINGS

Thursday, April 8, 2010	8:00 a.m.	Non-Agricultural Pool Mtg. @ CBWM/Conference Call
Thursday, April 8, 2010	9:00 a.m.	Agricultural Pool Meeting @ IEUA
Thursday, April 8, 2010	1:00 p.m.	Appropriative Meeting @ CBWM
Thursday, April 15, 2010	8:00 a.m.	IEUA DYY Meeting @ CBWM
Thursday, April 15, 2010	9:00 a.m.	Advisory Committee Meeting @ CBWM
Wednesday, April 21, 2010	9:00 a.m.	* RMP Half Day Workshop @ Rancho Central Park
Thursday, April 22, 2010	11:00 a.m.	Watermaster Board Meeting @ CBWM
Thursday, May 6, 2010	1:00 p.m.	Appropriative Meeting @ CBWM
Thursday, May 6, 2010	2:30 p.m.	Non-Agricultural Pool Meeting @ CBWM
Thursday, May 13, 2010	9:00 a.m.	Agricultural Pool Meeting @ IEUA
Wednesday May 19, 2010	9:00 a.m.	* RMP Half Day Workshop @ Rancho Central Park
Thursday, May 20, 2010	8:00 a.m.	IEUA DYY Meeting @ CBWM
Thursday, May 20, 2010	9:00 a.m.	Advisory Committee Meeting @ CBWM
Thursday, May 27, 2010	11:00 a.m.	Watermaster Board Meeting @ CBWM

*** Recharge Master Plan (RMP) Workshop from 9:00 a.m. to Noon at Rancho Central Park
11200 Base Line Road, Rancho Cucamonga**

Meeting Adjourn

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CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Resubmitted Joint Appropriative and Non-Agricultural Pool Meeting held on February 4, 2010
2. Appropriative Pool Meeting held on March 4, 2010
3. Special Appropriative Pool Meeting held on March 25, 2010



Draft *Verbatim* Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
February 4, 2010

The Annual Joint Appropriative and Non-Agricultural Pool Meeting were held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on February 4, 2010 at 1:00 p.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Mark Kinsey, Chair	Monte Vista Water District
Ken Jeske	City of Ontario
Robert DeLoach	Cucamonga Valley Water District
Josh Swift	Fontana Water Company
Robert Young	Fontana Union Water Company
Charles Moorrees	San Antonio Water Company
Raul Garibay	City of Pomona
John Mura	City of Chino Hills
Dave Crosley	City of Chino
Shaun Stone	City of Upland
Ben Lewis	Golden State Water Company
Tom Harder	Jurupa Community Services District

NON-AGRICULTURAL POOL MEMBERS PRESENT

Bob Bowcock	Vulcan Materials Company (Calmat Division)
Mohammed El-Amamy	City of Ontario
Brian Geye	Auto Club Speedway
Steve Arbelbide	California Steel Industries
Jorge Rosa	Southern California Edison
David Starnes	Swan Lake Mobile Home Park
Roger Han	Praxair

WATERMASTER BOARD MEMBERS PRESENT

Michael Camacho	Inland Empire Utilities Agency
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Watermaster Staff Present

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

Watermaster Consultants Present

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

Others Present

David DeJesus	Three Valleys Municipal Water District
Kevin Sage	Vulcan Materials Company
Dennis Poulsen	California Steel Industries
Allen Hubsch	Hogan & Hartson LLP
Marguerite Battersby	Sheppard Mullin Richter & Hampton LLP
Eunice Ulloa	Chino Basin Water Conservation District
Marty Zvirbulis	Cucamonga Valley Water District

Chair Kinsey called the Joint Appropriative and Non-Agricultural Pool Meeting to order at 1:00 p.m.

Mark Kinsey: Are there any changes or reordering to the agenda?

Ken Manning: Yes, Mr. Chairman item two B, we had anticipated we were going to receive the contract from Dr. Sunding prior to today's meeting as it is stated in the agenda. We have not received that as yet so I am asking that it be held over for next month.

Mark Kinsey: Okay

AGENDA - ADDITIONS/REORDER

Allen Hubsch: I also have a point of order. I would like to ask the chair of the Non-Ag Pool if there is a quorum present of the Non-Ag Pool.

Bob Bowcock: Yes, I believe that the Non-Agricultural Pool has a quorum.

Allen Hubsch: I would like the minutes to reflect there is a quorum of the Non-Ag Pool present.

Ken Manning: For the purposes of the meeting does it only take one?

Bob Bowcock: I think that is right.

Ken Manning: Okay.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Annual Non-Agricultural Pool Election Meeting held January 7, 2010
2. Minutes of the Annual Appropriative Pool Election Meeting held January 7, 2010
3. Minutes of the Annual Joint Appropriative & Non-Agricultural Pool Meeting held January 7, 2010
4. Minutes of the Special Non-Agricultural Pool Conference Call Meeting held January 18, 2010

B. FINANCIAL REPORTS

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

C. CHINO BASIN WATERMASTER ANNUAL AUDIT

Chino Basin Watermaster Annual Audit Performed by Mayer Hoffman McCann P.C.

*Appropriative Pool: Motion by DeLoach, second by Crosley, and by unanimous vote
Moved to approve Consent Calendar item A2, A3 through C, as presented*

Allen Hubsch: We also would like to take some things off the consent calendar and add some items. I would like to take IA3, IA4, and all of IB off the consent calendar. And we would like to add the following items. The first one is Non-Ag Pool information requests. Second is payment of fees of counsel and consultants. Third is transcript of January 18 hearing. Fourth is preservation of documents and electronic information. And fifth is transfer of the Non-Ag Pool stored water on the books of Watermaster. We would like that to be on the agenda for the Non-Ag Pool.

Ken Jeske: Right, I was going to say that, that's not pertinent to the Appropriative Pool meeting although, the Non-Ag Pool

Allen Hubsch: So perhaps it should be at the end.

Ken Jeske: So that would be that request and I take it it's coming from counsel of the Non-Ag Pool. Is that an official action yet or do you need the... I am trying... Well, we are used to a certain format of speakers up here so now we have a new person. I don't know, or I believe I know, who he represents, I am not sure everybody at this dais or in the room does. So it probably would be good to identify who is speaking, and on whose behalf, and if you need to take action maybe you need to make it very clear what pool agenda and then...

Bob Bowcock: Okay, we.....

Ken Jeske: And then it may be necessary just looking at the audience. I was just talking to some reps for one of the Non-Ag Pool members that it might be good to make sure we get a roll call of who is here and not here of the Non-Ag Pool.

Bob Bowcock: We can either do the roll call or I think everyone signed in with Sherri Lynne. It's whatever the group preference is.

Ken Jeske: I know since the request is for minutes and transcripts, I just want to make sure you know.

Bob Bowcock: Correct. Thank you.

Mark Kinsey: I would have one question: is that we follow provisions of the Brown Act and these are items being requested to be added and my understanding of the Brown Act is urgency items. Now is the Non-Ag Pool free to do that?

Allen Hubsch: These are all discussion items. They are not items that the pool will be asked to act on.

Members: Talking that can't be heard clearly enough to write down.

Bob Bowcock: And insomuch as for the record, um, the counsel verbalized the request, um, as the chairman of the Non-Ag Pool I will make that request as stated by counsel. That's it, it's official.

Mark Kinsey: Okay for the Appropriative Pool we have consent calendar items IA, B, and C – do I have a motion to approve.

*Appropriative Pool: Motion by DeLoach, second by Crosley, and by unanimous vote
Moved to approve Consent Calendar item A2, A3 through C, as presented*

Bob Bowcock: I think we are going to sort of a...

Ken Jeske: Now item 4A. When you said A, Mr. Chair, item 4 is not is not an Appropriative section item A4 so the Appropriative Pool did want...

Bob Bowcock: Yea, you got to remove my stuff from yours.

Ken Jeske: And the Appropriative committee part of it, which is what...

Bob Bowcock: Yes, right, yes. Now, my turn?

Mark Kinsey: Yea.

Bob Bowcock: Okay we are going to lob back and forth and hopefully we will get it right. Um, counsel has removed the items as stated, um and um, I will let him articulate his position on those.

Allen Hubsch: All right, with respect to the minutes of the Non-Ag Pool meeting on January 7th, ah, we have concern that the minutes are not accurate. We have asked for a tape recording, a copy of the tape recording of the January 7 meeting, ah, we understand that tape has been destroyed. Um, the share of the Appropriative committee just mentioned that the, um, this body is subject to the Brown Act. Ah, the Brown Act requires recordings be maintained for a minimum of 30 days before they are destroyed. Um, we would like some questions of staff regarding the destruction of that tape. We would like to know when that tape was destroyed.

Ken Manning: I am not sure. I will be honest; I do not know the exact date. It was as soon as the minutes were produced.

Allen Hubsch: And when were the minutes produced?

Ken Manning: I don't have that in front of me exactly.

Allen Hubsch: Who would know when the minutes were produced?

Ken Manning: I would have to consult with my administrative assistant. Although, I think she has provided some information. I do not have that information. I can get that to you.

Allen Hubsch: Is there somebody present who would know?

Ken Manning: My administrative assistant is the one who handles the minutes.

Allen Hubsch: And who's that?

Ken Manning: That would be Sherri Lynne Molino.

Allen Hubsch: Can we ask her?

Michael Fife: We would have to look into this. This is not a deposition. I mean, we will look into it and we will have an answer for you.

Ken Manning: We will get you an answer.

Allen Hubsch: We have been asking actually for a week now about that tape.

Robert DeLoach: You will get your answer; thank you staff.

Allen Hubsch: This is an item from the Non-Ag Pool.

Mark Kinsey: Yea.

Michael Fife: I will give you the same answer. You will get your answer.

Allen Hubsch: Can you tell me when we will get our answer?

Michael Fife: When we have the answer.

Allen Hubsch: How long does it take to get an answer like that?

Michael Fife: I don't know.

Allen Hubsch: Do you get a sense of our frustration in not getting answers to questions like this. Well, I recommend the minutes of the January 7 hearing not be approved based on the fact that, ah, the tape recording was destroyed in violation of the Brown Act. I'd also point out that Mr. Fife has sent me the document retention policy for Watermaster which states that tapes are destroyed after they are transcribed and, ah, is there a transcription available of that tape.

Ken Manning: Minutes are available, which Watermaster has, traditionally, going back as long as I can tell. We have interpreted the policy that was adopted in 1992, and practiced since 1992, and minutes approved by the Overlying Non-Ag Pool since 1992 have been for minutes. Not exact word for word transcription. That we interpret as a term that would be used in court. We interpret that term as minutes and that is the way it has always been at Watermaster – been traditional.

Allen Hubsch: Point out the word transcription in the document retention policy. The minutes. The tape was destroyed before the minutes were approved. The tape was destroyed without a transcript and the tape was destroyed earlier than 30 days after the meeting in violation of the Brown Act.

Michael Fife: The tape was destroyed following transcription. Following 17 years of Watermaster practice to which nobody in 17 years has complained. We followed normal and customary procedure. It's transcribed the way all meetings are transcribed and the tape was destroyed following transcription in the same way every tape for every meeting for 17 years has been done

Allen Hubsch: The fact that something's done wrong for 17 years is not an excuse. Ugh, either a violation of the law or of your own policy.

Ken Manning: Is that an editorial or a question?

Michael Fife: We are not here to be preached at.

Allen Hubsch: Right, but understand my client was preached at in the closed session and told that the Rules and Regulations of this body are essentially a court order.

Ken Manning: So you are divulging what went on in closed session.

Allen Hubsch: My client tells me that he said he would disclose that to his counsel and there is no objection to that during closed session.

Michael Fife: I don't have any recollection of that.

Ken Manning: I don't either.

Allen Hubsch: If the Rules and Regulations are in fact a court order they should be complied with and the Rules and Regulations require that Watermaster comply with the Brown Act.

Michael Fife: No, that's not true.

Allen Hubsch: The Rules and Regulations state that the Brown Act will be followed except as otherwise provided herein.

Ken Manning: Yes.

Michael Fife: And we have a Watermaster policy adopted in 1992 that tells us...

Allen Hubsch: And that policy is not inconsistent; that policy says that the tapes be destroyed after a transcription. The Brown Act...

Michael Fife: If the Non-Agricultural Pool would like to change Watermaster's policy then you should make a recommendation to the Board.

Allen Hubsch: We would like Watermaster to follow its policy, not change it.

Michael Fife: Watermaster's staff has followed the proper policy for 17 years.

Allen Hubsch: I would recommend that the minutes not be approved.

Bob Bowcock: Okay, the minutes are going to be unapproved by the Non-Agricultural Pool.

Ken Manning: That's fine.

Ken Jeske: Was that a vote?

Bob Bowcock: Would you like a vote?

Ken Jeske: I don't know. I am just curious how everything seems to be as far as I have heard following the strict rule of some type of rule of order. By keeping the minutes you should probably... At least when I chaired the committees and was working with a different chair of the Non-Ag we were pretty clear about following votes if there was more than one party present.

Bob Bowcock: Insomuch as the Non-Agricultural Pool is present in number I would call for a motion to, well, to not approve the minutes of January 7 – the Non-Ag portion. Well, the minutes in their entirety as the Non-Ag Pool.

Allen Hubsch: I believe separate minutes were prepared for the Non-Ag portion of the meeting. So the minutes of the Non-Ag Pool....

Bob Bowcock: Correct – correct. Ok if they choose. The motion was made by the Speedway. Call for a second. Second by Steve Arbelbide. All in favor from the Non-Agricultural Pool. The minutes are unapproved.

Non-Agricultural Pool: Motion by Geye, second by Arbelbide, and by majority vote, Ontario vote no

Moved to not approve Consent Calendar item A through B, as presented

Allen Hubsch: The minutes....the next item is the minutes of the Non-Ag Pool meeting on January 18th. I have requested that a transcript be prepared of the January 18th meeting minutes and I have not received a response. Staff did distribute on the table letters that I sent in the last few days to Watermaster staff and that's one of the requests that was made and I have not received a response.

Michael Fife: Let's get the sequence proper. You did not submit these in the last few days; we got them 48 hours ago. Watermaster's practice is that when a party asks for verbatim minutes – we prepare them. So we will prepare them.

Allen Hubsch: So I move then... so I recommend that we wait to hold that item until the next meeting after the transcript is prepared.

Bob Bowcock: Can I have a motion please. The same, second, Steve. The minutes of the 18th are also unapproved.

Non-Agricultural Pool: Motion by Geye, second by Arbelbide, and by majority vote, Ontario vote no

Moved to ask for verbatim minutes for item A1, as presented

Allen Hubsch: Item IB1 and IB5, in particular, of the IB items.

Ken Manning: Are there going to be a lot of questions on the finances, and if there is I am going to ask Sheri Rojo, my CFO, to come up here and sit at the podium so that we can have a more detailed conversation without her having to pop up and down with the microphone.

Allen Hubsch: That sounds fine. I don't know whether she's the person to answer the questions.

Ken Manning: I am certain she is.

Allen Hubsch: She might be. Alright, terrific.

Sheri Rojo: Starting with page 13 of the packet for questions?

Allen Hubsch: Well, I have some questions. I received an email response from Michael Fife yesterday which was not included in the package of correspondence that stated that the Watermaster's procedure for paying for all consultants including outside counsel is that a budget has to be submitted together with the request for payment and that payment is not made until the budget is approved and assessments are levied and collected. And we have some questions about IB1 which is the set of items being paid. Is the cash disbursement... Could you...hopefully this is easy. Can you tell me how many of these payments are for consultants including counsel?

Sheri Rojo: No, I can't. I would have to go through and add them up for you and get that information.

Allen Hubsch: I am not asking for the total amount just which names are consultants or outside counsel.

Sheri Rojo: Consultants or outside counsel and you want how many or you want which ones they are.

Allen Hubsch: Which ones.

Sheri Rojo: Park Place Computer Solutions is a consultant. Applied Computer Technologies is a consultant. I would have to look into Goldman Communications; I am not sure of that charge. James Johnston is a consultant. Brownstein, Hyatt, Farber & Schreck is an attorney. Rauch Communications is a consultant. Reid & Hellyer is an attorney. Black & Veatch Corporation is a consultant. Wildermuth Environmental Inc. is a consultant. And that's what I come up with.

Allen Hubsch: Are all of these consultants, fees, and cash disbursements in line with the budget that has been approved for them?

Sheri Rojo: Yes.

Allen Hubsch: There are no items that are over budget.

Sheri Rojo: No.

Allen Hubsch: On the Brownstein, Hyatt, Farber & Schreck invoice, how is that allocated? I only see one item on the budget. The approved budget is for in the amount of \$10,000.00 dollars. And yet that item appears to be over budget.

Sheri Rojo: Really! Let me take a look at my budget.

Allen Hubsch: It's item 6067 on the budget in the detail.

Sheri Rojo: Oh yea, that's for administrative purposes for general counsel. You need to look in the OBMP section of the budget; more specifically account 6907.3.

Allen Hubsch: And what's the difference between those two account numbers?

Sheri Rojo: One is for administrative legal consulting and one is for Watermaster Board requested work.

Allen Hubsch: And, um, administrative expenses are not Watermaster Board request work?

Sheri Rojo: They may or may not be. We budget.... I think what we normally put in there is if there is any staff issues or things that aren't related to regular engineering stuff.

Allen Hubsch: Well, let's take the \$41,458 dollar payment in December. How is that allocated between these two budget items?

Sheri Rojo: There's nothing in the 6067 account. None of that expense has been allocated to administrative legal.

Allen Hubsch: It's all been allocated to...

Sheri Rojo: 6907.3.

Allen Hubsch: Which is the management plan?

Sheri Rojo: Correct.

Allen Hubsch: So what is the \$10,000 in the administered in expenses for?

Sheri Rojo: The budget line item?

Allen Hubsch: Yea.

Sheri Rojo: As a placeholder in case we need any legal work done for administrative purposes.

Ken Manning: Mr. Chairman, and this is just a suggestion, is that the questions that are being asked are procedural and as a matter of fact we make it a common practice around here to educate people on how Watermaster works all the time. We just got done with a meeting with our new board member. I might suggest that you ask your attorney to make an appointment with us within the next few days. We will be glad to walk through these items with him; on the record or off.

Allen Hubsch: I would be happy to do that but I am getting the sense that we are not going to get the information so we are going through, unfortunately, the demonstration of asking the questions in public so there is no....

Ken Manning: This was just a suggestion.

Bob Bowcock: I intended to intercede as little as possible but for the benefit of the audience that is watching this unfold; there has been a series of emails that have probably led to this activity. Where counsel doesn't feel confident he's going to get the answers to the questions he's been posing because of the responses from counsel. So that's in line with why he is asking the questions the way he is asking the questions. I would encourage us to participate in that process; thank you Ken. And I need to go back and fix something when you are done.

Allen Hubsch: Okay. Um, well, I guess I would recommend not approving the budget or the disbursements on the grounds we need to follow up and get answers to our questions.

Bob Bowcock: Okay, what I will do then based on the recommendation of legal counsel is I will call for a motion not to approve item B1, 2, 3, 4, and 5 at this time until we can get the answers to the questions as they are appropriate and I will call for a motion. I have a first, second, second Mr. Arbelbide. And I will

now call all those in favor aye? Majority ayes. All those opposed? Mohammad El-Amamy, City of Ontario, opposed. Majority carries. The second thing I would like to do is go back and fix what I did before insomuch as this is a new format. I kind of glossed over the last two votes and for that I apologize and will allow Sherri Lynne to correct them. Earlier we had a first and second motion on not approving the minutes of the 7th of January. I won't call for a motion and a second again; however, I would like to reflect a proper count of the vote. I offered those to say aye and many did and those opposed? Mohammad El-Amamy, City of Ontario, opposed. City of Ontario is on record as opposed. Any abstentions? I have no abstentions. And I need to go back and fix the same thing item IA4 the minutes of the January 18th, those were recommended not to be approved by virtue of the fact that the transcript is yet to be prepared. With that I called for a motion and I received a second. A vote was taken; however, I did not allow for the opportunity for no's or abstentions. All those in favor were aye. Opposed? Mohammad El-Amamy, City of Ontario, opposed. Ontario is on record as opposing. Any abstentions? There are no abstentions. Thank you for allowing me to make that correction. That brings us to item IC. Did we pull that?

Allen Hubsch: No.

Bob Bowcock: We did not pull IC so I will turn it back over to my co-chair and allow him to call the remaining items on the consent calendar.

Mark Kinsey: Well, the Appropriative Pool took action with the exception of IA1 and IA4.

Bob Bowcock: Okay, so they are my things, okay. Then the Appropriative Pool will come back in and I will call for a motion on the rest of the consent calendar. We will go with the same first and the same second, all those in favor aye – opposed, none – abstentions, none.

*Non-Agricultural Pool: Motion by Geye, second by Arbelbide, and by unanimous vote
Moved to approve Consent Calendar item C, as presented*

II. BUSINESS ITEM

A. CHINO BASIN WATERMASTER DRAFT POLICY MANUAL

Mark Kinsey: Okay, business item IIA.

Ken Manning: Yea, Mr. Chairman, Watermaster as you know we have made reports back to the Pools, Advisory Committee, and the Board over a number of months now. Watermaster has in its process of trying to streamline the organization and get the documents into one sequence of events and a sequence that allows us to make this organization as efficient as possible and has tried to put together a draft policy manual. As I had mentioned in the staff report, at the same time a group of Appropriators were discussing issues of Watermaster governance. Both of those committees – both the Watermaster staff committee and the Watermaster Appropriator subcommittee on governance ended up merging their products together into this one document that we refer to as the Policy Manual. What we are attempting to do here and Sheri is going to give you a little presentation on it as a summary. We are not inventing anything; what we are trying to put into one folder all of the series of documents that make up what Watermaster does. And with that I am going to turn it over to Sheri and she is going to go through the documents, the PowerPoint presentation that we gave at the workshop on this document and then we can answer questions and talk a little bit more about it.

Sheri Rojo: Thank you. As just a follow up, we had our policy manual workshop January 25th; the policy manual is in your package as a rough draft. I have to tell you I started in 2003, drafting a policy manual but I realized it was a really monstrous task and put it on the shelf and kept dusting it for several years until now when we dusted it off and brought it forward again. To make the policy manual a little bit more manageable, what we did was we broke it down into four sections. The sections are made to be added to over time. The first section deals with purpose of the organization. The second is the governance structure and policies. The third is CEO and office staff policies. The fourth one is financial policies. We have already identified several policies that we would like to add to the manual. And even another chapter that we would like to add as well. So, like, for water transactions type of policies and basic water policies

we have here and how we operate. Now the policy manual's design is a rough draft. It's designed in sections and in pieces, so each policy is a standalone document. So it can be removed, updated, revised, and put back in. And then it is an open ended document to where we can just keep adding policies to that and then staff would also add into it procedures as well as the policy. Now the policies that you have in the document are listed in a table of contents in the front part of it; listed by policy number on page 57 of the document. Now what's important to note is that none of the policies are new in the manual, that the only new policies are the ethics policy to comply with the AB1234 requirement and then we did come up with a surplus policy; we didn't really have one for our old assets. And then some administrative or procedural changes; most notably I think on the minutes will reflect who's actually absent instead of just listing the people who are here. So that was pretty much it as far as new policies. And then all the rest of the documents pretty much articulate what we are already doing and why. We have identified a couple of things that we would like to update internally so as far as there is a document for budgets and it says according to the Judgment, the Judgment reads that we will bring a budget to the Advisory Committee in March and we usually do that in May. It's in the policy now but that is something we would like to bring forward and change in the future. Several members of the Pools and all the different Pools have had a chance to look at the policy manual and several people did show up at the workshop and provided some comment. There has been a couple of comments subsequent to the workshop that deal mostly with some typo's types of things and sometimes we refer to confidential session and sometimes it's a closed session, so for consistency purposes we will go through the document and update that. But the policy manual is in the package for your consideration and comment. And with that I would be happy to entertain any questions.

Mark Kinsey: I would open it up for any discussions from the Appropriative Pool members.

Ken Jeske: Mr. Chair, this effort although started quite some time ago by staff really generated out of discussions. They came up at this level primarily spearheaded by your agency, Monte Vista Water District and Chino Hills on the topic of governance. The Appropriators had a series of meetings on governance and the five year review period. And out of those discussions, determined that having proper protocol policy and procedures, it could fit the needs of doing that review and with that in mind then a draft document was produced, updated by a group of parties to include all of their concerns. I myself even went to couple of Ag Pool meetings and listened to their advice and input. Their Pool and the Non-Agricultural Pool both selected a person to review and provide input into it and that was done. And then it came back to the workshop that was held a week or two ago.

Ken Manning: Yes.

Ken Jeske: Which then puts this document in front of us with the hope that it not only provides good direction for the committees, the Board, and staff to follow, but also good direction on the governance issue that was initially raised five or ten years ago by Ontario and Cucamonga and then re-raised by two other parties. And I think we need to acknowledge also the effort that Doug LaBelle and the City of Chino Hills put in into coordinating a lot of the meetings in getting a lot of the things put together in this. At the workshop it was discussed that we should have an input meeting; schedule the first half of the document which was sections one, two, and three.

Ken Manning: Staff is only recommending one and two. But that's up to discussion.

Ken Jeske: One and two for the first meeting and then three and four for the second meeting. It probably depends on how those discussions go to do it in two parts. Because it was fairly thoroughly gone through so with that it is kind of the framework for doing this. I don't know if the Non-Ag Pool had any further comments. It seems to me there is one thing that I looked at this just in hearing the earlier conversations and that would be in policy 2.8 and in policy 4.15 there is a couple of sections there that deal with tapes and the retention of tapes. At the workshop it was recommended to go with the wording you had before you, that may not be the best way to handle it. It may be better to have a defined period of time in which the tapes are retained; now such as 30 or 60 days at which time they could then be destroyed after minutes are produced and it may be important to clarify the wording. If you intend to transcribe or even to

do minutes, those are two different things; by word but maybe not by practice for 17 years. So that's probably one item that we would as staff to take a look at before it came back.

Ken Manning: Mr. Jeske is correct and there are a number of... that's not the only place where Watermaster in going through this process and some of the parties have pointed out there are some inconsistencies with what is actually something that should occur and staff doesn't disagree with that. It just would be improper for staff to make a judgment about changing policy without having that process go through, so we listed what we have, but I will be the first one to tell you that staff would very much recommend that in the future would change that policy to 30 or 60 days. No problem with that, it is just policy today.

Mark Kinsey: Is there any other questions from any other Appropriative Pool members? What's the pleasure of the group? Is it to take action to adopt the format as well as section one and two or is it just to provide another opportunity for comment and... Dave.

Dave Crosley: Mr. Chairman, I suggest that any action that we contemplate taken today would be limited to format only and that the specific sections of the document come back for consideration and possible action at future meetings.

Robert DeLoach: What are you describing as format Dave?

Dave Crosley: Well...appearance, layout, and numbering.

Robert DeLoach: Okay, I will second that.

Mark Kinsey: I hear a motion and a second to approve only in format. Any Appropriative Pool members opposed? Motion passes unanimously.

*Appropriative Pool: Motion by Crosley, second by DeLoach, and by unanimous vote
Moved to approve the Policy Manual only in format, as presented*

Bob Bowcock: Okay, so that I am clear. We are approving format and I will start out by saying there is a tremendous amount of effort that has gone into this document. Thank you, Ken Jeske for heading that up; we all participated. In light of the fact that, that so many of the rules and regulations and policies and procedures are presently being called into question; it is going to be prudent that we go back and look at some of these things. And I think that is fine and if today we are just approving it as to format, I like the format – I like the way it's laid out and it makes it a whole lot easier for us to delve into. So if that's what we are doing, I would make a recommendation to my committee and then see a motion that we join you in approval of the format so that we have something to work on over the next couple of months so that we get it to be a document that we can all live with. So with that I will seek a motion – okay the same motion maker, my consistent second, thank you sir, all those in favor aye. Any opposed, none and any abstentions, none. Thank you.

*Non-Agricultural Pool: Motion by Geye, second by Arbelbide, and by unanimous vote
Moved to approve Consent Calendar item C, as presented*

B. DR. DAVID SUNDING CONTRACT

NOTE: This item was pulled from the agenda.

Mark Kinsey: Okay, we previously removed Business Item IIB so we are now down to Reports & Updates legal counsel.

Bob Bowcock: Staff, excuse me, would you like to take business items that we added to our agenda at this time or in a different... to me it would appear that this is where you would probably like to see them or would you like to do them....

Ken Manning: That is something between the two chairmen to work out the sequence of events.

Bob Bowcock: They are business items we added to our agenda.

Robert DeLoach: You stated them but I am not sure you took a motion and a second to add them.

Bob Bowcock: I can go back and fix it.

Mark Kinsey: I believe that legal counsel said they would be discussion items really not business items.

Bob Bowcock: We would like to discuss them. I would like to take advantage of the full audience of Non-Ag Pool members while they are here.

Mark Kinsey: As you wish Bob.

Bob Bowcock: Okay, thank you very much. We will go ahead and hopefully we can help Sherri Lynne numerically or what was our quantity because I am going to add them to our agenda as C, D, E, were there five?

Allen Hubsch: Five.

Bob Bowcock: There are five but to start with C and go chronologically from C.

Somebody: That's up to you guys.

Bob Bowcock: Again, thank you.

Allen Hubsch: The first item is Non-Ag Pool information requests and these are requests that were made February 2nd by a letter from me to Scott Slater. I would like to find out the status of some of these items; whether they exist and whether we are likely to see them. The first is the Rules and Regulations of the Non-Agricultural Pool Committee and the Rules and Regulations of the Appropriative Pool Committee. Do they exist?

Michael Fife: Yea, obviously.

Allen Hubsch: And where are they, because we have been asking for them for close to two weeks verbally; which led us to think we needed to put it in writing.

Michael Fife: Okay, I don't recall a request two weeks ago. I think a request was made by CSI's attorney and she got them within 24 hours. I have not had a request from you but we did have a request, as you said two days ago, and we are gathering the information you requested.

Allen Hubsch: Did you get the Non-Ag Pool Committee Rules and Regulations.

Marguerite Battersby: The Non-Ag Pool. That is all I asked for.

Ken Manning: We have never a request for Appropriative Pool rules and regs.

Allen Hubsch: Okay. Um, well then I will get them from Peg that's fine, thank you, the Non-Ag and the Appropriative Pool Committee Rules and Regulations? They exist?

Michael Fife: Yes, they exist.

Allen Hubsch: So, we can presumably, can get them – they are readily accessible?

Michael Fife: Sure.

Ken Manning: In fact they are online, I think.

Robert DeLoach: They are online.

Allen Hubsch: Can you tell me where?

Michael Fife: As are just about everything you have asked for actually.

Allen Hubsch: I have looked but I grant you there is a lot there.

Ken Manning: We will help you maneuver through it when you come in. That is no problem.

Allen Hubsch: Okay. Transcripts of meetings of the Board and Committee – actual transcripts prepared pursuant to the records retention policy. Are there any?

Michael Fife: Yes, and as I have told you, they are all online. You can get them anytime you want. You have asked staff to produce them for you so that you don't have to go online and we are doing that.

Allen Hubsch: That's transcripts of Board meetings?

Michael Fife: All minutes of all meetings – all approved are online.

Allen Hubsch: All approved:

Michael Fife: All approved.

Allen Hubsch: There is a distinct difference between a transcript and a minute. A minute is a summary. I could read you a sentence from a transcript of you speaking to the judge in this matter in which you describe to him that you arrange for transcripts of the court hearings. When you were talking to the judge you seemed to understand what the word transcript means. When you are talking to me, you apparently think that a transcript means a minute – a summary.

Michael Fife: I guess I am not as educated as you. We prepare minutes according to policy.

Allen Hubsch: Okay.

Michael Fife: You have been told that many times.

Allen Hubsch: I'll take that, that there are no transcripts. Um, I have asked for transcripts of court hearings. There are, I admit, transcripts of court hearings on the website but only back to April of 2009 and I would like them back to the Peace II Agreement discussions. And since the December 11, 2009, transcript has you stating that your firm arranges for the preparation of the transcripts, I assume they are readily available?

Michael Fife: Yes, and we are gathering all of them for you.

Allen Hubsch: We have also asked for all invoices from your firm and I assume those are readily available either from your firm or from staff?

Michael Fife: We are considering that request. There are attorney client privilege issues and we will get back to you on it.

Allen Hubsch: And who is the holder of the privilege?

Michael Fife: Our client.

Allen Hubsch: And who is the client?

Michael Fife: The Chino Basin Watermaster.

Allen Hubsch: Okay, well I submit that we are a Pool committee of the Chino Basin Watermaster pursuant to the Judgment and we would like to find out what your position is reasonably quickly on that. We asked for a copy of....

Ken Manning: Are you reading from just the letter you sent.

Allen Hubsch: Yes.

Ken Manning: I just want it noted we have put that letter out for the audience if you want to follow along.

Allen Hubsch: We asked for a copy of the notice that staff says was given of the August 27, 2009, Board meeting from the senders email so we can see who that was sent to. I assume that email still exists?

Michael Fife: The notice – you want our service list?

Allen Hubsch: No, we want to see the email that was sent. We understand that staff claims that notice was given to an email with respect to the August 27, 2009, agenda and that staff sends it read receipts. That staff retains the read receipts and we would like to see who that email was sent to; specifically the people as well as their email addresses to see the read receipts.

Michael Fife: It is sent to the service list. The service list we will...

Allen Hubsch: I don't need an explanation – we want to see the email.

Michael Fife: Okay, if I can't give you an explanation, your request is being considered.

Allen Hubsch: We also asked for copies of the consensus pursuant to which members of the Non-Ag Pool agreed to receive notice by email or a court order pursuant to which Watermaster staff was authorized to give notices by a court order or by email. I assume you are looking at that as well?

Michael Fife: Yes.

Ken Manning: I just want to assure you that Watermaster is going to produce all that stuff for you. The Overlying Non-Ag Pool is an agency or group that we deal with just like we deal with anybody here at Watermaster and so I appreciate your reaffirmation of the request; but Watermaster is going through all of that stuff and I will tell you quite a bit of that is online and we will help you maneuver through that site.

Allen Hubsch: That would be great.

Ken Manning: And you can pull down what you want; but we are producing that information. Just 48 hours was a little too quick to get it to you today.

Allen Hubsch: I understand that perhaps some of it would take longer and I am not sure why, considering how readily available some of it should be; why none of it could be provided. Or none of it could be provided.

Michael Fife: 48 hours and it was not even 48 hours, we got mid-afternoon on Tuesday and this is mid-afternoon on Thursday. Staff has jobs – they have things to do.

Allen Hubsch: I understand.

Micahel Fife: 48 hours is unreasonable to expect this much information. You will get it.

Allen Hubsch: Alright, looking forward to that. Thank you. Unless you have anything else on that item, I would go to the next one.

Bob Bowcock: Please.

Allen Hubsch: The next item is payments of fees of counsel and consultants. And, Mr. Fife, in response to the letter that I sent informing you that our firm had been retained as counsel by the Non-Ag Pool Committee and was looking for its fees to be paid in the same manner as the Ag Pool counsel and Watermaster counsel. You sent back a response that does not seem to be consistent with the way in which the way the fees of the Ag Pool counsel or Watermaster counsel are paid. You suggested that, among other things, the Non-Ag Pool should pay its own fees; it's our understanding that the Ag Pool is not paying all of the fees of its counsel. In fact, that the Non-Ag Pool and the Appropriative Pool are paying the lion's share collectively of the Ag Pool counsel fees. Am I mistaken about that?

Michael Fife: Only to the extent that I believe that the Non-Ag Pool and the Appropriative Pool pay all of the Ag Pool's legal fees.

Allen Hubsch: Well that would be even more than a lion's share wouldn't it?

Several people talking at the same time.

Ken Jeske: I am not sure how you are doing the accounting but the Ag Pool's attorney should be accounted for in the Ag Pool's financial statements and the Non-Ag Pool should be accounted for in the Non-Ag Pool's financial statements. The Appropriative Pool, if they were to hire consultants such as the one that was just postponed to next month (Dr. Sunding), should be shown in the financial statements for the Appropriative Pool. Now there is an agreement called the Peace I Agreement which provides that certain expenses of the Agricultural Pool are paid by the Appropriative Pool but the accounting methods should be similar. There is not that agreement between the Non-Ag Pool and the Agricultural Pool or the Appropriative Pool to pay Non-Ag Pool expenses.

Robert DeLoach: In fact the agreement the Appropriative Pool has with the Ag Pool is approved by the court.

Ken Manning: Right.

Ken Jeske: That's true, and as I say that, keep in mind that I represent Ontario and they are a higher percentage of the Non-Ag Pool than they are in the Appropriative Pool. So as I am listening to this, I guess my recommendation is that we be consistent in the accounting methods.

Ken Manning: Just to make it clear, the response that counsel gave to the attorney for the Overlying Non-Ag Pool, Allen Hubsch, was...he had responded with the policy that Watermaster has for the development of a category, a budget category and budget transfers, and delineated in order for Watermaster to make payment we would need first of all a budget adopted by the Overlying Non-Ag Pool party that outlines to Watermaster how much money it is that we would provide in a special assessment to the Overlying Non-Ag Pool parties, then we would assess those parties and then we would effectuate a budget amendment that would create both an income stream and an expense category within the budget. And then, and only then, would we authorize to make payment. So that is the process we follow that was adopted by Watermaster a couple years that I recall. Sheri wasn't it?

Sheri Rojo: It was last year.

Ken Manning: Early last year.

Allen Hubsch: Well I think our, um, primary concern is consistency. It appears that the Non-Ag Pool for several years has been paying a.... Well, let's put it this way, the Ag Pool's legal fees have been put into the budget and then spread out among all those paying assessments on a volume basis. And so the Non-Ag Pool has been paying the Ag Pool's counsel fees for years and I guess...you know I am not familiar

with all the facts, but it sounds like that was something that was not part of an agreement so it must be just a policy. Because it was only the Appropriative Pool that had agreed to pay those fees. We are asking now to have a treatment that is consistent with the Ag Pool and have our fees included in the budget and assessed on a volume basis.

Michael Fife: To the Appropriative Pool?

Allen Hubsch: Let me ask you this. They, I assume if we, um...seek court review.

Ken Jeske: I think the Appropriative Pool would be willing to enter into negotiations with the Non-Agricultural Pool. Everybody's aware the agreement between the Appropriative Pool and the Agricultural Pool was a two party agreement, and there were gives to the other pool with both regard. So if the Non-Ag Pool wants to enter into negotiations as to what they want to give up in exchange for paying their legal fees that would be up to the committee. And what I am hearing is that they are very open for that discussion. Otherwise, since we are in joint meeting, my suggestion to the Non-Ag Pool would be if they wanted to agendize this for their next meeting or add it to the agenda to talk about how they assess and pay and change their budget and pay the legal fees to the counsel that they asked in a special meeting to represent them. That would be the appropriate way to move forward and keep it within the pool. If you want to try to do an agreement like Peace III between the two Pools, I with all due respect counsel, you probably want to get paid soon. So I would suggest you keep it within the pool and then allow any other discussion to follow and then that way it would be much prompter for your contract and for your payment.

Allen Hubsch: I appreciate that and I've nothing against negotiation. I would say you know what we hear sitting here as the Non-Ag Pool is we get whipped sod both ways. Though the fact the transcripts haven't been prepared for 17 years is precedent. The fact that the Ag Pool's been paid by the Non-Ag Pool for years is not. We not only have to pay the Non-Ag Pool...I'm sorry...our pool not only has to pay the Ag Pool's fees, we have to pay our own. Then presumably when we seek court review...

Ken Jeske: I don't want to argue.

Allen Hubsch: Oh I'm not arguing with you, I'm...

Ken Jeske: It's part of an agreement. It's completely separate from the other issue on procedure precedents on minutes and transcripts. You guys can argue that out but...

Allen Hubsch: Right.

Ken Jeske: But if you want to start talking about payments between pools, as a party that's in both pools, and been around for a while, we know that takes a lot of discussion. I think if you consult with your clients' chair, he can advise you along those regards.

Allen Hubsch: Mr. Chairman, to just point out clarification, if I recall this is just a discussion item and we are not a...

Bob Bowcock: Yea, right we are not taking any action at this time no. I think that counsel is attempting to achieve consistency. It is the consensus of the Non-Ag Pool that we have not been receiving consistency in application of the policy and so as painful as this process seems, it's to seek consistency. So with that I will ask that and we are probably going to debate whether we meet consistently together on a go forward basis at a later time on this agenda. For right now we are meeting together and, you know, we are going to hear these as information items. It will be an item on the next agenda of the Non-Ag Pool.

Allen Hubsch: You ready to move on.

Bob Bowcock: Yep.

Allen Hubsch: Okay, the next item. The transcript of the January 18, hearing, I think we already discussed that in another context. We would like to get a transcript of that hearing. And we understand that it will be forthcoming. Preservation of documents and electronic information; we are preparing a what's called a litigation hold letter that will we will be transmitting shortly. There has been various oral requests for the preservation of various things like tapes and that have been expressed by various people, including Peg, and the chairman and other members of the pool; we are basically going to give you a blanket letter that says we would like you preserve everything including electronic information and to the extent that, that requires imaging of computers we are going to ask that you do that. Also we are concerned particularly because of the destruction of the January 7, tape that you will be following what you perceive to be your document destruction policy and not following and not preserving information for um...

Ken Manning: I am confused; are you asking me to follow policy or to do what you have asked?

Allen Hubsch: The law requires that once you are on notice of a controversy, that you stop following your document retention policy and you start preserving documents and electronic information. And we think we have given you adequate notice of the existence of a controversy and in fact, various people have expressed desire for you to start preserving information. We are working on a letter, unfortunately, we couldn't get it out in time but we will get it to you shortly. But this is, um, considered sort of a formal request that you preserve all electronic information and other documents. You are a special master of the court, you have a special duty to maintain information, a you are arguably a local agency and subject to the Brown Act, which also imposes duties – statutory duties for which there are substantial penalties for violation and. in addition, you know there is a dispute pending. So we would ask that...you will be getting a letter shortly but we want to go on record for everybody to hear that we are insisting on the maintenance and preservation of information.

Bob Bowcock: Specific, Sheri, oh do you need to be recognized?

Sheri Rojo: Yes, may I speak? Just to go back and clarify on page 17 of the package there's a notation in here where the Ag Pool expenses are listed and then they are shifted over to just the Appropriative Pool. So I want you to know that the Appropriative Pool is picking up the expenses of the Ag Pool.

Ken Manning: Yes, not the Non-Ag Pool.

Sheri Rojo: Yes, it is not split – someone said that.

Bob Bowcock: Okay, um, on the item that he has just concluded before we move onto the next item. For the benefit of the audience both by...because I know the Non-Ag Pool members that participated in the call on January 18th, have expressed this concern for those of you who that were, um, on that call and for those of you who missed it and then for the benefit of the Appropriators that are present. In that call, because some of the Appropriators participated in the call on the 18th; one of the members of the Non-Ag Pool, it was not myself, another gentlemen requested that the tapes be preserved that were in possession at that time and that was at 9:00 a.m. on January 18th. I followed up with an email requesting in writing at approximately 11:00 a.m. the same day. So the concern is, was the tape destroyed after the request of January 18th, and frankly it's a very serious matter for the Non-Ag Pool and of great concern. And it is a collective because they've all asked that I go on record about that specifically so, I would like to do that at this time.

Allen Hubsch: The next item is the transfer of the June 30, 2007 stored water which is the water that is at issue in the controversy that exists. We have been told verbally that that water has been moved out of the accounts of the Non-Ag Pool members but we have not seen any documentation of that. Um we don't know whether if it's true or not. We are also concerned because we have a period of time of which to bring an action to challenge or seek a court review of actions taken by the Watermaster, and yet we don't know exactly what action has been taken because we've only been told verbally what has happened. We would like to know what has happened to that water, when it was moved, whose account it's in?

Sheri Rojo: If I may, Mr. Chairman....

Bob Bowcock: This is my part.

Sheri Rojo: Okay, Mr. Chairman, each of the checks that were sent to the Non-Ag Pool parties included a reconciliation of what their balance is at the time and what their beginning balance will be on the next Assessment Package so that showed them what their storage account balance as of current. Just to let you know.

Bob Bowcock: When an Appropriator leases from one Appropriator to another Appropriator, when water is assigned from a Non-Ag Pool member to its purveyor its noticed in a, I don't know how many years we say we have been doing it for 19 years that way, in the Watermaster agenda packet. And I believe it's the question of the Non-Ag Pool when was that particular notice of transfer effective?

Mark Kinsey: It was negotiated in Peace II and that's the transfer, the provision, and the process was negotiated in Peace II. So if it's expected to be done like routine transfers that weren't subject to agreements but are...

Allen Hubsch: There were other agreements subject...

Mark Kinsey: If I buy water from Cucamonga, we do a deal, it goes through the process.

Bob Bowcock: There were other transfers associated with Peace II, that when they were...when they actually occurred were noticed just like that.

Allen Hubsch: Yea, our issue is we don't know where that water is, um, who's account it's in, when it happened, we have just been told that the water is no longer in the accounts of the Non-Ag Pool.

Ken Manning: Correct, and Watermaster will provide you with an explanation of the transfer policy. I think Mr. Kinsey just did a good job of providing some of that information, in terms of the way that Watermaster does its transactions. When a transaction, traditionally, when Watermaster feels a transaction was done behind closed doors or between agencies, then we will put that transaction in the agenda and it will be noticed amongst all the parties. When a transaction is done in the daylight and everybody sees it and everybody knows it, there is no need to do that and so in our estimation as staff when we feel that there needs to be provided open and transparent notice, we will provide it, when it doesn't because it's in the form of a court order, we do not. I will provide you a better explanation in writing when I get a chance to write it out, but that is in essence what it is.

Allen Hubsch: Well, that may be the policy but we are still left wondering when did it happen and whose account is it in.

Ken Manning: I will have to get back with you because I don't know...to say it was midnight on a certain day; I'll get back to you with it.

Bob Bowcock: Anything else? Next item or does that conclude?

Allen Hubsch: I would like to return to one item which was the transcripts. We've asked for information about this January 7th tape and we would like the opportunity immediately following this meeting to inspect the computer on which the minutes for the January 7th meeting were prepared.

Ken Manning: You can make that request in writing and we would be glad to accept it.

Allen Hubsch: No, we want to see it immediately following this meeting so there is no chance for destruction.

Michael Fife: Not a chance.

Ken Manning: You can submit that request in writing and we will deal with it.

Allen Hubsch: And I would object to that and I would again suggest that the images of the relevant computer...the computer should be immediately imaged so that there can be no destruction.

Ken Manning: I have asked staff not to change anything on their computers or delete anything on their computers. It is as it was but I am not having you go through their computers. You can submit it but following this meeting you are not going to have that opportunity.

Allen Hubsch: You are going to do more than ask staff not to delete documents.

Ken Manning: I don't have to do...

Allen Hubsch: You have a legal duty once you are aware of the existence of controversy to take action to preserve information including electronically stored information.

Ken Manning: I appreciate that, that's your opinion.

Allen Hubsch: You are on notice.

Ken Manning: Solely duly noted.

Bob Bowcock: Okay I would turn it back to you for item number III.

Mark Kinsey: Okay, I would ask in the effort of being efficient that you keep the next reports or updates both legal counsel, engineering, and staff at a minimum amount necessary.

Ken Manning: We will do that expeditiously.

Mark Kinsey: These are things that will be talked about or seeing in the future so let's keep it very brief.

Ken Manning: We will do that.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana Critical Habitat Comment Letter

Michael Fife: So two items critical habitat comment letter; they are due Monday. We are preparing a letter. We have gotten a little bit behind because there have been other waiting matters to address. But we will have a comment letter out. We had previously told you we along with Western MUNI and Riverside asked for an extension; Fish and Wildlife did not grant the extension so comment letters are due Monday. We have seen a draft of the MUNI Western/Riverside letter and we are teeing off of that. We have also put in a request for a hearing. The other item Chino Airport...

2. Chino Airport

Michael Fife: Just to let you know, we are continuing negotiations with the county over the remediation of the plume. We have sent a RCRA Notice of Intent to sue; this was done cooperatively with the county in order to help them deal with their insurance companies. The settlement discussions are very productive and we hope to have something concrete and satisfactory to report to you soon. I am happy to answer any questions.

Mark Kinsey: Any questions? Engineering report?

B. ENGINEERING REPORT

1. Recharge Master Plan Progress Report

Ken Manning: Mark, I have asked him to make a very brief report on progress.

Mark Kinsey: Is this something we are going to see at the Advisory Committee meeting?

Ken Manning: This is just a verbal; this is not a presentation.

Mark Wildermuth: Good afternoon. Let's talk about water for a moment. The Recharge Master Plan is progressing. There is a lot of fundamental engineering work being done now; it's not hydrology, its pipelines, excavation, as we are working all those costs out. What we expect to do is in March, following a board meeting, is to have a final workshop in preparation of the draft report and we are going to present all the financial information regarding this project. Come back and tell you what their yield is, what they cost, and what they cost per acre-foot and again that project requires authorization staff.... We intended to deliver the draft report on April 1st for everyone to take a look at. We expect to do two workshops, one in April and one in May which will not be like the kind we have had which have been more to inform you on technical progress and interim results but more to discuss the whole Recharge Master Plan in one piece. So we can have two months of discussion and then we will be finalizing it, we think, after the main workshop so it can be approved, filed, or whatever Watermaster's process step is before it gets to the court before the end of June. With that I will take any questions.

Mark Kinsey: Any questions of Mark? We are looking forward to seeing it. Mr. Manning.

C. CEO/STAFF REPORT

1. Legislative Update

Ken Manning: I will forgo the legislative update. Very simply...no money!

2. Recharge Update

Ken Manning: Recharge update you have on the back table; well, hopefully you grabbed it. You notice that November and December were both very good months for recharge both in the area of storm water and recycled water. And so are the storms that were supposed to be hitting this last week were not... did not pan out but January I expect is going to be a very good month as well; so just a heads up on that. We have been doing a very good job on that and I want to again thank IEUA, our staff, county, and Conservation District for a great job for getting water into the ground.

3. GAMA Report

Ken Manning: GAMA Report; I had mentioned at the last board meeting that I had just received a copy, I don't have it with me, but the GAMA Report that we had originally talked to you about a couple of years ago that was done by the USGS is now out on the street and I put out on the back table for you, a Watermaster summary of all the findings in there. In essence, there was not anything startling in there, there wasn't anything that we did not know, there wasn't anything in there that we should be alarmed about. It is nice to know that the USGS and their reporting has taken a little more user friendly approach to the way they send out their announcements, in terms of their results. They made it very clear in there that they were not talking about drinking water standards and I thought that was very good. So that was of note. Also, just as a last... today I had asked Danni Maurizio on staff to send out the annual letter that we are now sending out that is asking Appropriators, it will be followed up with a formal letter, letting Appropriators know that we are looking for water to help us in the fulfillment of our cumulative unmet replenishment obligation and if they have water that they would like to sell, we would buy it. In the email it talks about the terms and we will be following that up with a formal letter, but that went out today. You should have received that in your offices. With that, that is all.

Mark Kinsey: Okay. We have informational and newspaper items in your package. Do I have any other Pool Member comments?

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

Bob Bowcock: Mine is real short. I will just go on the record requesting a transcript of this meeting.

Allen Hubsch: Is there any confusion about what is meant by a transcript?

Michael Fife: Perhaps you better clarify.

Allen Hubsch: We want what is normally considered a transcript. The same thing that you prepare for the court when you tell the court that you are preparing a transcript.

Michael Fife: Sorry, I have never prepared a transcript for a court in my life.

Ken Manning: We will, in the spirit of what you have asked, do a word for word.

Allen Hubsch: You prepare a transcript of the court proceedings for the court.

Ken Manning: We will be glad to do word for word minutes; you can call it what you want.

Mark Kinsey: Well, okay, a follow up question to that is, is that is going to take time of staff so maybe....

Bob Bowcock: They are not your staff, they are Watermaster staff.

Mark Kinsey: Right, but this situation is, the Non-Ag Pool and their attorney is making a unique request and that is okay but maybe it is best suited to either have you reimburse us for that or have someone else do the transcription for you.

Michael Fife: I will note that the information requests that have come from the Non-Ag Pool will consume a great deal of staff time and most of the documents are available online. The Non-Ag Pool has also requested a verbatim transcript of the January 18th Non-Ag Pool meeting. We did provide them a tape of that meeting already but again, that will consume staff time as well because that was a rather lengthy meeting.

Robert DeLoach: Can we supply them with a tape of this meeting in lieu of transcripts or what we are calling transcripts?

Allen Hubsch: We are happy to get a tape...the problem with the tape is that, um, Sherri Lynne keeps notes of who's speaking and she also understands and recognizes their voices so we actually thought the same thing that we could do a transcript and what we found is we can't; there are too many people speaking.

Ken Manning: So what you are saying is our tapes are no good?

Allen Hubsch: They are only useful to somebody who recognizes the voice and I think that is pretty clearly what I said.

Mark Kinsey: Okay.

Allen Hubsch: I would also say that the Rules and Regulations of Watermaster which we've been informed are the equivalent of a court order to say that Watermaster staff will make all documents and information available for the cost of duplication.

Ken Manning: That is true, we have that policy and I think we revised that policy about two years ago to reflect .50 cents a page.

Michael Fife: Not for parties.

Ken Manning: Excuse me, not for parties.

Michael Fife: We have not suggested we are going to charge you for any of the copies we are making.

Mark Kinsey: Mr. DeLoach you had a...

Robert DeLoach: I think this should be considered at some point... for several years now, we decided because the Non-Ag Pool had trouble getting a quorum that these meetings, that we have joint meetings. In light of the current controversies that exist, it may be best that we separate those into individual meetings. Particularly because the Appropriative Pool stands here unrepresented by legal counsel; Mr. Fife does not work for the Appropriative Pool, he works clearly for the Watermaster Board of Directors. The inference to Watermaster is not the Board, that is the entire process of committees, Advisory Committee, Pools, and Board. So if it needs to be agendized, Ken, to make that happen I would respectfully request that it be done so. If it is as simple as just, from this point forward, having separate meetings then I would recommend so.

Ken Manning: In my recollection of reading, it is simply a request of either one of the Pools to request to have separate meetings, then that is what occurs.

Robert DeLoach: It would be great to come back together and meet again at some point, but in light of where we stand today I think it would be in our mutual interest to have separate meetings. Secondly, related to that, I am not sure how you are going to work out this issue the enormous staff time involved in securing everything the Non-Ag Pool legal counsel is requesting. But on a go forward basis it would seem to me that you, the Non-Ag Pool, may want to retain a court recorder/transcriber whatever the appropriate term is and pay for that service because that is something Watermaster does not do and I have been in this basin since 1989 and we have never done anything like that. If we are going to go down that practice then that is a change obviously. But you may want to consider that.

Mark Kinsey: Okay. I do hear one item that you mentioned Robert, which I think is relevant to the Appropriative Pool and I am... and I would kind of concur with your recommendation to perhaps consider separating the meetings. The Non-Ag Pools' interests right now are different than the Appropriative Pool interests. I concur with the fact there's no legal counsel representing us and it seems like we can conduct more productive meetings if they are separate. I certainly recommend that we consider doing that. Now I would like to think that the Non-Ag Pool would agree to a different time rather than 1:00 o'clock on the first Thursday of the month since there is a lot more individuals associated with the Appropriative Pool so... unless there is any opposition from the Non-Ag, I mean, Appropriative Pool for the time being I think it would be much more productive.

Bob Bowcock: I'll have to concur; we will confer with everybody and kind of see what they want to do.

Mark Kinsey: Okay. I don't hear any concerns expressed by the other Appropriative Pool members. Okay.

Ken Manning: Then go ahead before next month, schedule separate meetings.

Robert DeLoach: Please.

Ken Manning: I'll get together with both chairs to work out times for the meetings.

Mark Kinsey: Any other business before the Appropriative Pool?

Robert DeLoach: Closed session?

Mark Kinsey: Any other business before the Non-Ag Pool?

Allen Hubsch: No other business. There is a confidential session that's on the calendar and it isn't indicated... I'd make a point of order that this is the first time I went back and looked at agendas, this is the first time that the sentence under confidential session possible action reads, "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" in all prior agendas that I looked at anyways it says "Pursuant to Rules & Regulations of the pool committee" and I thought this change was to reflect that they couldn't find those Rules and Regulations. I note that this is actually incorrect because Article 2.6 of the Watermaster Rules and Regulations does not apply to any Pool. In fact, the Rules and Regulations state specifically that there are, that in, that the Pools are supposed to meet pursuant to their own Rules and Regulations. I think what we would like to do is, we assume, this wasn't, you know, doesn't indicate who it was for that we're both in closed session and we are going to be in separate closed session. Is that what you want to do?

Bob Bowcock: Yes.

Mark Kinsey: Yes, that is fine. As far as the Appropriative Pool there is two items there. We would reverse the order and talk about the FTI contract first and then I would like staff and legal counsel to give us an overview of the recent Non-Ag Pool motion; how it fits in with the Judgment, and after you do that then we request that you leave so the Appropriative Pool can have deliberations and talk about possible approaches.

Ken Manning: Very good. Sheri, could I ask you to work with the Overlying Non-Ag Pool chair in finding a location for them to hold a closed session?

Sheri Rojo: Sure.

Mark Kinsey: Alright. Now the other part would be is, given that we may adjourn at different times, certainly we don't want to wait an hour or two or how long you are going to be, nor do I think you want to wait for us.

Bob Bowcock: If we take any action we will give it to her, and if we don't we will give her the time.

Mark Kinsey: So the meetings will be adjourned separately.

Someone: Okay – okay.

Bob Bowcock: Well, you can adjourn and then I will ask you another question. It doesn't need to be on the record.

Mark Kinsey: Okay. We can't adjourn until after the closed session.

Bob Bowcock: Oh, so you are just going to go into closed session?

Mark Kinsey: Yes.

Bob Bowcock: Michael's coming into your closed session to do what?

Mark Kinsey: Just to give an overview of a motion and to discuss affects of the Judgment and then I am going to ask him to leave for that specific reason.

Bob Bowcock: Okay.

Mark Kinsey: Michael, do you think it is necessary to clarify (Recording secretary can't understand what Mr. Kinsey is saying)

Michael Fife: Sure, are we still on the record? Okay, this is to clarify the role of staff and legal counsel in the closed sessions. There are two items on the Appropriative Pool closed sessions; one is the FTI contract, that is the auction administrator; the Appropriative Pool did request that since Watermaster did all of the initial discussions with the auction administrator and worked with them that we give a report on those continuing discussions. We intend to do that. And then we have also been asked to give staff and legal counsel's factual perspective on what is going on with the Non-Agricultural Pool. Staff and legal counsel represent the Board; we do not represent the Appropriative Pool. It is not appropriate for us to give advice or have strategic discussions with the Pool, and so once we have given our factual perspective, the perspective of staff, and answered any questions, it would our intention to leave the meeting so that the Appropriative Pool can have whatever strategy discussion they want to have.

Allen Hubsch: Yeah, I'd like to comment on that. There was discussion that, you know, having transcriptions for the benefit of the Non-Ag Pool maybe should be paid for by the Non-Ag Pool. I can foresee that a significant amount of staff and counsel time is going to be devoted to opposing the Non-Ag Pool, essentially, for the benefit for the Appropriative Pool. So we are going to start doing benefits analysis of different administrative expenses. We are going to have to consider, um, yeah, it's going to be very difficult, as I am sure everybody appreciates.

Mark Kinsey: Any other comments before the Appropriative Pool goes into closed session? I would ask that the Non-Ag Pool maybe locate....

Ken Manning: Yes, Sheri will find one of the two rooms either the Auxiliary or Conference room.

Bob Bowcock: Why don't we go in the big one?

The regular open meeting was convened to hold its confidential session at 2:20 p.m.

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. Overlying Non-Agricultural Pool Water Sale
2. FTI Contract

The Appropriative Pool closed session was convened at 3:10 p.m.

Mark Kinsey: The Appropriative Pool came out of closed session at 3:10 p.m. for items VII 1 and 2, there is no reportable action taken. Meeting adjourned.

Bob Bowcock: Called the Non-Agricultural Pool meeting back into order at 3:09 p.m. no action was taken, the meeting is adjourned to 1:00 p.m., January 11th via teleconference.

Michael Fife: January 11th – you mean February?

Bob Bowcock: Yeah, it's literally one week from today – 1:00 on Thursday to 1:00 on Thursday. And we will prepare an agenda and send it to you. Anyone opposed?

VIII. FUTURE MEETINGS

February 4, 2010	1:00 p.m.	Joint Appropriative & Non-Agricultural Pool Mtg. @ CBWM
February 11, 2010	9:00 a.m.	Agricultural Pool Meeting @ IEUA
February 18, 2010	8:00 a.m.	IEUA DYY Meeting @ CBWM
February 18, 2010	9:00 a.m.	Advisory Committee Meeting @ CBWM
February 25, 2010	11:00 a.m.	Watermaster Board Meeting @ CBWM

Meeting Adjournments: (see above)

Secretary: _____

Minutes Approved: _____

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CHINO BASIN WATERMASTER
APPROPRIATIVE POOL MEETING
March 4, 2010

The Appropriative Pool Meeting was held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on March 4, 2010 at 1:00 p.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Mark Kinsey, Chair	Monte Vista Water District
Ken Jeske	City of Ontario
Robert DeLoach	Cucamonga Valley Water District
Josh Swift	Fontana Water Company
Robert Young	Fontana Union Water Company
Charles Moorrees	San Antonio Water Company
Raul Garibay	City of Pomona
J. Arnold Rodriguez	Santa Ana River Water Company
John Mura	City of Chino Hills
Tom Harder	Jurupa Community Services District
Dave Crosley	City of Chino
Shaun Stone	City of Upland
Ben Lewis	Golden State Water Company

WATERMASTER BOARD MEMBERS PRESENT

Michael Camacho	Inland Empire Utilities Agency
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Watermaster Staff Present

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

Watermaster Consultants Present

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

Others Present

Marty Zvirbulis	Cucamonga Valley Water District
David DeJesus	Three Valleys Municipal Water District
Jennifer Novak	State of California, Department of Justice
Mohamed El-Amamy	City of Ontario
Eunice Ulloa	Chino Basin Water Conservation District

Chair Kinsey called the Appropriative Pool Meeting to order at 1:02 p.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Joint Appropriative and Non-Agricultural Pool Meeting held February 4, 2010

The February 4, 2010, verbatim minutes were pulled from the agenda for discussion. A discussion regarding the amount of time spent on preparing verbatim minutes which take approximately 15 to 20 hours ensued. Mr. Manning offered history on the request to prepare verbatim minutes for the February 4, 2010, meeting and noted verbatim minutes will not be done unless approval is directly given by the CEO. It was noted the February 4, 2010, verbatim minutes will be on the April agenda for approval to allow additional time for review.

B. FINANCIAL REPORTS

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

Motion by Young, second by DeLoach, and by unanimous vote

Moved to approve Consent Calendar item B, as presented

C. INTERVENTION INTO THE AGRICULTURAL POOL

Intervention of Rafael Treto into the Agricultural Pool

Mr. DeLoach inquired about the proposed intervention into the Agricultural Pool. Mr. Manning noted domestic water is not available for this property. Ms. Maurizio stated an estimate on the water duty method was done based on the current animals and crops presently on the property and noted the well will be metered by Watermaster. Ms. Maurizio acknowledged after a review of the properties water usage, it was determined approximately ten acre-feet of water would be used a year. A lengthy discussion regarding the process of drilling wells, permit approval process, titles, and interventions ensued. Mr. Manning stated further communication needs to be done with the County for this entire process. A discussion regarding which pool the parties should intervene into ensued.

Motion by DeLoach, second by Garibay, and by unanimous vote

Moved to approve Consent Calendar item C, as presented

II. BUSINESS ITEMS**A. NON-AGRICULTURAL POOL INFORMATION REQUEST – FOR DISCUSSION ONLY**

Mr. Manning stated this item was placed only on the Appropriative Pool and the Non-Agricultural Pool agendas to discuss the actions Watermaster has taken concerning the Non-Agricultural Pool potential Paragraph 31 Motion regarding the Purchase and Sale Agreement. Mr. Manning acknowledged Watermaster has taken actions consistent with what Watermaster felt were the terms of the Purchase and Sale Agreement. Mr. Manning affirmed Watermaster staff and counsel feels nothing was done incorrectly with regard to this transaction; however, questions have been raised. Mr. Manning noted a copy of a memorandum from general counsel to himself was included in the meeting packet which does provide some insight into questions raised and provides some direction. Mr. Manning is asking the Pool members to provide their input following their reading of the memorandum. Mr. Manning, once again, stated Watermaster believes it has acted in conformance with the terms of the agreement. Mr. Manning stated on January 14, 2010, Watermaster sent out checks to the Overlying Non-Agricultural Pool parties equal to the amount necessary to initiate the transaction. With those checks, Watermaster attached an accounting of the water that was moving from the Overlying Non-Agricultural Pool to the Watermaster in compliance with the Purchase and Sale Agreement. Mr. Manning stated

that the accounting reflected the fact that the losses are going to be picked up by the Overlying Non-Agricultural Pool. Chair Kinsey inquired how the losses were handled by Watermaster. Mr. Manning stated Watermaster takes their losses at the beginning of the year based on the beginning balance; Watermaster took those into account in all of the years up to and including this last one. The Overlying Non-Agricultural Pool were assessed the losses, so that the balance reflected the amount being transferred to Watermaster equal to the amount of water which was in the account on June 30, 2007. This would mean the Overlying Non-Agricultural Pool had to refill it by 2% every year. Watermaster used water in their storage account to make up the difference. Chair Kinsey commented on the pending threat of litigation to be filed by the Overlying Non-Agricultural Pool and noted this item may be part of their motion and acknowledged while we are free to discuss this matter, details should be disclosed during the closed session. Mr. Manning referenced the legal memorandum and noted it gives a clear statement of facts, analysis, and the location of stored water, and agreed this should be discussed in the closed session in greater detail.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Peace II SEIR

Counsel Fife stated this item is part of the Peace II process. Watermaster has agreed to update the programmatic Environmental Impact Report which was done for the OBMP in 2000. Counsel Fife stated Tom Dodson has been working on the document and has a lot of technical input from Wildermuth Environmental. The document is almost complete and a draft will be made available shortly. Counsel Fife noted Watermaster staff has seen an administrative draft and has made comments which were given to Mr. Dodson and he has revised the document to include those comments. Mr. DeLoach stated in the document it contemplates, in the description of the project, the Storage and Recovery Program outlined in Peace II. Counsel Fife confirmed Mr. DeLoach's statement. Mr. DeLoach commented on the pending litigation issue with regard to the Storage and Recovery Program which could potentially mean there is no Peace II Agreement and inquired how that situation could affect the environmental review. Mr. Jeske noted the court has the ability, if this is brought to the court, to make its own recommendations and conclusions regarding Peace II and the environmental review. A discussion regarding hydraulic control which is part of the environmental review and the physical facilities construction ensued. Counsel Fife noted from a legal standpoint hydraulic control has already begun which was started prior to the completion of Peace II and is an ongoing project. Counsel Fife stated the entire array of desalter wells is necessary for hydraulic control, not just the last piece, which is being referred to as the Chino Creek Well Field. A discussion regarding the upcoming environmental work for the next series with regard to CEQA ensued. Mr. Jeske stated it is important to keep the environmental review program moving forward.

B. ENGINEERING REPORT

1. 2010 Basin Plan Amendment

Mr. Manning introduced this item and noted there are other issues related to the Basin Plan Amendment which Mr. Wildermuth will be discussing in his report. Mr. Wildermuth stated the Regional Board is working with the Basin Monitoring Task Force to amend the Basin Plan. Mr. Wildermuth gave the Basin Plan Amendment Projects Related to N/TDS Management Plan update. Mr. Wildermuth reviewed a table which was distributed at the last Basin Monitoring Task Force meeting. The table contains 11 items which included project names, which management zone the projects are in, the sponsoring agency, status of the project, and the tentative schedule for the Regional Board's adoption and Mr. Wildermuth reviewed each line item in detail. A discussion regarding the presented update ensued. Mr. Manning noted the reason he had Mr. Wildermuth make this presentation today was because his recommendation is that Watermaster write a letter to oppose the action. Mr. Manning stated Watermaster is hoping to be able to have more dialog with the Basin Monitoring Task Force with regard to this issue. A discussing

regarding who attends these meetings and the importance of consistency between the permit holders ensued.

2. Recharge Master Plan Update

Mr. Wildermuth stated he just received today from Wagner & Bonsignore their contribution on the Recharge Master Plan. Mr. Wildermuth stated he expects to have a Draft Recharge Master Plan distributed for review in the first week of April.

C. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning commented on Meg Whitman's endorsement of the water bond and related legislative issues.

2. Recharge Update

Mr. Manning stated January was a good month for recharge and noted 90% of recharge was from storm water. The most recent recharge spreadsheet is available on the back table for review. February appears to be a good month also for storm water capture for recharge.

3. ALCOA Monitoring Wells

Mr. Manning stated this topic was discussed about a year or so ago. The ALCOA offsite wells were installed in 1999/2000 and there part of the offsite groundwater monitoring network. Those wells were monitoring the issue if migration of salt plums from ALCOA. The Regional Board has determined the pollution is not reach the groundwater and has given ALCOA a No Further Action letter. Mr. Manning stated instead of ALCOA destroying the wells, Watermaster has been in discussions with them to try and take over those wells and that appears to be what will take place. Agreements are being worked on presently to transfer those wells over to Watermaster and are being defined as equipment. A discussion regarding these monitoring wells ensued.

4. Turner Basins/Guasti Park Task Force

Mr. Pak gave the Turner Basin/Guasti Park Demonstration Project presentation. Mr. Pak offered background history on this item. Mr. Pak noted a Technical Work Group has been formed which consists of San Bernardino County Park and Flood Control District, City of Rancho Cucamonga, City of Ontario, Chino Basin Watermaster, Chino Basin Water Conservation District, and Inland Empire Utilities Agency. Mr. Pak reviewed the preliminary concept and discussed the enhancement concepts. Mr. Pak discussed the implementation work plan schedule. A discussion regarding this project ensued.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

Chair Kinsey noted the next Appropriative Pool meeting for April has been pushed back one week to Thursday, April 8, 2010 at 1:00 p.m. There were no objections to this one-time date change.

VI. OTHER BUSINESS

No comment was made regarding this item.

The regular open Appropriative Pool meeting was convened to hold its confidential session at 1:55 p.m.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

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

1. Potential Non-Agricultural Pool Litigation

Chair Kinsey stated there was only one reported action which was to direct the Appropriative Pool legal counsel to prepare correspondence and submit it to the Overlying Non-Agricultural Pool legal counsel.

The closed session was convened at 2:26 p.m.

VIII. FUTURE MEETINGS

Thursday, March 4, 2010	1:00 p.m.	Appropriative Meeting @ CBWM
Thursday, March 4, 2010	2:30 p.m.	Non-Agricultural Pool Meeting @ CBWM
Thursday, March 4, 2010	3:30 p.m.	MZ1 Technical Committee Meeting @ CBWM
Thursday, March 11, 2010	9:00 a.m.	Agricultural Pool Meeting @ IEUA
Thursday, March 18, 2010	8:00 a.m.	IEUA DYY Meeting @ CBWM
Thursday, March 18, 2010	9:00 a.m.	Advisory Committee Meeting @ CBWM
Thursday, March 25, 2010	11:00 a.m.	Watermaster Board Meeting @ CBWM
Thursday, March 25, 2010	1:00 p.m.	Recharge Master Plan Workshop @ CBWM

The Appropriative Pool meeting was dismissed by Chair Kinsey at 2:27 p.m.

Secretary: _____

Minutes Approved: _____

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CHINO BASIN WATERMASTER
SPECIAL APPROPRIATIVE POOL MEETING
March 25, 2010

The Special Appropriative Pool Meeting was held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on March 25, 2010 at 9:30 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT WHO SIGNED IN

Mark Kinsey, Chair	Monte Vista Water District
Ken Jeske	City of Ontario
Marty Zvirbulis	Cucamonga Valley Water District
Josh Swift	Fontana Water Company
Charles Moorrees	San Antonio Water Company
Raul Garibay	City of Pomona
J. Arnold Rodriguez	Santa Ana River Water Company
John Mura	City of Chino Hills
Tom Harder	Jurupa Community Services District
Dave Crosley	City of Chino
Shaun Stone	City of Upland
Ben Lewis	Golden State Water Company

Watermaster Staff Present

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

Watermaster Consultants Present

Michael Fife	Brownstein, Hyatt, Farber & Schreck
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Others Present Who Signed In

Ron Craig	RBF Consulting for City of Chino Hills
John Cotti	City of Chino Hills
Jim Erickson	Law Offices of Jimmy Gutierrez for City of Chino
Bob Bowcock	Vulcan Materials Company (Calmat Division)

Chair Kinsey called the Special Appropriative Pool Meeting to order at 9:34 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

The regular open meeting was convened to hold its confidential session at 9:35 a.m.

I. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to the Appropriative Pool Rules & Regulations, a Confidential Session will be held for the purpose of discussion and possible action.

1. Non-Agricultural Pool Paragraph 31 Motion

The Appropriative Pool closed session was convened at 10:30 a.m.

Chair Kinsey stated during the confidential session had two action items:

- 1) Ratified the authorization for the Appropriative Pool legal counsel to enter into a joint defense agreement with the attorneys for Cucamonga Valley Water District and Monte Vista Water District.
- 2) Authorized the Appropriative Pool legal counsel to enter into the same joint defense agreement with other Appropriative Pool legal counsels.

The Special Appropriative Pool meeting was dismissed by Chair Kinsey at 10:32 a.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of February 2010
2. Watermaster Check Detail for the month of February 2010
3. Combining Schedule for the Period July 1, 2009 through February 28, 2010
4. Treasurer's Report of Financial Affairs for the Period February 1, 2010 through February 28, 2010
5. Budget vs. Actual July 2009 through February 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: April 8, 2010
TO: Committee Members
SUBJECT: Cash Disbursement Report

SUMMARY

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

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

Fiscal Impact – Funds disbursed were included in the FY 2009-2010 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 February 2010 were \$446,915.62. The most significant expenditures during the month were Wildermuth Environmental, Inc. in the amount of \$193,511.15 and Brownstein Hyatt Farber Schreck in the amount of \$45,705.27.

Actions:

- 4-08-10 Appropriative Pool –
- 4-08-10 Non-Agricultural Pool –
- 4-08-10 Agricultural Pool –
- 4-15-10 Advisory Committee –
- 4-22-10 Watermaster Board –

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
February 2010

Type	Date	Num	Name	Amount
Feb 10				
Bill Pmt -Check	2/3/2010	13903	AMERICAN GROUND WATER TRUST	-1,175.00
Bill Pmt -Check	2/3/2010	13904	APPLIED COMPUTER TECHNOLOGIES	-2,883.50
Bill Pmt -Check	2/3/2010	13905	ARROWHEAD MOUNTAIN SPRING WATER	-11.95
Bill Pmt -Check	2/3/2010	13906	BLACK & VEATCH CORPORATION	-3,367.50
Bill Pmt -Check	2/3/2010	13907	BROWNSTEIN HYATT FARBER SCHRECK	-45,705.27
Bill Pmt -Check	2/3/2010	13908	DEPARTMENT OF HEALTH SERVICES	-170.00
Bill Pmt -Check	2/3/2010	13909	DIRECTV	-83.99
Bill Pmt -Check	2/3/2010	13910	HSBC BUSINESS SOLUTIONS	-344.57
Bill Pmt -Check	2/3/2010	13911	JAMES JOHNSTON	-900.00
Bill Pmt -Check	2/3/2010	13912	KONICA MINOLTA BUSINESS SOLUTIONS	-269.20
Bill Pmt -Check	2/3/2010	13913	MET LIFE SMALL BUSINESS CENTER	-50.00
Bill Pmt -Check	2/3/2010	13914	MWH LABORATORIES	-1,450.00
Bill Pmt -Check	2/3/2010	13915	OFFICE DEPOT	-162.96
Bill Pmt -Check	2/3/2010	13916	PURCHASE POWER	-461.09
Bill Pmt -Check	2/3/2010	13917	R&D PEST SERVICES	-85.00
Bill Pmt -Check	2/3/2010	13918	REID & HELLYER	-7,127.79
Bill Pmt -Check	2/3/2010	13919	RUTH CAZDEN	-800.00
Bill Pmt -Check	2/3/2010	13920	VERIZON	-751.70
Bill Pmt -Check	2/3/2010	13921	VISION SERVICE PLAN	-64.98
Bill Pmt -Check	2/3/2010	13922	W.C. DISCOUNT MOBILE AUTO DETAILI...	-100.00
Bill Pmt -Check	2/3/2010	13923	MWH LABORATORIES	-11,612.00
Bill Pmt -Check	2/3/2010	13924	WILDERMUTH ENVIRONMENTAL INC	-193,511.15
Bill Pmt -Check	2/3/2010	13925	YUKON DISPOSAL SERVICE	-142.88
Bill Pmt -Check	2/3/2010	13926	CITISTREET	-1,838.34
Bill Pmt -Check	2/3/2010	13927	PUBLIC EMPLOYEES' RETIREMENT SYS...	-3,740.95
Bill Pmt -Check	2/3/2010	13928	CITISTREET	-1,838.34
Bill Pmt -Check	2/3/2010	13929	PUBLIC EMPLOYEES' RETIREMENT SYS...	-7,117.08
Bill Pmt -Check	2/3/2010	13930	CITISTREET	-2,038.34
Bill Pmt -Check	2/3/2010	13931	PUBLIC EMPLOYEES' RETIREMENT SYS...	-7,114.66
Bill Pmt -Check	2/3/2010	13932	PUBLIC EMPLOYEES' RETIREMENT SYS...	-7,143.70
Bill Pmt -Check	2/3/2010	13933	PUBLIC EMPLOYEES' RETIREMENT SYS...	-7,136.48
Bill Pmt -Check	2/5/2010	13934	BOWCOCK, ROBERT	-125.00
Bill Pmt -Check	2/5/2010	13935	CAMACHO, MICHAEL	-500.00
Bill Pmt -Check	2/5/2010	13936	CHARLES MEISNER INC.	0.00
Bill Pmt -Check	2/5/2010	13937	GUARANTEED JANITORIAL SERVICE, INC.	-865.00
Bill Pmt -Check	2/5/2010	13938	HAUGHEY, TOM	-125.00
Bill Pmt -Check	2/5/2010	13939	KUHN, BOB	-250.00
Bill Pmt -Check	2/5/2010	13940	PACIFIC PARTS AND CONTROLS, INC	-95.91
Bill Pmt -Check	2/5/2010	13941	PAYCHEX	-341.22
Bill Pmt -Check	2/5/2010	13942	PETTY CASH	-387.21
Bill Pmt -Check	2/5/2010	13943	POWERS ELECTRIC PRODUCTS CO.	-500.25
Bill Pmt -Check	2/5/2010	13944	SOLINST CANADA LTD.	-117.50
Bill Pmt -Check	2/5/2010	13945	STATE COMPENSATION INSURANCE FU...	-847.85
Bill Pmt -Check	2/5/2010	13946	UNION 76	-248.72
Bill Pmt -Check	2/5/2010	13947	VANDEN HEUVEL, GEOFFREY	-125.00
Bill Pmt -Check	2/5/2010	13948	WHITEHEAD, MICHAEL	-125.00
Bill Pmt -Check	2/5/2010	13949	WILLIS, KENNETH	-375.00
General Journal	2/6/2010	10/01/08		-6,558.11
General Journal	2/6/2010	10/01/08		-24,960.80
Bill Pmt -Check	2/9/2010	13950	PARK PLACE COMPUTER SOLUTIONS, I...	-2,400.00
Bill Pmt -Check	2/10/2010	13951	CHARLES MEISNER INC.	-151.90
Bill Pmt -Check	2/16/2010	13952	BANC OF AMERICA LEASING	-3,215.74
Bill Pmt -Check	2/16/2010	13953	CINDY NAVAROLI	-750.00
Bill Pmt -Check	2/16/2010	13954	COMPUTER NETWORK	-449.91
Bill Pmt -Check	2/16/2010	13955	CUCAMONGA VALLEY WATER DISTRICT	-5,792.00
Bill Pmt -Check	2/16/2010	13956	FIRST AMERICAN REAL ESTATE SOLUTI...	-125.00
Bill Pmt -Check	2/16/2010	13957	g.Neil	-57.99
Bill Pmt -Check	2/16/2010	13958	INLAND EMPIRE UTILITIES AGENCY	-10,000.00
Bill Pmt -Check	2/16/2010	13959	MCI	-1,237.85
Bill Pmt -Check	2/16/2010	13960	MWH LABORATORIES	-351.00
Bill Pmt -Check	2/16/2010	13961	SAFEGUARD DENTAL & VISION	-7.68
Bill Pmt -Check	2/16/2010	13962	SOFTCHOICE	-1,844.57
Bill Pmt -Check	2/16/2010	13963	STAULA, MARY L	-136.61
Bill Pmt -Check	2/16/2010	13964	THE STANDARD INSURANCE COMPANY	-156.56
Bill Pmt -Check	2/16/2010	13965	VERIZON WIRELESS	-525.31
Bill Pmt -Check	2/16/2010	13966	W.C. DISCOUNT MOBILE AUTO DETAILI...	-100.00
Bill Pmt -Check	2/16/2010	13967	WESTERN DENTAL SERVICES, INC.	-28.06
Bill Pmt -Check	2/17/2010	13968	COMPUTER NETWORK	-402.38

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
February 2010

Type	Date	Num	Name	Amount
General Journal	2/20/2010	10/01/10		-7,052.99
General Journal	2/20/2010	10/01/10		-26,372.78
Bill Pmt -Check	2/24/2010	13969	ACWA SERVICES CORPORATION	-230.79
Bill Pmt -Check	2/24/2010	13970	BANK OF AMERICA	-2,528.68
Bill Pmt -Check	2/24/2010	13971	CITISTREET	-1,020.00
Bill Pmt -Check	2/24/2010	13972	COMPUTER NETWORK	-271.88
Bill Pmt -Check	2/24/2010	13973	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	2/24/2010	13974	PREMIERE GLOBAL SERVICES	-832.99
Bill Pmt -Check	2/24/2010	13975	PUBLIC EMPLOYEES' RETIREMENT SYS...	-7,141.30
Bill Pmt -Check	2/24/2010	13976	RAUCH COMMUNICATION CONSULTAN...	-8,600.00
Bill Pmt -Check	2/24/2010	13977	UNITED PARCEL SERVICE	-12.81
Bill Pmt -Check	2/24/2010	13978	ROJO, SHERI M	-1,489.80
Bill Pmt -Check	2/24/2010	13979	ROJO, SHERI M	-13,531.02
Bill Pmt -Check	2/24/2010	13980	ROJO, SHERI M	-4,248.43
Feb 10				-446,915.62

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CHINO BASIN WATERMASTER
Check Detail
February 2010

Type	Num	Date	Name	Account	Paid Amount
Bill Pmt -Ch...	13970	2/24/2010	BANK OF AMER...	1012 · Bank of America Gen'l Ckg	
Bill	4024...	1/31/2010		6909.1 · OBMP Meetings	-455.17
				6191 · Conferences	-1,127.20
				6312 · Meeting Expenses	-570.35
				6141.3 · Admin Meetings	-185.96
				6043.1 · Ricoh Lease Fee	-190.00
TOTAL					-2,528.68

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CHINO BASIN WATERMASTER
COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
FOR THE
PERIOD JULY 1, 2009 THROUGH FEBRUARY 28, 2010

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION & SPECIAL PROJECTS	GROUNDWATER OPERATIONS	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2009-2010
			AG POOL	NON-AG POOL	GROUNDWATER REPLENISHMENT		
Administrative Revenues:							
Administrative Assessments				325,016		7,440,670	\$7,340,839
Interest Revenue			1,425	842		20,947	191,540
Mutual Agency Project Revenue							148,410
Grant Income							0
Miscellaneous Income	111,000	188				111,188	0
Total Revenues	111,000		1,425	325,858		7,572,808	7,680,789
Administrative & Project Expenditures:							
Watermaster Administration	444,190					444,190	580,238
Watermaster Board-Advisory Committee	39,903					39,903	61,901
Pool Administration		16,198	92,469	6,906		115,572	229,860
Optimum Basin Mgmt. Administration		920,211				920,211	1,557,820
OBMP Project Costs		2,578,274				2,578,274	4,109,362
Debt Service		567,042				567,042	1,131,233
Education Funds Use							375
Mutual Agency Project Costs							10,000
Total Administrative/OBMP Expenses	484,093	4,065,526	92,469	6,906		4,665,191	7,680,789
Net Administrative/OBMP Expenses	(373,093)	(4,065,526)					
Allocate Net Admin Expenses To Pools		260,670	98,902	13,520			
Allocate Net OBMP Expenses To Pools		2,444,300	927,406	126,779			
Allocate Debt Service to App Pool		567,042					
Agricultural Expense Transfer*		1,118,777	(1,118,777)				
Total Expenses	4,406,987		147,204	178,654		4,665,191	7,680,789
Net Administrative Income	2,727,533		1,425			2,907,614	
Other Income/(Expense)							
Replenishment Water Assessments					7,073,805	7,073,805	0
Interest Revenue					13,504	13,504	0
Water Purchases							0
Balance Adjustment							0
Other Water Purchases					(2,166,022)	(2,166,022)	0
Groundwater Replenishment					(1,021,346)	(1,021,346)	0
Net Other Income					3,899,940	3,899,940	0
Net Transfers To/(From) Reserves	6,807,554		1,425	178,654	3,899,940	6,807,554	
Working Capital, July 1, 2009	5,942,967		470,719	256,577	4,166,457	10,995,966	
Working Capital, End Of Period	8,670,500		472,144	435,231	8,066,397	17,803,520	
08/09 Assessable Production	84,716,450		32,142,764	4,393,990		121,253,204	
08/09 Production Percentages	69.867%		26.509%	3.624%		100.000%	

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

Q:\Financial Statements\05-10-10 02 (Combining February).xlSheet

Prepared by Todd M. Corbin, Interim Chief Financial Officer

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CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
FEBRUARY 1 THROUGH FEBRUARY 28, 2010

DEPOSITORIES:		
Cash on Hand - Petty Cash	\$	500
Bank of America		
Governmental Checking-Demand Deposits	\$	936,343
Zero Balance Account - Payroll		-
Local Agency Investment Fund - Sacramento		17,394,199
TOTAL CASH IN BANKS AND ON HAND		2/28/2010
TOTAL CASH IN BANKS AND ON HAND		1/31/2010
	\$	18,331,042
		18,728,817
PERIOD INCREASE (DECREASE)	\$	(397,775)

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets:	Accounts Receivable	\$	39,700
	Assessments Receivable		(90,584)
	Prepaid Expenses, Deposits & Other Current Assets		-
(Decrease)/Increase in Liabilities	Accounts Payable		(18,549)
	Accrued Payroll, Payroll Taxes & Other Current Liabilities		-
	Transfer to/(from) Reserves		(328,342)
PERIOD INCREASE (DECREASE)		\$	(397,775)

	Petty Cash	Gov't Checking Demand	Zero Balance Account Payroll	Local Agency Investment Funds	Totals
\$	500	1,334,118	-	-	\$ 18,728,817
	-	49,141	-	-	49,141
	-	(64,945)	64,945	-	0
	-	(381,971)	(64,945)	-	(446,916)
\$	500	936,343	-	-	\$ 18,331,042
PERIOD INCREASE OR (DECREASE)	-	(397,775)	-	-	\$ (397,775)

SUMMARY OF FINANCIAL TRANSACTIONS:

Balances as of 1/31/2010					
Deposits					
Transfers					
Withdrawals/Checks					
Balances as of 2/28/2010					
PERIOD INCREASE OR (DECREASE)					

CHINO BASIN WATERMASTER
 TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
 FEBRUARY 1 THROUGH FEBRUARY 28, 2010

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
No transactions to report							

TOTAL INVESTMENT TRANSACTIONS \$ - -

* The earnings rate for L.A.I.F. is a daily variable rate; 0.6% was the effective yield rate at the Quarter ended December 31, 2009.

INVESTMENT STATUS
 February 28, 2010

Financial Institution	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	\$ 17,394,199			
TOTAL INVESTMENTS	\$ 17,394,199			

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,



Todd M. Corbin
 Interim Chief Financial Officer
 Chino Basin Watermaster

CHINO BASIN WATERMASTER
Profit Loss Budget vs. Actual
July 2009 through February 2010

	YTD Actuals 7/09 - 2/10	FY 2009-10 Budget	\$Amt Over (Under) Budget	% of Budget
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	111,000	148,410	-37,410	75%
4110 · Admin Asmnts-Approp Pool	7,115,654	7,185,411	-69,757	99%
4120 · Admin Asmnts-Non-Agri Pool	325,016	155,427	169,589	209%
4700 · Non Operating Revenues	20,947	191,540	-170,593	11%
4900 · Miscellaneous income	188			
Total Income	7,572,806	7,680,788	-107,982	99%
Gross Profit	7,572,806	7,680,788	-107,982	99%
Expense				
6010 · Salary Costs	337,305	487,838	-150,533	69%
6020 · Office Building Expense	64,425	102,500	-38,075	63%
6030 · Office Supplies & Equip.	21,090	43,500	-22,410	48%
6040 · Postage & Printing Costs	46,539	84,300	-37,761	55%
6050 · Information Services	84,923	148,500	-63,577	57%
6060 · Contract Services	103,949	98,000	5,949	106%
6080 · Insurance	15,934	16,730	-796	95%
6110 · Dues and Subscriptions	17,670	17,000	670	104%
6140 · WM Admin Expenses	2,230	3,000	-770	74%
6150 · Field Supplies	271	2,800	-2,529	10%
6170 · Travel & Transportation	18,206	37,800	-19,594	48%
6190 · Conferences & Seminars	15,611	26,500	-10,889	59%
6200 · Advisory Comm - WM Board	12,842	18,078	-5,236	71%
6300 · Watermaster Board Expenses	27,061	43,823	-16,762	62%
8300 · Appr PI-WM & Pool Admin	16,198	23,069	-6,871	70%
8400 · Agri Pool-WM & Pool Admin	19,162	25,114	-5,952	76%
8467 · Ag Legal & Technical Services	66,557	98,000	-31,443	68%
8470 · Ag Meeting Attend -Special	6,750	12,000	-5,250	56%
8471 · Ag Pool Expense	0	65,000	-65,000	0%
8500 · Non-Ag PI-WM & Pool Admin	6,906	6,677	229	103%
6500 · Education Funds Use Expens	0	375	-375	0%
9500 · Allocated G&A Expenditures	-283,963	-488,230	204,267	58%
	599,665	872,374	-272,709	69%
6900 · Optimum Basin Mgmt Plan	830,815	1,399,371	-568,556	59%
6950 · Mutual Agency Projects	0	10,000	-10,000	0%
9501 · G&A Expenses Allocated-OBMP	89,395	148,448	-59,053	60%
	920,211	1,557,819	-637,608	59%

CHINO BASIN WATERMASTER
Profit Loss Budget vs. Actual
July 2009 through February 2010

	YTD Actuals 7/09 - 2/10	FY 2009-10 Budget	\$Amt Over (Under) Budget	% of Budget
7101 · Production Monitoring	62,960	107,047	-44,087	59%
7102 · In-line Meter Installation	25,413	56,179	-30,766	45%
7103 · Grdwtr Quality Monitoring	137,910	214,362	-76,452	64%
7104 · Gdwtr Level Monitoring	225,094	366,956	-141,862	61%
7105 · Sur Wtr Qual Monitoring	3,679	43,912	-40,233	8%
7107 · Ground Level Monitoring	138,979	550,059	-411,080	25%
7108 · Hydraulic Control Monitoring	307,195	567,022	-259,827	54%
7109 · Recharge & Well Monitoring Prog	3,668	9,152	-5,485	40%
7200 · PE2- Comp Recharge Pgm	1,220,997	1,478,560	-257,563	83%
7300 · PE3&5-Water Supply/Desalte	41,816	96,003	-54,187	44%
7400 · PE4- Mgmt Plan	68,292	91,985	-23,693	74%
7500 · PE6&7-CoopEfforts/SaltMgmt	117,672	163,727	-46,055	72%
7600 · PE8&9-StorageMgmt/Conj Use	30,032	29,550	482	102%
7690 · Recharge Improvement Debt Pymt	567,042	1,131,233	-564,191	50%
7700 · Inactive Well Protection Prgm	0	5,066	-5,066	0%
9502 · G&A Expenses Allocated-Projects	194,568	339,782	-145,214	57%
	<u>3,145,316</u>	<u>5,250,595</u>	<u>-2,105,279</u>	<u>60%</u>
Total Expense	<u>4,665,191</u>	<u>7,680,788</u>	<u>-3,015,597</u>	<u>61%</u>
Net Ordinary Income	2,907,614		2,907,614	100%
Other Income/Expense				
Other Income				
4225 · Interest Income	13,504			
4210 · Approp Pool-Replenishment	4,887,364			
4220 · Non-Ag Pool-Replenishment	9,478			
4600 · Groundwater Sales	2,176,962			
Total Other Income	<u>7,087,308</u>			
Other Expense				
5010 · Groundwater Replenishment	1,021,346			
5100 · Other Water Purchases	2,166,022			
9999 · To/(From) Reserves	6,807,554			
Total Other Expense	<u>9,994,923</u>			
Net Other Income	<u>-2,907,614</u>			
Net Income	<u>0</u>		<u>0</u>	<u>0%</u>



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Jurupa Community Services District has agreed to purchase 1,200 acre-feet of water from Santa Ana River Water Company's annual production right, then any additional from storage.
2. **Consider Approval for Notice of Sale or Transfer** – Cucamonga Valley Water District has agreed to lease 2,500 acre-feet of water from the City of Pomona's net underproduction, if any, with the remainder from Pomona's local storage account. The water is to be placed in Cucamonga Valley Water District's Excess Carryover account.
3. **Consider Approval for Notice of Sale or Transfer** – Chino Basin Watermaster will purchase 5,085.000 acre-feet of water from the City of Chino. The transfer will be made first from Chino's net under-production in Fiscal Year 2009-10, with any remainder to be recaptured from storage. This transfer will solely offset Fontana Water Company's current Cumulative Unmet Replenishment Obligation (CURO).
4. **Consider Approval for Notice of Sale or Transfer** – Notice of Sale or Transfer–Chino Basin Watermaster will purchase 5,000.000 acre-feet of water from the Cucamonga Valley Water District (CVWD). The transfer will be made from CVWD's storage account. This transfer will solely offset Fontana Water Company's current Cumulative Unmet Replenishment Obligation (CURO).
5. **Consider Approval for Notice of Sale or Transfer** – Chino Basin Watermaster will purchase 1,000.000 acre-feet of water from the Santa Ana River Water Company (SARWC). The transfer will be made first from SARWC's net under-production in Fiscal Year 2009-10, with any remainder to be recaptured from storage.
6. **Consider Approval for Notice of Sale or Transfer** – On March 31, 2010, Watermaster received Consolidated Water Transfer Forms 3, 4, and 5 with Praxair, Inc. as the Transferor and the City of Ontario (as an Overlying Non-Agricultural party) as Transferee in the amount of 426.446 acre-feet--a permanent transfer of all but one acre-foot of its share of safe yield. Also to be transferred are all of Praxair's post-June 30, 2007 stored, carry-over and unpumped groundwater.



CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

April 1, 2010

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

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **March 25, 2010**

Date of this notice: **April 1, 2010**

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

- Notice of Sale or Transfer – Jurupa Community Services District has agreed to purchase 1,200 acre-feet of water from Santa Ana River Water Company's annual production right, then any additional from storage.

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

Appropriative Pool: April 8, 2010

Non-Agricultural Pool: April 8, 2010

Agricultural Pool: April 8, 2010

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

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

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

Watermaster address:

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

Tel: (909) 484-3888

Fax: (909) 484-3890

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: April 1, 2010

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

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CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

DATE: April 1, 2010
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

Summary –

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

Issue –

- **Notice of Sale or Transfer –** Jurupa Community Services District has agreed to purchase 1,200 acre-feet of water from Santa Ana River Water Company's annual production right, then any additional from storage.

Recommendation –

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

Fiscal Impact –

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

Background

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

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

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

- Jurupa Community Services District has agreed to purchase 1,200 acre-feet of water from Santa Ana River Water Company's annual production right, then any additional from storage.

Notice of the water transaction identified above was mailed on April 1, 2010 along with the materials submitted by the requestors.

DISCUSSION

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

CONSOLIDATED WATER TRANSFER FORMS:
FORM 3: APPLICATION FOR SALE OR TRANSFER OF RIGHT TO PRODUCE WATER FROM STORAGE
FORM 4: APPLICATION OR AMENDMENT TO APPLICATION TO RECAPTURE WATER IN STORAGE
FORM 5: APPLICATION TO TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

FISCAL YEAR 20⁰⁹-20¹⁰

DATE REQUESTED: 03/25/2010

AMOUNT REQUESTED: 1,200 Acre-Feet

TRANSFER FROM (SELLER / TRANSFEROR): Santa Ana River Water Company			TRANSFER TO (BUYER / TRANSFEREE): Jurupa Community Services District		
Name of Party 10530 54th St.			Name of Party 11201 Harrel St		
Street Address Mira Loma Ca 91752			Street Address Mira Loma Ca 91752		
City	State	Zip Code	City	State	Zip Code
951-685-6503			951-685-7434		
Telephone 951-685-1978			Telephone 951-685-1153		
Facsimile			Facsimile		

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

PURPOSE OF TRANSFER:

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

WATER IS TO BE TRANSFERRED FROM:

- Annual Production Right (Appropriative Pool) or Operating Safe Yield (Non-Agricultural Pool)
- Storage
- Annual Production Right / Operating Safe Yield first, then any additional from Storage
- Other, explain _____

WATER IS TO BE TRANSFERRED TO:

- Annual Production Right / Operating Safe Yield (common)
- Storage (rare)
- Other, explain _____

IS THE 85/15 RULE EXPECTED TO APPLY? (If yes, all answers below must be "yes.") Yes No

Is the Buyer an 85/15 Party? Yes No

Is the purpose of the transfer to meet a current demand over and above production right? Yes No

Is the water being placed into the Buyer's Annual Account? Yes No

IF WATER IS TO BE TRANSFERRED FROM STORAGE:

Projected Rate of Recapture

Projected Duration of Recapture

METHOD OF RECAPTURE (e.g. pumping, exchange, etc.):

PLACE OF USE OF WATER TO BE RECAPTURED:

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

WATER QUALITY AND WATER LEVELS

Are the Parties aware of any water quality issues that exist in the area? Yes No

If yes, please explain:

What are the existing water levels in the areas that are likely to be affected?

MATERIAL PHYSICAL INJURY

Are any of the recapture wells located within Management Zone 1? Yes No

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

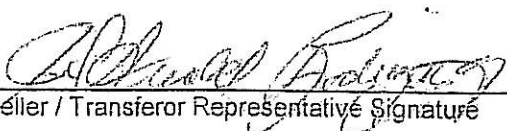
If yes, what are the proposed mitigation measures, if any, that might reasonably be imposed to ensure that the action does not result in Material Physical Injury to a party to the Judgment or the Basin?

SAID TRANSFER SHALL BE CONDITIONED UPON:

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

ADDITIONAL INFORMATION ATTACHED

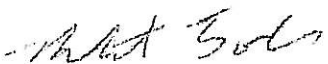
Yes No



 Seller / Transferor Representative Signature

J Arnold Rodriguez

Seller / Transferor Representative Name (Printed)



 Buyer / Transferee Representative Signature

Robert Tock

Buyer / Transferee Representative Name (Printed)

TO BE COMPLETED BY WATERMASTER STAFF:

DATE OF WATERMASTER NOTICE: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____

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CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

April 1, 2010

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

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **February 22, 2010** Date of this notice: **April 1, 2010**

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

- Notice of Sale or Transfer – Cucamonga Valley Water District has agreed to lease 2,500 acre-feet of water from the City of Pomona's net underproduction, if any, with the remainder from Pomona's local storage account. The water is to be placed in Cucamonga Valley Water District's Excess Carryover account.

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

Appropriative Pool: April 8, 2010

Non-Agricultural Pool: April 8, 2010

Agricultural Pool: April 8, 2010

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

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

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

Watermaster address:

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

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

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: April 1, 2010

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

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CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

DATE: April 1, 2010
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

Summary –

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

Issue –

- **Notice of Sale or Transfer –** Cucamonga Valley Water District has agreed to lease 2,500 acre-feet of water from the City of Pomona's net underproduction, if any, with the remainder from Pomona's local storage account. The water is to be placed in Cucamonga Valley Water District's Excess Carryover account.

Recommendation –

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

Fiscal Impact –

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

Background

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

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

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

- Cucamonga Valley Water District has agreed to lease 2,500 acre-feet of water from the City of Pomona's net underproduction, if any, with the remainder from Pomona's local storage account. The water is to be placed in Cucamonga Valley Water District's Excess Carryover account.

Notice of the water transaction identified above was mailed on April 1, 2010 along with the materials submitted by the requestors.

DISCUSSION

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

CONSOLIDATED WATER TRANSFER FORMS:
FORM 3: APPLICATION FOR SALE OR TRANSFER OF RIGHT TO PRODUCE WATER FROM STORAGE
FORM 4: APPLICATION OR AMENDMENT TO APPLICATION TO RECAPTURE WATER IN STORAGE
FORM 5: APPLICATION TO TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

FISCAL YEAR 2009 - 2010

DATE REQUESTED: February 22, 2010

AMOUNT REQUESTED: 2,500 Acre-Feet

City of Pomona TRANSFER FROM (SELLER / TRANSFEROR): <u>Daryl R. Grigsby, Public Works Director</u> Name of Party <u>505 South Garey Avenue</u> Street Address <u>Pomona CA 91766</u> City State Zip Code <u>(909) 620-2283</u> Telephone <u>(909) 620-2030</u> Facsimile	Cucamonga Valley Water District TRANSFER TO (BUYER / TRANSFEREE): <u>Robert DeLoach, General Manager</u> Name of Party <u>10440 Ashford Street</u> Street Address <u>Rancho Cucamonga CA 91730</u> City State Zip Code <u>(909) 987-2591</u> Telephone <u>(909) 476-8032</u> Facsimile
--	--

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

PURPOSE OF TRANSFER:

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

WATER IS TO BE TRANSFERRED FROM:

- Annual Production Right (Appropriative Pool) or Operating Safe Yield (Non-Agricultural Pool)
- Storage
- Annual Production Right / Operating Safe Yield first, then any additional from Storage
- Other, explain City of Pomona's net under production, if any, with the remainder from Pomona's local storage account.

WATER IS TO BE TRANSFERRED TO:

- Annual Production Right / Operating Safe Yield (common)
- Storage (rare)
- Other, explain CVWD Excess Carry-Over Account

IS THE 85/15 RULE EXPECTED TO APPLY? (If yes, all answers below must be "yes.") Yes No

Is the Buyer an 85/15 Party? Yes No

Is the purpose of the transfer to meet a current demand over and above production right? Yes No

Is the water being placed into the Buyer's Annual Account? Yes No

IF WATER IS TO BE TRANSFERRED FROM STORAGE:

1,500 - 2,500 gpm In the current and future years as needed.
 Projected Rate of Recapture Projected Duration of Recapture

METHOD OF RECAPTURE (e.g. pumping, exchange, etc.):

Pumping

PLACE OF USE OF WATER TO BE RECAPTURED:

Service area within Management Zone 2.

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

N/A

WATER QUALITY AND WATER LEVELS

Are the Parties aware of any water quality issues that exist in the area? Yes No

If yes, please explain:

Nitrate concentrations range from 19 to 70 ppm.

What are the existing water levels in the areas that are likely to be affected?

Static water levels from 504' to 533'.

MATERIAL PHYSICAL INJURY

Are any of the recapture wells located within Management Zone 1? Yes No

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

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

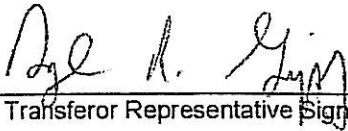
N/A

SAID TRANSFER SHALL BE CONDITIONED UPON:

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

ADDITIONAL INFORMATION ATTACHED

Yes No



Seller / Transferor Representative Signature

Daryl R. Grigsby, Public Works Director
Seller / Transferor Representative Name (Printed)



Buyer / Transferee Representative Signature

Robert DeLoach, General Manager
Buyer / Transferee Representative Name (Printed)

TO BE COMPLETED BY WATERMASTER STAFF:

DATE OF WATERMASTER NOTICE: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____

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CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

April 1, 2010

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

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **March 18, 2010**

Date of this notice: **April 1, 2010**

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

- Notice of Sale or Transfer – Chino Basin Watermaster will purchase 5,085 acre-feet of water from the City of Chino. The transfer will be made first from Chino's net under-production in Fiscal Year 2009-10, with any remainder to be recaptured from storage. This transfer will solely offset Fontana Water Company's current Cumulative Unmet Replenishment Obligation (CURO).

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

Appropriative Pool: April 8, 2010

Non-Agricultural Pool: April 8, 2010

Agricultural Pool: April 8, 2010

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

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

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

Watermaster address:

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

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

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: April 1, 2010

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

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CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

DATE: April 1, 2010
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

Summary –

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

Issue –

- Notice of Sale or Transfer – Chino Basin Watermaster will purchase 5,085,000 acre-feet of water from the City of Chino. The transfer will be made first from Chino's net under-production in Fiscal Year 2009-10, with any remainder to be recaptured from storage. This transfer will solely offset Fontana Water Company's current Cumulative Unmet Replenishment Obligation (CURO).

Recommendation –

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

Fiscal Impact –

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

Background

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

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

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

- Notice of Sale or Transfer – Chino Basin Watermaster will purchase 5,085.000 acre-feet of water from the City of Chino. The transfer will be made first from Chino's net under-production in Fiscal Year 2009-10, with any remainder to be recaptured from storage. This transfer will solely offset Fontana Water Company's current Cumulative Unmet Replenishment Obligation (CURO).

Notice of the water transaction identified above was mailed on April 1, 2010 along with the materials submitted by the requestors.

DISCUSSION

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

Chino Basin Watermaster has a total replenishment obligation (due to overproduction within the Basin) of 11,426.202 AF for Assessment Year 2009-10, in addition to the Cumulative Unmet Replenishment Obligation (CURO) of 9,527.581. Due to the fact that MWD does not have replenishment water available, Watermaster wishes to use the option to purchase water from Parties to partially fulfill the replenishment obligation. Watermaster is taking advantage of Chino's offer to sell 5,085.000 AF of water to Watermaster. The transfer will be made first from Chino's net under-production in Fiscal Year 2009-10, with any remainder to be recaptured from storage. This transfer will solely offset Fontana Water Company's current Cumulative Unmet Replenishment Obligation (CURO).

CONSOLIDATED WATER TRANSFER FORMS:
FORM 3: APPLICATION FOR SALE OR TRANSFER OF RIGHT TO PRODUCE WATER FROM STORAGE
FORM 4: APPLICATION OR AMENDMENT TO APPLICATION TO RECAPTURE WATER IN STORAGE
FORM 5: APPLICATION TO TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

FISCAL YEAR 2010-2011

DATE REQUESTED: March 18, 2010

AMOUNT REQUESTED: 5,085.000 Acre-Feet

TRANSFER FROM (SELLER / TRANSFEROR):	TRANSFER TO (BUYER / TRANSFEREE):
<u>City of Chino</u>	<u>Chino Basin Watermaster (on behalf of</u>
Name of Party	<u>Fontana Water Company)</u>
<u>5050 Schaefer Ave</u>	<u>9641 San Bernardino Rd</u>
Street Address	Street Address
<u>Chino</u> <u>CA</u> <u>91710-5549</u>	<u>Rancho Cucamonga</u> <u>CA</u> <u>91730</u>
City State Zip Code	City State Zip Code
<u>(909) 591-9823</u>	<u>(909) 484-3888</u>
Telephone	Telephone
<u>(909) 590-5535</u>	<u>(909) 484-3890</u>
Facsimile	Facsimile

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

PURPOSE OF TRANSFER:

- Pump when other sources of supply are curtailed
- Pump to meet current or future demand over and above production right
- Pump as necessary to stabilize future assessment amounts
- Other, explain To partially fulfill FWC's Cumulative Unmet Replenishment Obligation (CURO)

WATER IS TO BE TRANSFERRED FROM:

- Annual Production Right (Appropriative Pool) or Operating Safe Yield (Non-Agricultural Pool)
- Storage
- Annual Production Right / Operating Safe Yield first, then any additional from Storage
- Other, explain _____

WATER IS TO BE TRANSFERRED TO:

- Annual Production Right / Operating Safe Yield (common)
- Storage (rare)
- Other, explain FWC's Cumulative Unmet Replenishment Obligation (CURO)

SAID TRANSFER SHALL BE CONDITIONED UPON:

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

ADDITIONAL INFORMATION ATTACHED

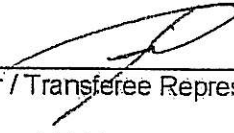
Yes No



Seller / Transferor Representative Signature

Dave Crosley

Seller / Transferor Representative Name (Printed)



Buyer / Transferee Representative Signature

Kenneth R Manning

Buyer / Transferee Representative Name (Printed)

TO BE COMPLETED BY WATERMASTER STAFF:

DATE OF WATERMASTER NOTICE: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____

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CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

April 1, 2010

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

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **March 18, 2010**

Date of this notice: **April 1, 2010**

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

- Notice of Sale or Transfer – Chino Basin Watermaster will purchase 5,000 acre-feet of water from the Cucamonga Valley Water District (CVWD). The transfer will be made from CVWD's storage account. This transfer will solely offset Fontana Water Company's current Cumulative Unmet Replenishment Obligation (CURO).

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

Appropriative Pool:	April 8, 2010
Non-Agricultural Pool:	April 8, 2010
Agricultural Pool:	April 8, 2010

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

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

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

Watermaster address:

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

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

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: April 1, 2010

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

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CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

DATE: April 1, 2010
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

Summary –

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

Issue –

- Notice of Sale or Transfer – Chino Basin Watermaster will purchase 5,000,000 acre-feet of water from the Cucamonga Valley Water District (CVWD). The transfer will be made from CVWD's storage account. This transfer will solely offset Fontana Water Company's current Cumulative Unmet Replenishment Obligation (CURO).

Recommendation –

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

Fiscal Impact –

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

Background

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

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

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

- Notice of Sale or Transfer – Chino Basin Watermaster will purchase 5,000,000 acre-feet of water from the Cucamonga Valley Water District (CVWD). The transfer will be made from CVWD's storage account. This transfer will solely offset Fontana Water Company's current Cumulative Unmet Replenishment Obligation (CURO).

Notice of the water transaction identified above was mailed on April 1, 2010 along with the materials submitted by the requestors.

DISCUSSION

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

Chino Basin Watermaster has a total replenishment obligation (due to overproduction within the Basin) of 11,426,202 AF for Assessment Year 2009-10, in addition to the Cumulative Unmet Replenishment Obligation (CURO) of 9,527,581. Due to the fact that MWD does not have replenishment water available, Watermaster wishes to use the option to purchase water from Parties to partially fulfill the replenishment obligation. Watermaster is taking advantage of CVWD's offer to sell 5,005,000 AF of water to Watermaster. The transfer will be made first from CVWD's storage account. This transfer will solely offset Fontana Water Company's current Cumulative Unmet Replenishment Obligation (CURO).

CONSOLIDATED WATER TRANSFER FORMS:
FORM 3: APPLICATION FOR SALE OR TRANSFER OF RIGHT TO PRODUCE WATER FROM STORAGE
FORM 4: APPLICATION OR AMENDMENT TO APPLICATION TO RECAPTURE WATER IN STORAGE
FORM 5: APPLICATION TO TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

FISCAL YEAR 2010-2011

DATE REQUESTED: March 18, 2010

AMOUNT REQUESTED: 5,000.000 Acre-Feet

TRANSFER FROM (SELLER / TRANSFEROR):	TRANSFER TO (BUYER / TRANSFEREE):
<u>Cucamonga Valley Water District</u>	<u>Chino Basin Watermaster (on behalf of</u>
Name of Party	Name of Party <u>Fontana Water Company)</u>
<u>P.O. Box 638</u>	<u>9641 San Bernardino Rd</u>
Street Address	Street Address
<u>Rancho Cucamonga</u> <u>CA</u> <u>91729-0638</u>	<u>Rancho Cucamonga</u> <u>CA</u> <u>91730</u>
City State Zip Code	City State Zip Code
<u>(909) 987-2591</u>	<u>(909) 484-3888</u>
Telephone	Telephone
<u>(909) 476-8032</u>	<u>(909) 484-3890</u>
Facsimile	Facsimile

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

PURPOSE OF TRANSFER:

- Pump when other sources of supply are curtailed
- Pump to meet current or future demand over and above production right
- Pump as necessary to stabilize future assessment amounts
- Other, explain To partially fulfill FWC's Cumulative Unmet Replenishment Obligation (CURO)

WATER IS TO BE TRANSFERRED FROM:

- Annual Production Right (Appropriative Pool) or Operating Safe Yield (Non-Agricultural Pool)
- Storage
- Annual Production Right / Operating Safe Yield first, then any additional from Storage
- Other, explain _____

WATER IS TO BE TRANSFERRED TO:

- Annual Production Right / Operating Safe Yield (common)
- Storage (rare)
- Other, explain FWC's Cumulative Unmet Replenishment Obligation (CURO)

85/15 will apply on the additional \$20.00/AF

IS THE 85/15 RULE EXPECTED TO APPLY? (If yes, all answers below must be "yes.") Yes No
 Is the Buyer an 85/15 Party? Yes No
 Is the purpose of the transfer to meet a current demand over and above production right? Yes No
 Is the water being placed into the Buyer's Annual Account? Yes No

IF WATER IS TO BE TRANSFERRED FROM STORAGE:

N/A (paper transfer) N/A (paper transfer)
 Projected Rate of Recapture Projected Duration of Recapture

METHOD OF RECAPTURE (e.g. pumping, exchange, etc.):

N/A

PLACE OF USE OF WATER TO BE RECAPTURED:

N/A

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

N/A

WATER QUALITY AND WATER LEVELS

Are the Parties aware of any water quality issues that exist in the area? Yes No

If yes, please explain:

N/A

What are the existing water levels in the areas that are likely to be affected?

N/A

MATERIAL PHYSICAL INJURY

Are any of the recapture wells located within Management Zone 1? Yes No

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

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

N/A

N/A

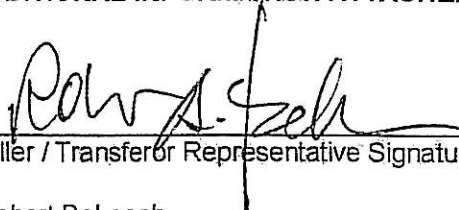
N/A

SAID TRANSFER SHALL BE CONDITIONED UPON:

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

ADDITIONAL INFORMATION ATTACHED

Yes No



 Seller / Transferor Representative Signature

Robert DeLoach

 Seller / Transferor Representative Name (Printed)



 Buyer / Transferee Representative Signature

Kenneth R Manning

 Buyer / Transferee Representative Name (Printed)

TO BE COMPLETED BY WATERMASTER STAFF:

DATE OF WATERMASTER NOTICE: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____

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CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

April 1, 2010

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

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **March 3, 2010**

Date of this notice: **April 1, 2010**

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

- Notice of Sale or Transfer – Chino Basin Watermaster will purchase 1,000 acre-feet of water from the Santa Ana River Water Company (SARWC). The transfer will be made first from SARWC's net under-production in Fiscal Year 2009-10, with any remainder to be recaptured from storage.

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

Appropriative Pool: April 8, 2010

Non-Agricultural Pool: April 8, 2010

Agricultural Pool: April 8, 2010

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

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

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

Watermaster address:

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

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

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: April 1, 2010

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

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CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

DATE: April 1, 2010
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

Summary –

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

Issue –

- Notice of Sale or Transfer – Chino Basin Watermaster will purchase 1,000,000 acre-feet of water from the Santa Ana River Water Company (SARWC). The transfer will be made first from SARWC's net under-production in Fiscal Year 2009-10, with any remainder to be recaptured from storage.

Recommendation –

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

Fiscal Impact –

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

Background

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

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

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

- Notice of Sale or Transfer – Chino Basin Watermaster will purchase 5,085.000 acre-feet of water from the City of Chino. The transfer will be made first from Chino's net under-production in Fiscal Year 2009-10, with any remainder to be recaptured from storage. This transfer will solely offset Fontana Water Company's current Cumulative Unmet Replenishment Obligation (CURO).

Notice of the water transaction identified above was mailed on April 1, 2010 along with the materials submitted by the requestors.

DISCUSSION

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

Chino Basin Watermaster has a total replenishment obligation (due to overproduction within the Basin) of 11,426.202 AF for Assessment Year 2009-10, in addition to the Cumulative Unmet Replenishment Obligation (CURO) of 9,527.581. Due to the fact that MWD does not have replenishment water available, Watermaster wishes to use the option to purchase water from Parties to partially fulfill the replenishment obligation. Watermaster is taking advantage of Chino's offer to sell 5,085.000 AF of water to Watermaster. The transfer will be made first from Chino's net under-production in Fiscal Year 2009-10, with any remainder to be recaptured from storage. This transfer will solely offset Fontana Water Company's current Cumulative Unmet Replenishment Obligation (CURO).

CONSOLIDATED WATER TRANSFER FORMS:
FORM 3: APPLICATION FOR SALE OR TRANSFER OF RIGHT TO PRODUCE WATER FROM STORAGE
FORM 4: APPLICATION OR AMENDMENT TO APPLICATION TO RECAPTURE WATER IN STORAGE
FORM 5: APPLICATION TO TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

FISCAL YEAR 20 10- 20 11

DATE REQUESTED: March 3, 2010

AMOUNT REQUESTED: 1,000.000 Acre-Feet

TRANSFER FROM (SELLER / TRANSFEROR):			TRANSFER TO (BUYER / TRANSFEREE):		
<u>Santa Ana River Water Company</u>			<u>Chino Basin Watermaster</u>		
Name of Party			Name of Party		
<u>10530 54th Street</u>			<u>9641 San Bernardino Road</u>		
Street Address			Street Address		
<u>Mira Loma</u>	<u>CA</u>	<u>91752-2331</u>	<u>Rancho Cucamonga</u>	<u>CA</u>	<u>91730</u>
City	State	Zip Code	City	State	Zip Code
<u>951- 685-6503</u>			<u>909-484-3888</u>		
Telephone			Telephone		
<u>951- 685-1978</u>			<u>909-484-3890</u>		
Facsimile			Facsimile		

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

Yes No

PURPOSE OF TRANSFER:

- Pump when other sources of supply are curtailed
- Pump to meet current or future demand over and above production right
- Pump as necessary to stabilize future assessment amounts
- Other, explain To partially fulfill Watermaster's replenishment obligation for Assessment Year 2009-10

WATER IS TO BE TRANSFERRED FROM:

- Annual Production Right (Appropriative Pool) or Operating Safe Yield (Non-Agricultural Pool)
- Storage
- Annual Production Right / Operating Safe Yield first, then any additional from Storage
- Other, explain _____

WATER IS TO BE TRANSFERRED TO:

- Annual Production Right / Operating Safe Yield (common)
- Storage (rare)
- Other, explain Replenishment obligation for Assessment Year 2009-10

IS THE 85/15 RULE EXPECTED TO APPLY? (If yes, all answers below must be "yes.") Yes No

Is the Buyer an 85/15 Party? Yes No

Is the purpose of the transfer to meet a current demand over and above production right? Yes No

Is the water being placed into the Buyer's Annual Account? Yes No

IF WATER IS TO BE TRANSFERRED FROM STORAGE:

N/A (paper transfer) N/A (paper transfer)
 Projected Rate of Recapture Projected Duration of Recapture

METHOD OF RECAPTURE (e.g. pumping, exchange, etc.):

N/A

PLACE OF USE OF WATER TO BE RECAPTURED:

N/A

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

N/A

WATER QUALITY AND WATER LEVELS

Are the Parties aware of any water quality issues that exist in the area? Yes No

If yes, please explain:

N/A

What are the existing water levels in the areas that are likely to be affected?

N/A

MATERIAL PHYSICAL INJURY

Are any of the recapture wells located within Management Zone 1? Yes No

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

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

N/A

N/A

N/A

SAID TRANSFER SHALL BE CONDITIONED UPON:

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

ADDITIONAL INFORMATION ATTACHED


Yes No



 Seller / Transferor Representative Signature

J. Arnold Rodriguez

 Seller / Transferor Representative Name (Printed)



 Buyer / Transferee Representative Signature

Kenneth R. Manning

 Buyer / Transferee Representative Name (Printed)

TO BE COMPLETED BY WATERMASTER STAFF:

DATE OF WATERMASTER NOTICE: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____

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CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

April 1, 2010

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

NOTICE OF APPLICATION(S) RECEIVED

Date of Application: **March 31, 2010**

Date of this notice: **April 1, 2010**

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

- Notice of Sale or Transfer – On March 31, 2010, Watermaster received Consolidated Water Transfer Forms 3, 4, and 5 with Praxair, Inc. as the Transferor and the City of Ontario (as an Overlying Non-Agricultural party) as Transferee in the amount of 426.446 acre-feet--a permanent transfer of all but one acre-foot of its share of safe yield. Also to be transferred are all of Praxair's post-June 30, 2007 stored, carry-over and unpumped groundwater.

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

Appropriative Pool: April 8, 2010

Non-Agricultural Pool: April 8, 2010

Agricultural Pool: April 8, 2010

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

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

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

Watermaster address:

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

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

CHINO BASIN WATERMASTER

NOTICE OF TRANSFER OF WATER

Notification Dated: April 1, 2010

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

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CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

DATE: April 1, 2010
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

SUMMARY

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

Issue -

- Notice of Sale or Transfer – On March 31, 2010, Watermaster received Consolidated Water Transfer Forms 3, 4, and 5 with Praxair, Inc. as the Transferor and the City of Ontario (as an Overlying Non-Agricultural party) as Transferee in the amount of 426.446 acre-feet--a permanent transfer of all but one acre-foot of its share of safe yield. Also to be transferred are all of Praxair's post-June 30, 2007 stored, carry-over and unpumped groundwater. This Staff Report provides a summary and analysis of the proposed transfer.

Recommendation –

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

Fiscal Impact –

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

BACKGROUND

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

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

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

- Notice of Sale or Transfer – On March 31, 2010, Watermaster received Consolidated Water Transfer Forms 3, 4, and 5 with Praxair, Inc. as the Transferor and the City of Ontario (as an Overlying Non-Agricultural party) as Transferee in the amount of 426.446 acre-feet--a permanent transfer of all but one acre-foot of its share of safe yield. Also to be transferred are all of Praxair's post-June 30, 2007 stored, carry-over and unpumped groundwater. This Staff Report provides a summary and analysis of the proposed transfer.

Notice of the water transaction identified above was mailed on April 1, 2010 along with the materials submitted by the requestors.

DISCUSSION

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

In the 1978 Judgment, Union Carbide Corporation was adjudicated rights of 427.446 acre-feet within the Overlying (Non-Agricultural) Pool. Union Carbide Corporation later changed its name to Praxair, Inc. The City of Ontario Intervened into the Judgment as an Overlying Non-Agricultural party in Fiscal Year 2008-09.

Praxair and the City of Ontario (as Non-Ag) have submitted Consolidated Water Transfer Forms 3, 4, and 5. The Application indicates that the amount of water rights to be permanently transferred is 426.446 acre-feet, leaving Praxair with one (1.000) acre-feet of safe yield. Also included are all of Praxair's post-June 30, 2007 stored, carry-over and unpumped groundwater. The City of Ontario will utilize the groundwater extracted solely for uses authorized in the Judgment including providing water service to properties in Ontario.

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



Praxair, Inc.
2430 Camino Ramon, Suite 310
PO Box 5117
San Ramon, CA 94583
925-866-6842

March 31, 2010

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

RE: Proposed Permanent Transfer of Safe Yield and Water in Storage

Dear Mr. Manning:

This is to notify the Watermaster that Praxair, Inc. ("Transferor") of the Non-Agricultural Pool is hereby requesting approval of the permanent transfer to the City of Ontario ("Transferee") of the Non-Agricultural Pool, approximately 427.446 AF of carry-over water and approximately 233.911 AF of stored water. This is estimated to be all of its post June 30, 2007 stored, carry-over and unpumped groundwater that the Watermaster records currently show are Praxair's balances. In addition, Praxair requests approval of the permanent transfer to the City of Ontario (Non-Ag) 426.446 AFY of its operating safe yield annual non-agricultural overlying groundwater production rights adjudicated to Transferor or its predecessor-in-interest in the Judgment rendered in the Case of "Chino Basin Municipal Water District vs. City of Chino et al" RCV 51010 (formerly Case No. SCV 164327). Please note that Praxair is retaining 1 AFY of operating safe yield non-agricultural overlying groundwater production right.

Please note that this transfer is contingent on Praxair and the City of Ontario (Non-Ag) executing a sale agreement. We would like to have the Watermaster review completed while we finalize this agreement. We will notify you when this is completed or if there are significant changes in status.

Executed original Watermaster forms and all supporting documentation are also being provided. Please put the proposed transfer on the agendas for the next Watermaster meetings.

Sincerely,

Curtis Stubbings
Praxair, Inc.

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CONSOLIDATED WATER TRANSFER FORMS:
FORM 3: APPLICATION FOR SALE OR TRANSFER OF RIGHT TO PRODUCE WATER FROM STORAGE
FORM 4: APPLICATION OR AMENDMENT TO APPLICATION TO RECAPTURE WATER IN STORAGE
FORM 5: APPLICATION TO TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

FISCAL YEAR 2009-2010

DATE REQUESTED: February 26, 2010

PERMANENT transfer of 426.446 AF of OSY
 AMOUNT REQUESTED: _____ Acre-Feet
 & approx. 427.446 AF of carryover water and
 233.911 AF of stored water. Permanent transfer
 includes 09-10 rights.

<p>TRANSFER FROM (SELLER / TRANSFEROR):</p> <p><u>Praxair Inc.</u> Name of Party</p> <p><u>5705 East Airport Drive</u> Street Address</p> <p><u>Ontario</u> <u>CA</u> <u>91761</u> City State Zip Code</p> <p><u>925-866-6842</u> Telephone</p> <p><u>925-866-6899</u> Facsimile</p>	<p>TRANSFER TO (BUYER / TRANSFEREE):</p> <p><u>Ontario City Non-Ag</u> Name of Party</p> <p><u>1425 South Bon View</u> Street Address</p> <p><u>Ontario</u> <u>CA</u> <u>91761</u> City State Zip Code</p> <p><u>909-395-2681</u> Telephone</p> <p><u>909-395-2601</u> Facsimile</p>
---	---

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

PURPOSE OF TRANSFER:

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

WATER IS TO BE TRANSFERRED FROM:

- Annual Production Right (Appropriative Pool) or Operating Safe Yield (Non-Agricultural Pool) 426.446 AFY
- Storage (approx. 427.446 AF of carryover water and approx. 233.911 AF of stored water.)
- Annual Production Right / Operating Safe Yield first, then any additional from Storage
- Other, explain PERMANENT transfer of 426.446 AF of OSY & approx. 427.446 AF of carryover water and approx. 233.911 AF of stored water.)

WATER IS TO BE TRANSFERRED TO:

- Annual Production Right / Operating Safe Yield (common) - 426.446 AFY
- Storage (rare) - estimated 233.911 AF plus 08-09 carry over 427.446 AF
- Other, explain PERMANENT transfer of 426.446 AF of OSY & approx. 427.446 AF of carryover water and approx. 233.911 AF of stored water.

IS THE 85/15 RULE EXPECTED TO APPLY? (If yes, all answers below must be "yes.") Yes No

Is the Buyer an 85/15 Party? Yes No

Is the purpose of the transfer to meet a current demand over and above production right? Yes No

Is the water being placed into the Buyer's Annual Account? Yes No

IF WATER IS TO BE TRANSFERRED FROM STORAGE:

Varies	Indefinite (permanent transfer)
Projected Rate of Recapture	Projected Duration of Recapture

METHOD OF RECAPTURE (e.g. pumping, exchange, etc.):

Pumping

PLACE OF USE OF WATER TO BE RECAPTURED:

Management Zones 2 and 3

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

N/A

WATER QUALITY AND WATER LEVELS

Are the Parties aware of any water quality issues that exist in the area? Yes No

If yes, please explain:

N/A

What are the existing water levels in the areas that are likely to be affected?

Static level varies from 272 feet to 524 feet.

MATERIAL PHYSICAL INJURY

Are any of the recapture wells located within Management Zone 1? Yes No

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

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

N/A

N/A

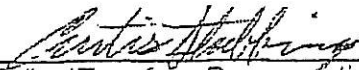
N/A

SAID TRANSFER SHALL BE CONDITIONED UPON:

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

ADDITIONAL INFORMATION ATTACHED


Yes No



 Seller / Transferor Representative Signature

Curtis Stubbins

 Seller / Transferor Representative Name (Printed)



 Buyer / Transferee Representative Signature

Ken Jeske

 Buyer / Transferee Representative Name (Printed)

TO BE COMPLETED BY WATERMASTER STAFF:

DATE OF WATERMASTER NOTICE: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____

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CHINO BASIN WATERMASTER

II. BUSINESS ITEM

A. AGREEMENT TO FORM A TASK FORCE

Consider Approval of Agreement to Form a Task Force to Conduct the Annual Emerging Constituents Characterization Program for the Santa Ana River Watershed (Emerging Constituents Program)





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: April 8, 2010
TO: Committee Members
SUBJECT: Agreement to Form a Task Force to Conduct the Annual Emerging Constituents Characterization Program for the Santa Ana River Watershed (Emerging Constituents Program)

SUMMARY

Recommendation – No Action is Required for April. Staff Will Provide Further Report and Seek Guidance from the Watermaster Board

Financial Impact - Annual budget is prepared by the Task Force and its pro-rata share of such costs and fees are shared among the TASK FORCE AGENCIES. The budget proposed for the fiscal year 2010/11 is \$87,500 and the Watermaster's share is \$2,500.

BACKGROUND

A workgroup of water resource agencies in the Santa Ana Watershed was formed in April 2008 to work cooperatively with the Santa Ana Regional Board in investigating emerging constituents "unregulated chemicals" and determine which emerging constituents may be important to assure water quality protection in the Santa Ana River Watershed. The formation of this workgroup was prompted by a cooperative agreement signed in January 2008 among imported water recharging agencies and the Regional Board, to assure water quality protection resulting from imported water recharge in the Santa Ana Watershed. An evaluation of emerging constituents was proposed under a two-phase work approach. Under the first phase, the workgroup met regularly to define the purpose of an emerging constituents investigation program, to review the lessons learned from past and present emerging constituents monitoring programs, to survey the technical capability of well-qualified commercial laboratories to analyze for emerging constituents, and to identify the potential regulatory issues that may arise as a result of collecting and publishing emerging constituent data. A Phase I report was completed and forwarded to the Regional Board in December 2008. Thereafter, under Phase II, the workgroup met monthly to develop a long-term characterization program for emerging constituents and to define requirements for the submittal of an annual report based on sampling conducted for specific emerging

constituents in the Santa Ana region. The Phase II report was completed and submitted to the Regional Board for approval in December 2009.

As defined in the Phase II report, the workgroup designated the Santa Ana Watershed Project Authority (SAWPA) as the lead agency to prepare an annual emerging constituents report for submittal to the Regional Board based on sampling and laboratory analysis data submitted by the TASK FORCE AGENCIES and other cooperating agencies to SAWPA.

The purpose of this Task Force Agreement is to form a task force to oversee and conduct the necessary annual report for the Emerging Constituents Characterization program as defined in the SAWPA Phase II Emerging Constituents Work plan approved by the Regional Board on December 10, 2009. The Task Force is proposed to consist of the TASK FORCE AGENCIES to direct the study and fund it on an equitable basis to be determined by the Task Force.

Actions:

- April 8, 2010 Appropriative Pool –
- April 8, 2010 Non-Agricultural Pool –
- April 8, 2010 Agricultural Pool –
- April 15, 2010 Advisory Committee –
- April 22, 2010 Watermaster Board –

**AGREEMENT TO FORM A TASK FORCE
TO CONDUCT THE ANNUAL EMERGING CONSTITUENTS CHARACTERIZATION
PROGRAM FOR THE SANTA ANA RIVER WATERSHED
(EMERGING CONSTITUENTS PROGRAM)**

THIS AGREEMENT is made and entered into this ___th day of _____, 2010 by and among the following entities, which hereinafter are sometimes referred to collectively as "TASK FORCE AGENCIES" or individually as TASK FORCE AGENCY" ("AGREEMENT"). This AGREEMENT is also by and between the Santa Ana Watershed Project Authority ("SAWPA") and the TASK FORCE AGENCIES as to SAWPA's role as Task Force Administrator. The following public agencies are the "TASK FORCE AGENCIES":

- Eastern Municipal Water District
- Inland Empire Utilities Agency
- Orange County Water District
- San Bernardino Valley Muni Water District
- Western Municipal Water District
- Elsinore Valley Municipal Water District
- Irvine Ranch Water District
- Jurupa Community Services District
- Lee Lake Water District
- Metropolitan Water District of Southern California
- San Geronio Pass Water Agency
- Yucaipa Valley Water District
- City of Beaumont
- City of Corona
- City of Redlands
- City of Rialto
- City of Riverside
- Chino Basin Watermaster
- Colton/San Bernardino Regional Tertiary Treatment and Wastewater Reclamation Authority
- Western Riverside County Regional Wastewater Authority

I. RECITALS

A. Background. In April 2008, a workgroup of water resource agencies in the Santa Ana Watershed was convened by the Santa Ana Watershed Project Authority to work cooperatively with the Santa Ana Regional Board in investigating emerging constituents "unregulated chemicals" and determine which emerging constituents may be important to assure water quality protection in the Santa Ana River Watershed. The formation of this workgroup was prompted by a cooperative agreement signed in January 2008 among imported water recharging agencies and the Regional Board, to assure water quality protection resulting from imported water recharge in the Santa Ana Watershed. An evaluation of emerging constituents was proposed under a two-phase work approach. Under the first phase, the workgroup met regularly to define the purpose of an emerging constituents investigation program, to review the lessons learned from past and present emerging constituents monitoring programs, to survey the technical capability of well-qualified commercial laboratories to analyze for emerging constituents, and to identify the potential regulatory issues that may arise as a result of collecting and publishing emerging constituent data. A Phase I report was completed and forwarded to the Regional Board in December 2008. Thereafter, under Phase II, the workgroup met monthly to develop a long-term characterization program for emerging constituents and to define requirements for the submittal of an annual report based on sampling conducted for specific emerging constituents in the Santa Ana region. The Phase II report was completed and submitted to the Regional Board for approval in December 2009.

As defined in the Phase II report, the workgroup designated the Santa Ana Watershed Project Authority (SAWPA) as the lead agency to prepare an annual emerging constituents report for submittal to the Regional Board based on sampling and laboratory analysis data submitted by the TASK FORCE AGENCIES and other cooperating agencies to SAWPA.

B. The Purpose of the Task Force Agreement. The purpose of this Task Force Agreement is to form a task force to oversee and conduct the necessary annual report for the Emerging Constituents Characterization program as defined in the SAWPA Phase II Emerging Constituents Workplan approved by the Regional Board on Dec. 10, 2009. The Task Force is proposed to consist of the TASK FORCE AGENCIES to direct the study and fund it on an equitable basis to be determined by the Task Force.

II. COVENANTS

NOW, THEREFORE; in consideration of the foregoing recitals and mutual covenants contained herein, the TASK FORCE AGENCIES agree as follows:

1. Creation of a Task Force.

There is hereby created a "Task Force to Conduct an Emerging Constituents Characterization Program for the Santa Ana River Watershed" initially consisting of the TASK FORCE AGENCIES and other entities as more specifically provided for in paragraph 3 below.

2. Purpose of the Task Force.

The purpose of the Task Force is to provide oversight and supervision of the work that is described herein.

3. Membership and Organization.

a. Regular Members. Concurrent with the execution of this AGREEMENT, each of the TASK FORCE AGENCIES shall appoint one regular representative to the Task Force and one alternate representative to act in the absence of the regular representative. The representatives must be vested with the authority to act on behalf of the appointing TASK FORCE AGENCY, but only as provided for in this AGREEMENT. No actions by the TASK FORCE AGENCIES shall bind the TASK FORCE AGENCIES, except as explicitly provided for in this AGREEMENT. The identity of the appointed representatives shall be promptly communicated in writing to SAWPA. The representatives shall serve at the pleasure of the appointing TASK FORCE AGENCY and may be removed at any time, with or without cause; provided, however, that the TASK FORCE AGENCIES acknowledge and agree that the continuity of representation on the Task Force is important to the overall effectiveness of the Task Force, and the TASK FORCE AGENCIES further agree to ensure such continuity whenever possible.

b. Additional Agencies. The TASK FORCE AGENCIES acknowledge and agree that the effectiveness of the Task Force may be improved by the inclusion of other public agencies as additional TASK FORCE AGENCIES to the Task Force. Such public agencies may join the Task Force on such written terms and conditions as are acceptable to all TASK FORCE AGENCIES, including, but not limited to, agreed-upon cash contributions for past, present, and/or future work, of the Task Force. The inclusion of such public agencies as additional TASK FORCE AGENCIES to the Task Force shall be effected by a written amendment to this AGREEMENT signed by all TASK FORCE AGENCIES. Such additional TASK FORCE AGENCIES shall appoint their Task Force representatives and alternates as provided in Section 3.a. above or in said written amendment.

c. Advisory Members. The Task Force may, from time to time, seek the advice and counsel of regulatory or special interest agencies, which agencies may serve as Advisory Members to the Task Force. Such Advisory Members shall have no obligation to provide funding and have no voting privileges. The California Regional Water Quality Control Board, Santa Ana Region, is hereby appointed as an Advisory Member of the Task Force. Additional Advisory Members may be appointed by a majority vote of the Task Force representatives.

d. Committees. The Task Force may establish committees, consisting of members who shall be selected by, and serve at the pleasure of the Task Force.

e. Task Force Administrator. SAWPA, acting through its Planning Department staff, is hereby appointed as the Task Force Administrator for purposes of this Task Force Agreement. SAWPA shall have the following administrative responsibilities and shall be reimbursed for time expended on behalf of the Task Force at SAWPA's current rate for salary, overhead, burden (2009-10 rates shown in Exhibit "A"), and cost of materials, and including costs for:

- (1) Organizing and facilitating Task Force meetings;
- (2) Secretarial, clerical, and administrative services;
- (3) Management of Task Force funds and provide annual reports of Task Force assets and expenditures;
- (4) Hire Task Force-authorized consultants as permitted by the Task Force budget.

SAWPA, as the Task Force Administrator, will act as the contracting party for the benefit of the Task Force, for contracts with all Task Force consultants or contractors. SAWPA will not contract, direct, instruct, or guide such consultants or contractors on behalf of the Task Force, or use funds provided by the Task Force without approval of, or guidance from, a majority of the Task Force representatives in accordance with Sections 3.f(2), 5 and 6 of this AGREEMENT. SAWPA will provide project management for work performed by such consultants or contractors.

f. Meetings of the Task Force.

(1) Frequency and Location. The Task Force meetings shall be held at the office of SAWPA and will be scheduled based on the consensus of the majority of the Task Force at mutually agreeable times and dates. Special meetings may be called at the request of the Task Force Administrator or by a majority of the Task Force representatives. All meetings of the Task Force or its committees shall be noticed and conducted in compliance with the Ralph M. Brown Act at Government Code, Section 54950 et seq.

(2) Quorum. A majority of the representatives of the Task Force shall constitute a quorum. Actions of the Task Force shall be passed and adopted upon the affirmative vote of a majority of the Task Force. Each TASK FORCE AGENCY shall have one vote. The Task Force may adopt such additional rules and regulations as may be required for the conduct of its affairs so long as such rules and regulations do not conflict with this AGREEMENT and applicable law.

(3) Meeting Notes. SAWPA shall keep, or cause to be kept, meeting notes of the Task Force meetings including handout materials used. Copies of the meetings and handouts shall be delivered to the Task Force representatives, each TASK FORCE AGENCY, and the Advisory Members.

4. Duties of the Task Force.

a. Emerging Constituents Sampling. An emerging constituent sampling effort will be conducted by the TASK FORCE and cooperating agencies at locations and frequency under the approved sampling and analysis plan and submit copies of all sampling documents (field notes and chain of custody forms) and laboratory reports to SAWPA.

b. Data Management and Reporting. SAWPA will input the data to the Santa Ana Watershed Database Management System (SAWDMS) database and prepare an annual report summarizing results of the emerging constituents characterization program. A draft copy of the emerging constituents report will be distributed for review and comment. SAWPA will convene a TASK FORCE meeting shortly thereafter to discuss suggested revisions to the draft document. The final report will be submitted to the Regional Board, on behalf of the stakeholders, by December 31st of each year. The annual report will include a detailed description of the chemical analytes, sampling locations, sampling dates and protocols, analytical methods, QA/QC procedures and relevant results. Where appropriate, the report also shall include any recommended changes to future emerging constituent sampling efforts (including revised analytes or sampling locations). The report also will describe the toxicological relevance of the measured emerging constituent concentrations.

c. Communications. To facilitate public understanding of the new information, an Emerging Constituents Communication plan will be developed describing challenges and concerns, strategies and tactics, immediate and future tasks, messaging and talking points.

d. Termination of Projects or Studies. The TASK FORCE AGENCIES hereby agree that the Task Force shall have the discretion to terminate its projects or studies in the event a consensus of the TASK FORCE AGENCIES cannot be maintained during the course of the Task Force projects or studies. In the event a project or study is terminated, any funds previously budgeted for the project or study shall be returned to the TASK FORCE AGENCIES who furnished such funds, except as otherwise provided in Section 7 herein.

5. Budgets.

On or before February 1st of each year, SAWPA will prepare and submit a draft Task Force budget for the next fiscal year to the Task Force and TASK FORCE AGENCIES. The proposed budget shall include all anticipated costs and fees for the scope(s) of work developed by the Task Force for the next fiscal year. Costs shall include costs and fees for any consultants or contractors to be hired by SAWPA to complete the anticipated scopes of work, any equipment or materials to be purchased, and any other direct costs. SAWPA shall include as a separate item in such proposed budgets costs of SAWPA administrative services. The proposed budget shall include a detailed description of all work to be accomplished with the budget. The budgets shall also set forth the funds to be deposited with SAWPA consistent with the budgeted costs and fees for that fiscal year. Each TASK FORCE AGENCY shall approve in advance on or before March 1st of each year, its pro-rata share of the Task Force proposed budget for the next fiscal year. The TASK FORCE AGENCY shall be asked to pay its pro-rata share at the commencement of the next fiscal year. The pro-rata share of such costs and fees for each TASK FORCE AGENCY will be as described in EXHIBIT "B", attached hereto and made a part of this AGREEMENT. Said EXHIBIT "B" shall be renewed each fiscal year to reflect the final budget and the participating TASK FORCE AGENCIES of that fiscal year, and any other factor that may affect the pro-rata share of such costs and fees for each TASK FORCE AGENCY for that fiscal year. EXHIBIT "B" includes by its attachment the funding sources for Fiscal Year (July 1st to June 30th) 2010-2011, and a budget for that fiscal year shall be adopted by the Task Force and TASK FORCE AGENCIES after this AGREEMENT has been fully executed. In the event that any TASK FORCE AGENCY withdraws from the Task Force, the budget then in effect shall be adjusted in order to provide for any funding shortfall caused by such withdrawal.

6. Contracting.

Upon Task Force approval, SAWPA shall hire consultants and contractors, as necessary, to complete the scope of work that has been funded by TASK FORCE AGENCIES each fiscal year. SAWPA shall not obligate funds that have not been delivered to SAWPA by the TASK FORCE AGENCIES.

7. Duration of Agreement.

This AGREEMENT shall not terminate except by mutual agreement of a majority of the TASK FORCE AGENCIES provided that all debts and liabilities of the Task Force are satisfied. Notwithstanding the foregoing, each TASK FORCE AGENCY reserves the right to terminate its participation at any time, upon sixty (60) days' written notice to the Task Force. Task Force projects and studies already undertaken on behalf of TASK FORCE AGENCIES at the time of withdrawal by a TASK FORCE AGENCY shall be fully funded by the TASK FORCE AGENCIES, including the withdrawing TASK FORCE AGENCY, at the time projects or studies are approved by the Task Force for implementation. A withdrawing TASK FORCE AGENCY shall not be entitled to any refund for programs or studies already underway. Any refund of surplus funds due to the withdrawing TASK FORCE AGENCY shall be paid sixty (60) days after the completion of tasks, projects and studies undertaken or in progress.

8. Ownership of Documents.

All work or deliverables produced, including originals prepared by anyone in connection with, or pertaining to, the work of the Task Force, shall become the property of the TASK FORCE AGENCIES, individually and collectively. Provided, however, that any withdrawn TASK FORCE AGENCY shall only be entitled to such work or deliverables if the withdrawn TASK FORCE AGENCY has fully contributed funds for such work or deliverables.

9. Assignment.

No right, duty or obligation of whatever kind or nature created herein shall be assigned without the prior written consent of all TASK FORCE AGENCIES.

10. Effective Date.

This Task Force Agreement shall become effective when it has been executed by a majority of the TASK FORCE AGENCIES pursuant to necessary authorization by each TASK FORCE AGENCY.

11. Counterparts.

This AGREEMENT may be executed in original counterparts, which together shall constitute a single agreement.

12. Independent Contractor Status.

This AGREEMENT is not intended and shall not be construed so as to create the relationship of agent, servant, employee, partnership, joint venture or association, as between the TASK FORCE AGENCIES.

13. Waiver of Rights.

The failure by the TASK FORCE AGENCIES or SAWPA to insist upon strict performance of any of the terms, covenants or conditions of this AGREEMENT shall not be deemed a waiver of any right or remedy that TASK FORCE AGENCIES and SAWPA may have, and shall not be deemed a waiver of the right to require strict performance of all the terms, covenants and conditions of this AGREEMENT thereafter, nor a waiver of any remedy for the subsequent breach or default of any term, covenant or condition of this AGREEMENT.

14. Severability.

If any part of this AGREEMENT is held, determined or adjudicated to be illegal, void, or unenforceable by a court of competent jurisdiction, the remainder of this AGREEMENT shall be given effect to the fullest extent reasonably possible.

15. Amendment.

It is mutually understood and agreed that no addition to, alteration of, or variation of the terms of this AGREEMENT, nor any oral understanding or agreement not incorporated herein, shall be valid unless made in writing and signed and approved by all TASK FORCE AGENCIES and SAWPA.

16. Entire Agreement.

This document sets forth the entire Agreement between and among the TASK FORCE AGENCIES and SAWPA.

17. Availability of Funds.

The obligation of each TASK FORCE AGENCY is subject to the availability of funds appropriated by each TASK FORCE AGENCY for the purposes herein. Any obligation for the future payment of money beyond the current fiscal year is conditioned upon the governing body of each TASK FORCE AGENCY providing adequate appropriations in the adopted budgets for those subsequent fiscal years. This condition applies to, but is not limited to, the obligations of the TASK FORCE AGENCIES under Section 3.e (Task Force Administrator), and Section 5 (Budgets) of this AGREEMENT. Based on the financial constraints imposed by this Section 17, the TASK FORCE AGENCIES understand that SAWPA is under no duty to perform any services under this AGREEMENT until and unless the each TASK FORCE AGENCY has approved the fiscal year budget under Section 5, and has appropriated and deposited with SAWPA the necessary monies to fund the approved budget. In the event that one or more of the TASK FORCE AGENCIES fails to deposit its full share of the approved budget with SAWPA, the remaining TASK FORCE AGENCIES may, but shall not be required to, contribute additional funds in order to pay for the services contemplated by the budget. The TASK FORCE AGENCIES acknowledge that any failure by one or more of the TASK FORCE AGENCIES to appropriate and deposit monies with SAWPA to fund the budget will necessarily delay the

performance of the services by SAWPA contemplated by this AGREEMENT, and SAWPA shall not be held responsible or liable for any such delay or costs incurred from such a delay.

18. Indemnity and Insurance.

a. SAWPA shall require all consultants or contractors performing work or services for the Task Force to defend, indemnify and hold harmless SAWPA and each of the TASK FORCE AGENCIES from any and all claims, damages, lawsuits, fines, penalties, including attorneys' fees and costs, arising from or related to the works or services provided by such consultants or contractors. Such contractors or consultants also shall maintain the following insurances and keep certificates of such insurances on file with SAWPA, on behalf of the Task Force:

(1) Workers Compensation Insurance. A program of Workers Compensation insurance or a state approved self-insurance program shall be in an amount and form to meet all applicable requirements of the Labor Code of California, covering all persons and entities providing services on behalf of the consultant or contractor and all risks of such persons or entities under this AGREEMENT.

(2) Comprehensive General and Automobile Liability Insurance. Comprehensive personal injury and property damage liability coverage shall include contractual coverage and automobile liability, if applicable, and including coverage for owned, hired and non-owned vehicles. The policy shall have a combined single limit for bodily injury and property damage of at least \$1,000,000.00. SAWPA and each TASK FORCE AGENCY shall be named as additional insureds on the policy providing such coverage, and any right of subrogation shall be waived.

(3) Professional Liability Insurance. Professional liability insurance shall include limits of at least \$1,000,000.00 per claim or occurrence, unless such coverage is waived by the Task Force representatives.

b. Nothing in this AGREEMENT is intended to create, nor shall anything herein be construed as creating, any rights in, benefits for or obligations to, any person or entity other than SAWPA and the TASK FORCE AGENCIES.

c. Each Party to this AGREEMENT shall, pursuant to Government Code sections 895 *et seq.* and other applicable law, indemnify and hold harmless the other parties to this AGREEMENT, and their respective directors, officers, employees and agents from and against all damages, liabilities, claims, actions, demands, costs and expenses (including, but not limited to, costs of investigations, lawsuits and any other proceedings whether in law or in equity, settlement costs, attorneys' fees and costs), and penalties or violations of any kind, which arise out of, result from, or are related to the activities undertaken pursuant to this AGREEMENT. Such rights shall include but are not limited to the right of contribution pursuant to Government Code sections 895.4 and 895.6.

d. The provisions of paragraph 18 shall survive the termination of this AGREEMENT.

19. Nondiscrimination.

SAWPA shall ensure that during the term of this AGREEMENT it and any consultant retained by it shall not discriminate on the grounds of race, religion, creed, color, national origin, ancestry, age, physical disability, mental disability, medical condition, including the medical condition of Acquired Immune Deficiency Syndrome (AIDS) or any other condition related thereto, marital status, sex, or sexual orientation, in the selection and retention of employees and subcontractors and the procurement of materials and equipment, except as provided in Section 12940 of the California Government Code, in the performance of this AGREEMENT and also shall comply with the applicable provisions of the Americans with Disabilities Act.

20. Warranty of Authority.

Each of the individuals executing this AGREEMENT represent and warrant that she or he has the legal power, right, and actual authority to bind their respective TASK FORCE AGENCIES to the terms and conditions of this AGREEMENT. Each individual executing this AGEEMENT further represents and warrants that the AGREEMENT has been approved by his or her respective TASK FORCE AGENCY'S governing board or appropriate authorizing entity.

21. Dispute Resolution.

Any dispute which may arise by and between the parties to this AGREEMENT shall first be submitted to non-binding mediation, conducted by a neutral, impartial mediation service that the parties mutually agree upon in writing.

IN WITNESS WHEREOF, SAWPA and the TASK FORCE AGENCIES have executed this AGREEMENT on the date set forth below.

EASTERN MUNICIPAL WATER DISTRICT

DATE _____ **BY** _____
President

DATE _____ **BY** _____
Secretary

INLAND EMPIRE UTILITIES AGENCY

DATE _____ **BY** _____
President

DATE _____ **BY** _____
Secretary

ORANGE COUNTY WATER DISTRICT

DATE _____ **BY** _____
President

DATE _____ **BY** _____
Secretary

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

DATE _____

BY _____
President

DATE _____

BY _____
Secretary

WESTERN MUNICIPAL WATER DISTRICT

DATE _____

BY _____
President

DATE _____

BY _____
Secretary

ELSINORE VALLEY MUNICIPAL WATER DISTRICT

DATE _____

BY _____
President

DATE _____

BY _____
Secretary

IRVINE RANCH WATER DISTRICT

DATE _____

BY _____
President

DATE _____

BY _____
Secretary

JURUPA COMMUNITY SERVICES DISTRICT

DATE _____

BY _____
President, Board of Directors

LEE LAKE WATER DISTRICT

DATE _____

BY _____
President

DATE _____

BY _____
Secretary

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

DATE _____

BY _____
President

DATE _____

BY _____
Secretary

SAN GORGONIO PASS WATER AGENCY

DATE _____

BY _____
Chair

DATE _____

BY _____
Secretary-Treasurer

YUCAIPA VALLEY WATER DISTRICT

DATE _____

BY _____
President, Board of Directors

CITY OF BEAUMONT

DATE _____ BY _____
Mayor

DATE _____ BY _____
City Clerk

CITY OF CORONA

DATE _____ BY _____
Mayor

DATE _____ BY _____
City Clerk

CITY OF REDLANDS

DATE _____ BY _____
Mayor

DATE _____ BY _____
City Clerk

CITY OF RIALTO

DATE _____ BY _____
Mayor

DATE _____ BY _____
City Clerk

CITY OF RIVERSIDE

DATE _____ BY _____
Mayor

DATE _____ BY _____
City Clerk

CHINO BASIN WATERMASTER

DATE _____ BY _____
President

DATE _____ BY _____
Secretary

**COLTON/SAN BERNARDINO REGIONAL TERTIARY TREATMENT
AND WASTEWATER RECLAMATION AUTHORITY**

DATE _____ BY _____
President

DATE _____ BY _____
Secretary

**WESTERN RIVERSIDE COUNTY REGIONAL WASTEWATER
AUTHORITY**

DATE _____ BY _____
Chair

DATE _____ BY _____
Secretary-Treasurer

SANTA ANA WATERSHED PROJECT AUTHORITY

DATE _____ BY _____
Chair

DATE _____ BY _____
Secretary-Treasurer

EXHIBIT A

Overhead and burden are included in all rates. Labor for SAWPA staff shall be billed at the rates in Table 1 below for FY 09-10. Rates will be adjusted annually based on SAWPA's annual budget. Materials purchased to provide administrative services that are not shown in Table 1 below shall be billed at direct cost with no additional fees or mark-ups.

Table 1 SAWPA Rate Sheet	
Item	Rate
Water Resources & Planning Manager	\$ 194.86/hour
Watershed Planner	\$ 147.06/hour
Sr. Administrative Assistant	\$ 92.08/hour
Administrative Assistant II	\$ 82.96/hour
Administrative Assistant I	\$ 60.49/hour
Senior Accounting Technician	\$ 82.96/hour
Automobile Travel	Federal mileage rate for automobile travel to meeting locations.
Out of Town travel (when air travel or overnight stay is required)	Direct cost of air travel plus direct cost of lodging and meals.

EXHIBIT B
TASK FORCE BUDGET

A. CONTRIBUTIONS

1. Study Contributions. In order to participate in the activities of the Task Force, each TASK FORCE AGENCY shall appropriate and deliver to SAWPA its agreed upon share of the funding. The TASK FORCE AGENCIES specifically recognize that each TASK FORCE AGENCY's agreed-upon share is determined by that TASK FORCE AGENCY, who is the signatory to this AGREEMENT. Funding shall be provided by the TASK FORCE AGENCIES in accordance with the attachment to this Exhibit.
2. Funds appropriated by each TASK FORCE AGENCY to the activities of the Task Force shall be expended only for the purposes expressed in this AGREEMENT. Funds shall be deposited in a restricted, interest-bearing account for the benefit of the Task Force, administered by SAWPA. Funds shall be strictly accounted to each TASK FORCE AGENCY. Upon termination of the Agreement and the activities of the Task Force, any funds not used shall be returned to the TASK FORCE AGENCIES in proportion to their contribution as provided in the Agreement.
3. The compensation to be paid to consultant(s) hired by Task Force is subject to SAWPA's receipt of funds from the TASK FORCE AGENCIES. The consultant will be directed to limit its activities to ensure that the Consultant does not expend funds or provide services for which SAWPA has not yet collected funds from the TASK FORCE AGENCIES. SAWPA shall endeavor to obtain the funds needed to fully fund the scope of work.

FY 10-11 Emerging Constituents Workgroup Budget Allocation

Projected Expenses	SAWPA TF Admin & Contract Adm	\$30,000
	SAWPA EC Annual Sampling Report	\$27,500
	Risk Sciences - Sampling Report Update	<u>\$30,000</u>
		\$87,500

Projected Revenue

	POTW & Agmt Parties Share	Totals
<i>1-18-08 Cooperative Agreement Parties</i>		
OCWD		In Kind
SGPWA	\$2,500	\$2,500
SBVMWD		\$25,000
<i>1-18-08 Cooperative Agmt Parties & Permittees</i>		
WMWD		\$25,000
RIX JPA	\$2,500	\$2,500
EMWD	\$2,500	\$2,500
EVMWD	\$2,500	\$2,500
City of Corona	\$2,500	\$2,500
City of Riverside	\$2,500	\$2,500
<i>Other Permittees</i>		
WRCRWA		
IEUA	\$2,500	\$2,500
REDLANDS	\$2,500	\$2,500
RIALTO	\$2,500	\$2,500
YVWD	\$2,500	\$2,500
JCSD	\$2,500	\$2,500
LEE LAKE WD	\$2,500	\$2,500
BEAUMONT	\$2,500	\$2,500
CBWM	\$2,500	\$2,500
IRWD	<u>\$2,500</u>	<u>\$2,500</u>
	\$37,500	\$87,500
<i>Other Agency</i>		
MWDSC		In Kind

Footnotes:

Proposed Allocation: \$25,000 SBVMWD + \$25,000 WMWD + POTW & other Cooperative Agmt Parties except WRCRWA & OCWD
 SBVMWD and WMWD's offered funding portions based on 1/12/09 ltr to SAWPA.
 MWDSC's in-kind contribution as set forth in the Phase II EC Report attached hereto as Exhibit C and incorporated by reference or as subsequently agreed upon between MWDSC and other Task Force agencies.

EXHIBIT C

Attach Final Phase II Report of the Emerging Constituents Workgroup

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CHINO BASIN WATERMASTER

II. BUSINESS ITEM

B. AMENDMENT NO. 1 TO AGREEMENT TO FORM A TASK FORCE

Consider Approval of Amendment No. 1 to Form a Task Force to Conduct a Basin Monitoring Program for Nitrogen and Total Dissolved Solids in the Santa Ana River Watershed (Basin Monitoring Program)





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: April 8, 2010
TO: Committee Members
SUBJECT: Amendment No. 1 to Form a Task Force to Conduct a Basin Monitoring Program for Nitrogen and Total Dissolved Solids in the Santa Ana River Watershed (Basin Monitoring Program)

SUMMARY

Recommendation – No Action is Required for April. Staff Will Provide Further Report and Seek Guidance from the Watermaster Board

Financial Impact - Annual budget is prepared by the Task Force and its pro-rata share of such costs and fees are shared among the TASK FORCE AGENCIES. The budget proposed for the fiscal year 2010/11 is \$433,449 and the Watermaster's share is \$25,778.

BACKGROUND

In December 1995, the Nitrogen TDS Task Force, consisting of 22 water resource agencies in the Santa Ana Watershed including Watermaster, was formed to oversee a study to evaluate the impacts of Total Inorganic Nitrogen (TIN) and Total Dissolved Solids (TDS) on water resources in the Santa Ana River Watershed. The study was completed in mid 2003. On January 22, 2004, the Santa Ana Regional Water Quality Control Board (RWQCB) incorporated the results of the Nitrogen TDS Task Force study into a Basin Plan Amendment for Nitrogen and TDS and adopted the Basin Plan Amendment. The Task Force Agencies were named in that Basin Plan Amendment as responsible for conduct in various monitoring programs and analyses to support the results defined in the Basin Plan Amendment.

Watermaster Board signed the AGREEMENT to Form a Task Force to Conduct a Basin Monitoring Program for Nitrogen and Total Dissolved Solids in the Santa Ana River Watershed (Basin Monitoring Program) in August 2004. Because of the need to perform additional work, the Amendment to the original AGREEMENT is required. The modifications of the language include:

1. The purpose of the Task Force to include performing other related cooperative studies as agreed to by the Task Force AGENCIES; and
2. Conduct Santa Ana River (SAR) Wasteload Allocations and other related studies by the TASK FORCE AGENCIES.

Actions:

- April 8, 2010 Appropriative Pool –
- April 8, 2010 Non-Agricultural Pool –
- April 8, 2010 Agricultural Pool –
- April 15, 2010 Advisory Committee –
- April 22, 2010 Watermaster Board –

**AMENDMENT NO. 1
TO
AGREEMENT TO FORM A TASK FORCE
TO CONDUCT A
BASIN MONITORING PROGRAM FOR
NITROGEN AND TOTAL DISSOLVED SOLIDS
IN THE SANTA ANA RIVER WATERSHED
(BASIN MONITORING PROGRAM)**

Pursuant to Paragraph II.15 of that certain AGREEMENT entitled, "Agreement to Form a Task Force to Conduct a Basin Monitoring Program for Nitrogen and Total Dissolved Solids in the Santa Ana River Watershed", dated August 10, 2004, the TASK FORCE AGENCIES hereby agree to make the following changes:

1. Under I. Recitals B. The Purpose of the Task Force Agreement shall be revised to read as follows:

The purpose of this AGREEMENT is to form a task force to oversee and conduct the studies for the Basin Monitoring Program as described in the RWQCB's Basin Plan Amendment **and perform other related cooperative studies as agreed to by the TASK FORCE AGENCIES.** The Task Force is proposed to consist of the TASK FORCE AGENCIES to direct the study and fund it on an equitable basis to be determined by the TASK FORCE AGENCIES.

2. The TASK FORCE AGENCIES hereby amend Paragraph II. 4 (Duties of the Task Force) of the Task Force Agreement to include the following tasks to be funded by the TASK FORCE AGENCIES and authorize the Task Force Administrator to conduct such tasks.

d. Conduct Santa Ana River (SAR) Wasteload Allocations and other related studies

Hire a consultant to perform updates to the SAR Wasteload Allocation Report, work with the RWQCB staff and TASK FORCE AGENCIES on appropriate model runs to be used for new RWQCB Basin Plan Amendments for the SAR Wasteload Allocation and provide appropriate input for new Basin Plan Amendment language as needed. Additional studies may also be conducted to support the purposes of the TASK FORCE AGENCIES as directed by a consensus of the TASK FORCE AGENCIES.

Except as otherwise expressly amended herein, all of the terms, conditions, and provisions of the AGREEMENT shall continue in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment on the dates set forth below.

CITY OF BEAUMONT

DATE _____

BY _____

Mayor

DATE _____

BY _____

City Clerk

CHINO BASIN WATERMASTER

DATE _____

BY _____

President

DATE _____

BY _____

Secretary

**COLTON/SAN BERNARDINO REGIONAL
TERTIARY TREATMENT AND WASTEWATER
RECLAMATION AUTHORITY**

DATE _____

BY _____

President

DATE _____

BY _____

Secretary

CITY OF CORONA

DATE _____

BY _____
DWP General Manager

DATE _____

BY _____
City Clerk

EASTERN MUNICIPAL WATER DISTRICT

DATE _____

BY _____
President

DATE _____

BY _____
Secretary

ELSINORE VALLEY MUNICIPAL WATER DISTRICT

DATE _____

BY _____
President

DATE _____

BY _____
Secretary

INLAND EMPIRE UTILITIES AGENCY

DATE _____

BY _____
President

DATE _____

BY _____
Secretary

IRVINE RANCH WATER DISTRICT

DATE _____

BY _____
President

DATE _____

BY _____
Secretary

JURUPA COMMUNITY SERVICES DISTRICT

DATE _____

BY _____
President, Board of Directors

ORANGE COUNTY WATER DISTRICT

DATE _____

BY _____
President

DATE _____

BY _____
Secretary

CITY OF RIALTO

DATE _____

BY _____
Mayor

DATE _____

BY _____
City Clerk

CITY OF RIVERSIDE

DATE _____

BY _____
Mayor

DATE _____

BY _____
City Clerk

CITY OF REDLANDS

DATE _____

BY _____
Mayor

DATE _____

BY _____
City Clerk

**SAN TIMOTEO WATERSHED MANAGEMENT
AUTHORITY**

DATE _____

BY _____
President

DATE _____

BY _____
Secretary

SANTA ANA WATERSHED PROJECT AUTHORITY

DATE _____

BY _____
Chair

DATE _____

BY _____
Secretary-Treasurer

**WESTERN RIVERSIDE COUNTY REGIONAL
WASTEWATER AUTHORITY**

DATE _____

BY _____
Chair

DATE _____

BY _____
Secretary-Treasurer

YUCAIPA VALLEY WATER DISTRICT

DATE _____

BY _____
President, Board of Directors



CHINO BASIN WATERMASTER

IV. INFORMATION

1. Newspaper Articles



Ontario to negotiate \$5 million water rights purchase

By Liset Márquez, Staff Writer

Created: 03/28/2010 07:37:09 PM PDT

ONTARIO - City Council members have given the city manager the green light to negotiate a contract with Praxair to purchase \$4.9 million in water rights.

The agreement will provide Ontario with 426 acre-feet of water per year, plus another 233 acre-feet of stored water and 427 acre-feet of carry over water. Praxair has a plant in Ontario.

"It's both the underlying need of water supply and to plan for the future," said Marvin Shaw, utilities general manager for Ontario.

"In the last few years, you can see how the water supply has fluctuated."

Ontario has been proactive in replenishing its supply. In 2008, the city purchased water rights from Sunkist for \$24 million.

"It's part of the long-term planning for the city of Ontario with the adoption of the Ontario Plan earlier, which lays out the future growth in the city," Shaw said.

In the next 20 years, housing in the city will

grow from more than 45,000 to 104,000 units, according to projections. The population will jump from 173,000 to 360,000 and jobs from 103,394 to 326,000.

Providing and ensuring the water supply for the city, Shaw said, was a reason for the purchase.

Purchasing water rights also means the city would be less reliant on the State Water Project for its resources, he said. The project is a publicly built and operated water and power development and conveyance system.

While this year's rainfall has been good, Shaw said, that isn't always the case. The state has been struggling with a drought the past couple of years.

"Water is the gold of California, it's the future commodity and that's a scarce resource," Councilman Jim Bowman said. "California is a desert and without water it wouldn't be what it is today."

Securing water rights now helps the city's economic viability, Bowman said.

The city's growth will depend on being able to serve the needs of the development community, he said, and water is an important part of those needs.

That cannot take place unless the city secures the necessary water resources, Bowman said.

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But Ontario has always been an anomaly, according to Bowman, who said the city has been proactive in planning ahead.

liset.marquez@inlandnewspapers.com

In 2008, the council approved a \$24 million agreement with Sunkist Growers Inc. to acquire 11.5 acres of land.

The 2008 agreement with Sunkist included 11.5 acres of land. At that time, council members said purchasing the property and the water rights ensured the "future of quality of life."

Earlier this month, the council approved the first step of the process for the Praxair deal, Shaw said.

To complete the rights transfer, City Manager Chris Hughes must finish negotiations with Praxair and complete an approval process with Chino Basin Watermaster, which oversees the Chino Groundwater Basin.

The city manager still has to negotiate the deal as well as go through a process with Chino Basin Watermaster, which facilitates the use of the Chino Groundwater Basin, for the rights transfer.

Shaw said he doesn't expect that process to be completed until the summer.

"As long as its affordable, we will continue to look," Bowman said. "It's smart planning, we don't want to wait until the emergency is upon us, we always plan for an emergency."

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Chino Valley dairies face industry crisis

Oversupply hurting prices

Neil Nisperos, Staff Writer

Created: 03/03/2010 05:51:35 PM PST
Chino dairyman Syp Vander Dussen calls the two-year lull in milk prices absolutely devastating to his operations.

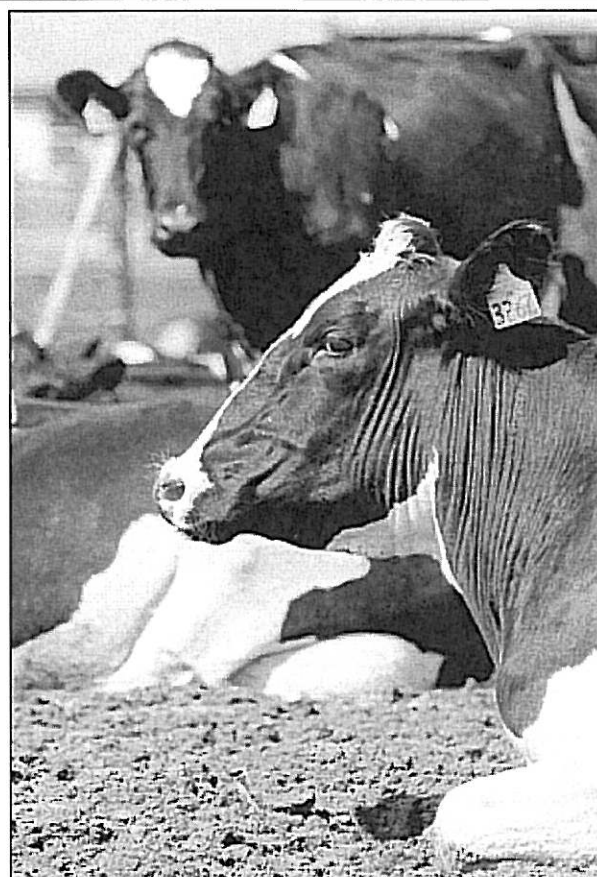
He's not alone.

Dairy farmers in the Inland Valley and throughout California have felt the sting from the price dip, which stems from overproduction, reduced global demand and the higher cost of grain feed.

The dairy farmers are facing another year of 1970s prices for their milk and payments up to 50 percent less than several years ago, according to the National Family Farm Coalition.

As a result, thousands of dairy farmers have gone out of business and thousands more are on the brink of closure.

"On average, all the profits and gains made in the (previous) five years has been lost in the past five years," Vander Dussen said.



Dairy farmers, like the one in Ontario that owns these cows, are facing another year of milk prices below production costs, according to the National Family Farm Coalition. (Will Lester/Staff Photographer)

Projections for 2010 show more low prices, as the cost to produce the milk is outpacing milk sale revenues.

"Starting in the fall of 2008, milk production

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began to collapse," said Rob VandenHeuval, general manager of the Milk Producers Council, a dairy industry policy organization based in Chino.

"The price of milk dropped below the cost to produce the milk, and it's been that case month in and month out for the past 18 months. As long as any dairyman has been alive, it's never been this bad."

VandenHeuval said there are about 60 dairies operating in the Chino Valley.

In 2007, a weak dollar and a dairy shortage from Australia and New Zealand helped increase production because of increased global demand for U.S. milk.

Overproduction, decreased demand with the return of the Australian and New Zealand dairy industry, higher grain prices and a stronger U.S. dollar have fostered the situation that imperils the industry, VandenHeuval said.

"What happened was all of a sudden we had a global oversupply," he said. "We've had 18 months of scaling-back milk production. It's been a very slow process, and it's not easy for individuals to close up shop. In the past a lot of smaller dairies in the Midwest would close up shop, and we got the (supply) correction we needed. Now, people want to survive, not close, and they want to pass the dairy on to the kids, so it's much tougher for a supply correction."

Last year, Sen. Arlen Specter, D-Penn., introduced Senate Bill 1645, which would allow the cost of production for a farmer to be factored into the prices they receive. If approved, milk would be the only commodity of its kind to have a government-set price determined in part by the cost of production.

Milk Producers Council has introduced a herd retirement program in which farmers would be bought out in order to retire their herds. In the past 18 months, about 10 local dairies were closed through the program.

Vander Dussen said there would still be an oversupply of milk even with passage of the bill and since the herd buyout program is voluntary.

Vander Dussen suggested legislation be approved that would discourage dairymen from increasing production.

"Individually, shutting down makes no sense," Vander Dussen said. "With 1,500 producers in California, if you and I were to shut down, it won't affect the state price," he said. "It has to be across the board and it has to be industry-wide."

The Associated Press contributed to this report.

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Australia provides lessons on water

Rebecca Kimitch, Staff Writer

Created: 03/09/2010 08:50:11 PM PST

To help California create beneficial water policies for the future, state water managers are turning for help to Australia and, ironically, to an area with close ties to the history of the Inland Empire.

Tim Brick, chairman of the Metropolitan Water District board of directors, and a delegation of California water leaders recently visited Australia to learn about water management in the face of drought and climate change.

And they went to an area in which an Inland Empire pioneer - George Chaffey - helped develop in the years after he founded the community of Ontario.

The Murray-Darling region was sparsely settled grazing land until the development of large-scale irrigation when Chaffey and his brother W. B. came there from California in 1887 and transformed the land into a rich agricultural region.

Australia has had to make dramatic changes in how it manages its scarce resource, from innovative use of technology to rationing to fundamental changes in how government manages water, said Jennifer McKay, professor

of business and water law at the University of South Australia.

Like California, Australia has met increasing demands for environmental protection, she said.

McKay spoke before a hearing of the Assembly's Select Committee on Regional Approaches to Addressing the State's Water Crisis this month in Sacramento.

"There was a crisis, and there was no choice but change. Fundamental change is possible, and now our system is quite set up to handle climate change," McKay said.

Committee chairman Jose Solorio, D-Anaheim, said it's important for California's water managers to see the strategies they struggle to implement "are very doable."

"We sometimes think we know it all in California. And there are times we don't. It is important to look to other states for their best practices, and every now and then it's good to look to other countries as well," he said.

Solorio pointed to Australia's success at reducing per-capita water use to 30 to 50 gallons a day, compared with about 180 gallons in California. Much of this savings has come from reducing and banning outdoor watering, capturing rainwater, installing dual plumbing in homes - one line for potable water and one line for recycled water, and mass use of water-efficient appliances and dual-flush toilets.

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Last year, California lawmakers passed legislation setting a goal of reducing urban water use by 20 percent by 2020.

"We are shameful in the volume of water we use in this state. It's embarrassing when we talk to people in other places around the world ... people fall out of their chairs when they hear how much water we use," said Wendy Martin, statewide drought coordinator for the Department of Water Resources.

Martin was also part of the recent delegation to Australia.

Although this year's rains might bring California's three- year drought to an end, the state's reservoirs are still dangerously low; its water sources are near ecological collapse; and climate change will fundamentally change water availability, Brick said.

Water managers are increasingly bracing for the impacts of climate change.

"The way climate change is going to hit most people is through water," Brick said.

Particularly concerning for California is the effect of climate change on snowpack levels and snowmelt times. Snowpack is the biggest storage device for the state - holding water for use during hotter summer months.

The National Academy of Science has forecasted

snowpack in the Sierra will drop by 29 percent by the end of the century. And those snows will continue melting earlier.

"What we view as drought in the Southwest is going to be normal in 30 years," Brick said.

California is going through a fundamental change in how it thinks about water, similar to what happened in Australia, Brick said.

For years, water agencies in Southern California have developed sophisticated and well-engineered systems to bring water from as far as Wyoming. The goal was to make residents unaware that the region "had a very serious problem with water," including periodic droughts, Brick said.

"We have worked so hard to almost deny the dry reality of California," he said. "In many ways, in Southern California, we are victims of our own success."

Brick estimates California is 10 years behind Australia in making significant changes.

In addition to slashing household use, Australian officials made across-the-board cuts for agricultural and industrial water use, using technology to improve efficiency in those areas as well.

"These guys really know how to do conservation, recycling, and stormwater management. They are world leaders in these areas. And there is

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much for us to learn," Martin said. "And they have mastered desalination."

Every major city in Australia has built, or is building, a desalination plant.

Brick estimates this and other infrastructure investments have resulted in water costing twice what it does in California, with the cost there continuing to rise.

Although desalination projects are certainly in California's future - one is being built off the coast of Carlsbad - Brick said the state can still make up much ground in conservation before relying heavily on that costly technology.

Barry Nelson, a water policy analyst for the Natural Resources Defense Council, agreed.

"The abundance of waste we have in California compared to Australia means" it is more economical to conserve, he said.

Australia is the driest inhabited continent on Earth and has one of the lowest rainfall amounts in the world. Still, it has historically had fertile areas, particularly in the Murray-Darling river basin, that have made the country a major agricultural exporter.

The Chaffey's began at a sheep station at Mildura where a settlement was established in 1887. Despite rabbit plagues and other difficulties, the new town of Mildura grew and is today a major regional center of more than

50,000 people and is Upland's sister city.

The Chaffey's adapted the plan of Ontario to the present site of Mildura. They developed a series of steam-driven pumps to draw water from the Murray River to irrigate up to 33,000 acres.

Staff writer Joe Blackstock contributed to this report.

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Cucamonga Valley sees water rate hike on horizon

Wendy Leung, Staff Writer

Created: 03/24/2010 05:24:21 PM PDT
RANCHO CUCAMONGA - Eight months after the Cucamonga Valley Water District raised water rates due to increased costs of imported water, it is poised to hike rates about another 7 percent starting May 1.

Upgrades of two water treatment plants that officials say are necessary in order to meet new U.S. Environmental Protection Agency standards are part of the reason for the increase.

Officials from the district - which serves portions or all of Rancho Cucamonga, Upland, Ontario, Fontana and nearby unincorporated areas - estimate the upgrades to the Lloyd Michael and Royer-Nesbit treatment plants in Rancho Cucamonga could cost \$30 million over the next three years.

"Our rates have to ramp up to cover those costs," said Todd Corbin, assistant general manager at the district.

In addition to raising the water rate, the proposal also raises the sewer service fee and recycled water rate. A typical household that has paid an average water bill of \$106.20 every two months, would have to pay \$7.65, or 7.2 percent more, if the rate hike is passed. The proposal also calls for increases through 2014.

On April 27, the district will hold a public hearing about the changes. If passed by the agency's board, some increases will go in effect on May 1 and others July 1.

The proposal also introduces a tiered rate structure for commercial properties similar to that introduced in 2008 for residents. In a tiered structure, the water rate is highest for those who use the most water.

In addition to paying for the infrastructure projects, the planned rate hike will also help the district buy surplus water for groundwater storage. Corbin said it's in the district's interest to buy surplus water when the opportunities arise in order to secure the district's supply.

"It's cheaper for us to buy it now versus buying it later," Corbin said.

The board of directors is expected to vote

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on the rate increase on April 27. Customers can submit a written protest against the fee increase. If the majority of the district's customers, or about 26,400, submit a written protest, the rate can not be adopted. What: Public hearing on water rate increase

When: 6 p.m. April 27

Where: 10440 Ashford St., Rancho Cucamonga

Information: 909-944-6000, www.cvwdwater.com

Written protests of the water rate hike can be mailed to Secretary of the Board, 10440 Ashford St., Rancho Cucamonga 91730

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