

CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Thursday, June 10, 2010

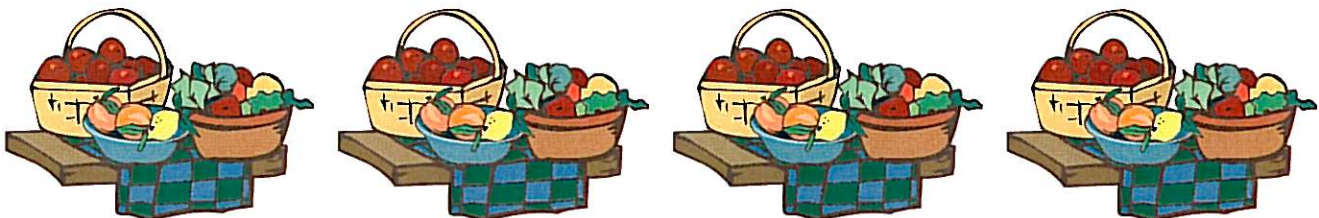
9:00 a.m. – Agricultural Pool Meeting

AT THE INLAND EMPIRE UTILITIES AGENCY OFFICES

6075 Kimball Ave. Bldg. A Board Room

Chino, CA 91710

(909) 993-1600





CHINO BASIN WATERMASTER

Thursday, June 10, 2010

9:00 a.m. – Agricultural Pool Meeting

AGENDA PACKAGE



**CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING**

WITH

Mr. Bob Feenstra, Chair

Mr. Jeff Pierson, Vice-Chair

9:00 a.m. – June 10, 2010

At The Offices Of

Inland Empire Utilities Agency

6075 Kimball Ave., Bldg. A, Board Room

Chino, CA 91710

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

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. Verbatim Minutes of the Agricultural Pool Meeting held May 13, 2010 *(Page 1)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of April 2010 *(Page 35)*
2. Watermaster Visa Check Detail for the month of April 2010 *(Page 39)*
3. Combining Schedule for the Period July 1, 2009 through April 30, 2010 *(Page 41)*
4. Treasurer's Report of Financial Affairs for the Period April 1, 2010 through April 30, 2010 *(Page 43)*
5. Budget vs. Actual July 2009 through April 2010 *(Page 45)*

C. LOCAL AGENCY INVESTMENT FUND

Revised Resolution 10-02 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF) - *(Page 47)*

II. BUSINESS ITEMS

A. CHINO CREEK WELL FIELD LOCATIONS

Consider Approval of the CDA's Proposed Locations of Wells I-16 and I-18, Provided They are Constructed with Perforations Solely in the Shallow Aquifer *(Page 49)*

B. CHINO BASIN WATERMASTER 2010-2011 BUDGET

Consider Approval of the Chino Basin Watermaster 2010-2011 Budget *(Page 54)*

C. CONDITION SUBSEQUENT NO. 8

Consider Approval of Resolution Adopting Updated Recharge Master Plan for Submittal to the Court in Fulfillment of Condition Subsequent Number 8 *(Page 77)*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

- 1. Paragraph 31 Motion
- 2. ACL Complaint
- 3. CDA Facilitation

B. CEO/STAFF REPORT

- 1. Legislative Update
- 2. Recharge Update
- 3. Potential Implementation of MWD's Water Supply Allocation Plan Update
- 4. Monte Vista Irrigation Company History Update
- 5. 10-Year Review of Legal Expenses

IV. INFORMATION

- 1. Newspaper Articles *(Page 81)*

V. POOL MEMBER COMMENTS

VI. OTHER BUSINESS

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

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

VIII. FUTURE MEETINGS

Thursday, June 10, 2010	9:00 a.m.	Agricultural Pool Meeting @ IEUA
Thursday, June 17, 2010	8:00 a.m.	IEUA DYY Meeting @ CBWM
Thursday, June 17, 2010	9:00 a.m.	Advisory Committee Meeting @ CBWM
Friday, June 18, 2010	10:30 a.m.	CBWM Court Hearing @ Chino Court Room C1
Thursday, June 24, 2010	11:00 a.m.	Watermaster Board Meeting @ CBWM

Meeting Adjourn



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Agricultural Pool Meeting held on May 13, 2010



Draft *Verbatim* Minutes
CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING
May 13, 2010

The Agricultural Pool Meeting was held at the offices of the office of Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA, on May 13, 2010 at 9:00 a.m.

Agricultural Pool Members Present Who Signed In

Bob Feenstra, Chair	Dairy
Nathan deBoom	Dairy
John Huitsing	Dairy
Gene Koopman	Milk Producers Counsel
Rob Vanden Heuvel	Milk Producers Counsel
Jeff Pierson	Crops
Glen Durrington	Crops
Jennifer Novak	State of California, Dept. of Justice, CIM
Pete Hall	State of California, CIM

Watermaster Board Members Present

Paul Hofer	Crops
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Watermaster Staff Present

Ken Manning	Chief Executive Officer
Joe Joswiak	Chief Financial Officer
Danielle Maurizio	Senior Engineer
Ben Pak	Senior Project Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Michael Fife	Brownstein, Hyatt, Farber & Schreck
Andy Malone	Wildermuth Environmental Inc.
Wen-Hsing Chaing	Wildermuth Environmental Inc.

Others Present Who Signed In

Steven Lee	Reid & Hellyer
Marsha Westropp	Orange County Water District
Ryan Shaw	Inland Empire Utilities Agency
Rick Rees	Geomatrix Consultants, Inc.
Paul Deutch	Geomatrix Consultants, Inc.
Ken Jeske	City of Ontario
Scott Burton	City of Ontario
Gil Aldaco	City of Chino
Dave Crosley	City of Chino
Henry Provencher	State of California, CIM
Julie Cavender	State of California, CIM
Jack Safely	Western Municipal Water District

Chair Feenstra called the Agricultural Pool meeting to order at 9:07 a.m.

AGENDA - ADDITIONS/REORDER

Bob Feenstra: Welcome visitors and board members we are glad you are all here today. We are going to take a minute here Ken to introduce some special guests and the only way that I can say it is they're probably the largest stake holder in what we call the Ag Pool. Interesting set up that we have at the water basin at the Watermaster and agricultural is one of the stakeholders and it just so happens that really the largest stakeholder of the stakeholders; that's why you have the big bucks here of representation. Pete, would be kind to introduce our invited guests?

Pete Hall: Sure Mr. Chairman. Henry Provencher, he is our acting warden at the time. Julie Cavender sitting next to him, she is the correctional business manager at the facility. Brian Hale, he is the associate warden of business services. Richard Alvarado, he is our chief deputy warden of operations and Kenny (*recording secretary can't understand last name being stated*) associate warden of substance (*recording secretary can't understand his title being stated*)

Bob Feenstra: We're pleased to have you all here today. I think you're going to find it interesting; Wildermuth is going to be making a special report today that Pete has helped arrange for this meeting today. Many of us missed it earlier on so this is going to be good for all of us. Secondly, feel free at any time to take the podium or raise your hand; we will acknowledge you if you have a question, or concern, or a comment. Pete didn't tell me to say this to you but you are well represented by your people here at the Ag Pool. Gentleman, ladies and gentlemen, we have the minutes and the packets that have all been sent to you and you've had a chance to review them for the consent calendar. Are there any questions or comments otherwise a motion is in order to approve.

Glen Durrington: Mr. Chairman, I have a question on Item C.

Bob Feenstra: Let's pull Item C.

Glen Durrington: Either I can take it... or you just want to explain it

Bob Feenstra: Why don't you – why don't you...

Glen Durrington: The question is this aha this aha...the Monte Vista Irrigation Company is that Ag water?

Ken Manning: The Irrigation Company is owned, is solely owned, and by the Monte Vista Water District and this is a transaction that occurs every year. They never use the water in the Irrigation District; they use it as a transfer...

Glen Durrington: But if the water coming out is the Ag Pool?

Ken Manning: I don't... Danni?

Danni Maurizio: No, they are Appropriative.

Ken Manning: Appropriative Pool.

Glen Durrington: They're Appropriative Pool?

Danni Maurizio: Uh-huh.

Glen Durrington: Okay, then they should change their name then; it sounds like they're part of the Ag Pool. Alright then, that is good enough.

Bob Feenstra: Maybe they should. Good point. Yes, Jeff?

Jeff Pierson: I just question... did they intervene originally in the Appropriative Pool or did they intervene in to the basin as an Ag producer?

Glen Durrington: Yea, that's...

Ken Manning: I'm certain that they have not changed pools since they intervened and so they are in 1978 would have been a part of the Appropriative Pool when that occurred.

Jeff Pierson: And then at that time, were they non functional delivering irrigation water or...

Ken Manning: As far as I know, they don't... they have not since the Judgment in 1978 served any irrigation water. I could be wrong on that; I have not looked into that lately but since I have been here the last years they have been... This transaction takes place every year.

Jeff Pierson: And I realize that and I've questioned it mentally every year, and since Glen brought it up, it would be nice... I would love to if we can resurrect the history of how...

Ken Manning: Sure we can do that.

Jeff Pierson: Of how an irrigation company that originally satisfied what I presume were the orchards in the Appropriative....

Ken Manning: I'm sure Danni is taking notes.

Jeff Pierson: In the Appropriative Pool?

Michael Fife: They are listed in the original 1978 Judgment under the Appropriative Pool.

Jeff Pierson: And that's... I'm just wondering at what rational did an Ag producer end up in the Appropriative Pool and this goes in line with us going back and looking at all of our members that are in the Pools.

Bob Feenstra: That would be an interesting switch. Yes, good question Jeff, thank you. Any questions or concerns in far as the consent calendar is concerned?

Jennifer Novak: Mr. Chairman I have a quick question Item IB1 which...

Bob Feenstra: Is it for clarification or you want it pulled?

Jennifer Novak: I'll pull it in case anyone else has questions.

Bob Feenstra: We'll pull Item 1A and now a motion is in order to...

Ken Manning: B1.

Jeff Pierson: B1.

Bob Feenstra: Pardon me B1; sorry. Are there any other questions or any other items that want to be pulled from the consent calendar? Hearing none a motion is in order to approve the consent calendar and we will come back to yours.

Jennifer Novak: I'll move that we approve Items IA and IC.

Bob Feenstra: Is there a support?

Jeff Pierson: I second.

Bob Feenstra: All in favor signify by saying aye.

Group: All said aye.

Bob Feenstra: Opposed same sign. Jennifer?

Jennifer Novak: My quick question is just one for curiosity sake, which is that on the cash disbursement detail report; there are two line items for the law firm of Hogan & Hartson which is the law firm for the Non-Agricultural Overlying Pool. I understand that payment of a Pool's attorney's fees as part of a Paragraph 31 Motion is being provided in the Judgment of the Rules & Regulations, but I know that there was a dispute between the Non-Ag Pool and Watermaster's entity over who gets to see attorney's bills. And my question is, given that Hogan & Hartson bills are being put through the Pool process for approval, have those bills been made available to people who want to review them and question whether they are reasonable?

Ken Manning: No.

Jennifer Novak: And would they be made available if somebody wanted to see them?

Ken Manning: If that Pool gives us the authority to then we would do it, but that's a decision of the Overlying Non-Ag Pool. The only persons who see those are our business manager and the reason you are seeing two of them on here is because during the period of time when we had no CFO in place, we held those bills and did not process those because we were borrowing a CFO from one of the Appropriators who would have had access to those. So they were held.

Jennifer Novak: To draw an analogy then for the bills of Watermaster counsel, it would be the Watermaster Board to say whether or not they wanted to approve someone viewing those bills similar to the Non-Ag Pool saying whether they wanted somebody to look at their attorney bills.

Ken Manning: Well its part of the process inherent with your question is that Hogan & Hartson would also have something to say about whether or not their bills are previewed.

Jennifer Novak: Thank you.

Bob Feenstra: Jennifer, that is an excellent question. I think, Steve, that's something you need to look into. I don't know that I agree or disagree with Mr. Manning's comments, but I think that is something we want to check into. If our Pool or any other Pool wants to see bills that are presented to the agency, I believe we are certainly entitled to them.

Jennifer Novak: And Mr. Chairman, just to follow again because the Appropriative Pool pays the administrative bills of the Ag Pool, they have always taken the position that they are entitled to see our lawyers bills, un-redacted.

Ken Manning: Uh-huh.

Jennifer Novak: To determine for themselves whether the fees are reasonable or not. I just want some consistency and if there is currently a policy in place, I think we should be consistent with it in this Pool and I would make that request of you Mr. Chairman. And if there is no official policy yet, then I think as we go through the process of revising Rules & Regulations for Watermaster, we should keep in mind that this is one of those issues that should be present.

Bob Feenstra: Since you are so young and new at this, Gene and I and Jeff go way back; you can understand that our expenses have always been questioned especially when it comes to Mr. Lee's services and charges so that was a very good point. Again, Steve, would you be as kind to look into that?

Steve Lee: I will do that.

Bob Feenstra: With that answer I think we need to approve... Jeff?

Jeff Pierson: I would like to formally request the review of all the Pool's legal bills.

Bob Feenstra: I think you can do that by motion and would give instruction at least to Steve Lee more than from the chairman and I think it will put it into the public record.

Jeff Pierson: I move that we as an Ag Pool request the review of Hogan & Hartson's invoices that are currently on our register and all future legal bills that come for approval in our consent calendar.

Bob Feenstra: Could you consider adding to that motion, all bills that do not get published, consultants etc. or do you just want to stick to the legal?

Jeff Pierson: Just the legal at this time.

Bob Feenstra: Is there a second at this time?

Glen Durrington: I'll second.

Bob Feenstra: Any questions, comments, or concerns? Hearing none I call for the question. All in favor signify by saying aye.

Group: Aye.

Bob Feenstra: Opposed same sign. Steve you've got some work to do. Let's get to the business items; we have couple directors that need to leave early.

Ken Manning: We still need an action on Item B.

Bob Feenstra: Moving a little quick, aren't I. A motion is in order for the item that was pulled from the consent calendar.

Jennifer Novak: Mr. Chairman, maybe I would request also we hear an actual or presentation of the request to move money around in the budget to cover unanticipated legal fees of Watermaster. I'm assuming that's part of what we are being asked to do.

Ken Manning: No, that's actually IIB – the item IIB.

Jennifer Novak: Okay thank you. I'm sorry; I knew it was coming up and I just wasn't sure where so...

Bob Feenstra: Is there a motion and a second?

Jennifer Novak: Then with that I would move...

Bob Feenstra: I thought you did.

Jennifer Novak: Move to.

Gene Koopman: I'll second it.

Bob Feenstra: Any questions, or concerns? All in favor signify by saying aye.

Group: Aye.

Bob Feenstra: Opposed same sign. Motion carried.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Agricultural Pool Meeting held April 8, 2010
2. Minutes of the Special Agricultural Pool Meeting held April 21, 2010

B. FINANCIAL REPORTS

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

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Monte Vista Water District will purchase 2,000 acre-feet of water from the Monte Vista Irrigation Company. This purchase is made first from the Irrigation Company's net underproduction, if any, in Fiscal Year 2009-2010, with any remainder to be recaptured from storage. Date of Application: April 5, 2010

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

Moved to approve Consent Calendar items IA and IC, as presented

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

Moved to approve Consent Calendar items IB, as presented

Bob Feenstra: Uh... Paul Hofer we have some very special guests in the house today. I'd expect that you would be in order and well behaved; we have the warden and all the powers to be at CIM and we are proud to have them here today. If you'll turn around he'll raise his hand. He's one of the Board members at the Watermaster and represents this board at the main Board. Good to have you Paul.

Paul Hofer: Thank you.

II. BUSINESS ITEMS

A. 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)

Bob Feenstra: Let's move on. Now can I go to Business Item II?

Jeff Pierson: Yes.

Bob Feenstra: With that Ken.

Ken Manning: Yes, this is the item I had... one of the two items that I had on the agenda last month as an information item. Just to make you aware of what was coming up. The second item that I had on last month we're still not prepared, at this point in time to bring forward as a recommendation to be a part of that task force or not. This one we are comfortable that it is something that we should be involved with. As a matter of fact, based upon max benefit in our Basin Plan this is something we are actually required to do. So we are comfortable in making the recommendation on this one to form a task force to conduct the Monitoring Program for nitrogen and TDS in the Santa Ana River Watershed. The cost of it, I think, is commensurate with what our benefit will be and I feel very comfortable in being able to do that. This information that is derived from this is part of the information that we use. It goes into the database that

Wildermuth uses as part of the characterization of our basin. So we are very comfortable in saying and asking the committee of the Pool's to approve it.

Bob Feenstra: Any questions?

Ken Manning: That's all; just asking for approval.

Bob Feenstra: Is there a motion?

Jeff Pierson: I move we approve.

Glen Durrington: Second.

Bob Feenstra: Any questions, or concerns? Hearing none; all in favor signify by saying aye.

Group: Aye.

Bob Feenstra: Opposed same sign. Motion carried. Ken?

B. BUDGET TRANSFER

Consider Budget Transfer Request T-10-05-01 relating to Watermaster Legal Fees, OBMP Engineering Services and MZ-1 Ground Level Monitoring

Ken Manning: Item II or item B is the item that Jennifer just referred to and this is a budget transfer. You might remember that a few years ago; three years ago Watermaster brought forward a policy that made it open and transparent to any movement of monies within the budget in excess of \$10,000. It's not that anything \$10,000 is not transparent; we just have to notify the Pools or committees when that transaction takes place. But any time we are transferring anything over \$10,000 we actually have to bring it through the Pool process; where before that we did not have to do that. This budget transfer is as a result of activities that have gone on at Watermaster over the last few months relative to the Paragraph 31 Motion primarily. You'll notice that in the dialog that we have and the background summary, we talk about the fact that Watermaster when it prepares its budget and we will talk about budget again later in the presentation under CEO Reports, but when we prepare the budget we make an assumption about what legal expenses are going to be incurred during the course of the year and the kind of activities that are going to be that we are going to be involved with. Those assumptions tend to be the kind of a standard thing, attendance at meetings, reports that have to be written, or attendance at functions that we know are coming up during the course of the year. Up until January of this year Watermaster in terms of its expenditures on legal fees was pretty close to being on target and I'm fairly certain that had some of the recent activities not occurred, we would have finished almost exactly on budget or very close to it. But over the course of this year there's a number of things that have gone on that we did not anticipate. One is that, even though the auction was anticipated it was also anticipated that the funds derived from the auction were going to pay for the legal fees necessary to conduct and do the legal work for the auction. Since the auction was postponed, those legal fees are now a part of the general obligations of the organization. The transition from the previous judge to the new judge was something we had not anticipated. The increased activity at the Chino Airport plume that has gone on and that is a very good thing because what we are seeing is a cooperation now between the County of San Bernardino, the Chino Airport, Watermaster, and the Regional Board on the conclusions of the airport plume; so this all a good thing but it is additional activity that we are having to expend funds on. Again, the Paragraph 31 Motion is probably the most largest single item and then the Regional Board's ACL complaint on the desalter expansion. Those are things that we had not anticipated. We did provide you with... in this as part of the analysis a chart that kind of shows the bills from the month that show that we anticipated that because of the auction we were going to be spending in the area of around \$60,000 up until the end of the auction which was going to be in November. So starting in December our bills were going to start to decline down to the \$40,000 a month range to do the kind of traditional kind of things we are doing and so that's the way we budgeted. In reality, what occurred is starting in January with the complaint filed by the Overlying Non-Ag parties, our legal bills jumped up considerably and so what we're doing is we went through the budget, we located

those areas where we were comfortable funds were not being expended; we were very fortunate in that this year there was a program that was budgeted for – that is a partnership with the City of Chino Hills to provide funds for an injection program, aquifer injection program, and that program was not ready to be initiated this year. So although we budgeted for it, that money now became available for us to move and so that's the largest portion of the money that we are moving over. And then there are other areas where we felt comfortable that there were additional funds, engineering is a majority of it where we're not performing. Now that we're late in the year, we can see exactly what we're going to spend through the remainder of the year and there are additional funds in a variety of categories. Those are all summarized in the budgetary account reduction and the account addition portion of the agenda item and you will see there are a variety of areas where we have taken sums of money and moved them over so Watermaster's asking for this budget transfer so that we can finalize the year in a positive manner within all of the accounts of Watermaster.

Bob Feenstra: The budget adjustment is for legal?

Ken Manning: Yes.

Bob Feenstra: How much?

Ken Manning: Well the total is approximately \$260,000 dollars.

Bob Feenstra: And in your report you stated that you may be utilizing funds that are not being used in other categories.

Ken Manning: Yea they were budgeted for and so this action would prevent us from having us to do a special assessment of Watermaster parties to fund the legal bills that have exceeded the budgeted amount by being able to transfer from one account to another.

Bob Feenstra: So in fact are you really... in the budget adjustment is it more than \$250,000; meaning you are using money from other portions of the budget that you are moving around or the \$250,000 is exactly what is needed to cover those expenditures?

Ken Manning: Well the exercise goes something like this... and you can all, I'm sure, in your own accounting within your own organizations or in your personal life that if you have the money within certain areas; we have identified the amount of money necessary to cover these overages and we have found those funds over. Now, there may be some additional, probably minor, I'm talking about in the \$10,000 and maybe even less than that, that may be still not used within other categories, but we identified the amount of money necessary for us to move into the legal in order to cover that overage. And we are comfortable at this point in time that this is the last budget transfer. Now the reason we have... Normally we do budget transfer twice a year; once usually in November or December and then again in May in order to finalize the year. We did not do one because we felt like we were right on target in November, so we didn't do a budget transfer because we felt like we were right on target for our budget for the year and so now as we got into January and we started to see those kinds of changes and then with the change of the CFO position, we are now in a position to be able to do those and they are showing up here in May.

Bob Feenstra: I have some questions and comments but let's go to the board.

Jeff Pierson: Ken, you've identified where your savings are going to come from.

Ken Manning: Correct.

Jeff Pierson: Now these savings are from work that is not going to be done this budgeted year.

Ken Manning: Correct.

Jeff Pierson: But this work will be done. Is it required to be done?

Ken Manning: Some of this work is work that because of just the reality of not being able to get to it is not being completed this year and it will be then re-budgeted for next year. Some of it is just more money in the account than necessary to perform the task that was identified. So it depends on the individual tasks. So we work very closely with Wildermuth and we work very closely in our other budgetary accounts to find those funds that we felt comfortable. We're not going to put us in jeopardy of not performing the tasks necessary for Watermaster for the remainder of this year.

Jeff Pierson: So, there's nothing legally obligated for us to perform that we can hold off until the following next year? I mean we're not going to get into trouble not doing any of these?

Ken Manning: No, these items are identified here are not critical that need to be critically done before June 30th of this year.

Jeff Pierson: But they do need to be done.

Ken Manning: In many cases yes and they are budgeted for next year in the budget that you will see later.

Jeff Pierson: Okay the second item is that you have identified five areas in which unanticipated costs have occurred in page 1 on your background auction transition.

Ken Manning: Uh-huh.

Jeff Pierson: Similar to what you did in your savings, could you give us what you actually budgeted for these? If you did have a budget and what the projection is going to be?

Ken Manning: If you have a specific or do you want all of them? Because I would have to go through and I don't have that information in front of me maybe Joe whose here might have that. I don't have it with me.

Jeff Pierson: Well, you know you can provide it...

Ken Manning: I can provide it to you, that's not a problem.

Jeff Pierson: I'm just wondering, you know some of these were probably budgeted like the auction, we had a dollar value.

Ken Manning: Yes.

Jeff Pierson: There's a new projected value. I'd just like to track it and understand, you know, how much over budget we are based upon your projections of completing it; if you can even project it.

Michael Fife: Yea just to clarify. These five items that are listed in your staff report were things that came up that had not been budgeted; we had not anticipated them when we created the budget. The auction as described in the staff report, we did know the auction was going to be coming but that was not put into the legal counsel budget because of the assumption that it would be paid out of proceeds from the auction.

Ken Manning: The other expenses to the auction were included in the budget such as the promotional stuff, printing, all of those kinds of things were included in the budget. The only part we did not put in the budget was the legal because we felt it was going to be paid for out of proceeds.

Jeff Pierson: Well, in that case did we anticipate what that... I mean if the auction was not going to take place, you know number two on the opportunity cost happen where Watermaster actually purchased and then did something else with the water other than sell it. Did we not...

Ken Manning: Yes we kept those accounts separate and so we can track that and I can get you that amount.

Jeff Pierson: But we anticipated a certain legal cost that we would have to absorb at that time.

Ken Manning: Correct.

Jeff Pierson: And that's what I'm asking for.

Ken Manning: Yea, I can get you that information.

Jeff Pierson: Okay.

Ken Manning: Not a problem.

Bob Feenstra: Any more questions? Gene?

Gene Koopman: On here on the budget transfers... these one's here, you made the reductions and what you are to use as far as the budget and I assume is down from where you are moving it to? *(The recording secretary is not 100% sure as to what is being said. Please note the recording tape is available at Watermaster)*

Ken Manning: Correct.

Gene Koopman: Umm, some of this, you know like the hydraulic control engineering. Why wasn't that budgeted?

Ken Manning: It was budgeted, you'll notice that hydraulic control was \$366 but we anticipated...

Gene Koopman: And another \$154 over and above the \$366 correct?

Ken Manning: Correct.

Joe Joswiak: That's basically just moving between categories.

Gene Koopman: Umm okay. And... Why, I mean \$366 is a lot of money going in, we should have a periodic idea of what that is engineering amount should have been. Why was it off by such a big number?

Joe Joswiak: That's basically a function of the Wildermuth activity we have throughout the year.

Bob Feenstra: Who didn't anticipate it? I'm just saying were these additional costs that were not anticipated?

Joe Joswiak: These were additional costs in that line item category that were not budgeted for. We had dollars budgeted in other categories.

Gene Koopman: Why are we so far behind in... We are spending all this money?

Ken Manning: I can get you this exact answer but my sense was that we were anticipating a savings that the Regional Board was going to provide us in terms of this idea but because the Regional Board did not approve the Basin Plan, this savings was not realized and so we had additional costs that we would have had, had the Regional Board not delayed action on this item so.

Gene Koopman: We are so far behind on this that we're getting a fine. Umm... which brings to at least my mind, is that we are so far behind that we're getting a fine from the Regional Board then how can we be spending so much money? I mean in rational is if you are that far behind to the point where you're

getting fined by an agency, that everything should be behind and it looks like the engineering at least as far as the expenses is way ahead of what we expected.

Ken Manning: Well when you talk about the hydraulic control, you're talking about a variety of different things and the ACL with the Regional Board has to do with the schedule that was given to the Regional Board in terms of the installation of new wells. This has to do with the continued obligations to existing wells in terms of monitoring. And so, although where we have made a recommendation in the new Basin Plan to the Regional Board to eliminate some monitoring because we found that information is redundant with other pieces of information. And by the way, the Regional Board agrees with that analysis, by the way. That they have refused at this point to eliminate that requirement on us and have indicated that they will approve it but they're not ready to approve it yet because they want to see the holistic approach to the desalter continued activity. So we are talking about two different things here in terms of expenditures; these are obligations that we currently had that we're continuing, but the Regional Board does agree that we could reduce them. The assumption was based upon our conversations with the Regional Board back in May of last year which was that they were going to approve this and when they did not, that is why the extra expenses occurred.

Bob Feenstra: We understand... Go ahead, I'm sorry Gene.

Ken Manning: Am I correct on that or...

Gene Koopman: The thing is, and correct me if I am wrong. Part of this is engineering services or hydraulic control has to do with not only that but including lab work and lab testing and all this sort of thing.

Bob Feenstra: Ken you got to hold off he's not available to us; no way. You ready.

Ken Manning: Yea I'm ready.

Bob Feenstra: Okay Gene.

Gene Koopman: Including what I just heard and correct me if I am wrong is that even in their hydraulic control engineering, there's money involved there for um testing and lab work this sort of thing. Correct? Is that what you said?

Ken Manning: Yea we have money included in there and...

Gene Koopman: Then why are you now... it looks like on the top part hydraulic control lab services you have budgeted a \$181,933 and you're transferring all of that...

Ken Manning: Down to this item.

Gene Koopman: Down here so you mean... why wasn't any money earlier of that budgeted expended for lab services?

Ken Manning: You know I'd like to be able to answer that question but the accountant, the person who made those decisions is no longer with Watermaster, and there were... money that should have been budgeted to that account was in fact moved to another account. And was not coded to the right account; so I can't tell you why that occurred, she must have, must have had her reason. But in identifying those deficiencies now that money all exists within this area where we have \$181,000 up here – it all exists. Where some of this money should have been coded to that account, it wasn't so in order to be able to do the accounting we're moving that money back into this account. So she consolidated for some reason; I can't tell you why.

Jeff Pierson: Do we perform laboratory services.

Ken Manning: We pay for laboratory services, yes.

Jeff Pierson: And are they paid for out of this 7108.3 account.

Ken Manning: They have been, yes, and they should of actually been paid for out of the 7108.4 but they were not.

Gene Koopman: Okay but there's *(the recording secretary can't understand part of what is being said)* a person can literally come in off the street and go by the paper trail and then be able to take a look everything and see what went where and you know if this is wrong then the money has been expended.

Ken Manning: Correct.

Gene Koopman: And you disagree that it was debited to the wrong account.

Ken Manning: That's what it appears to us.

Gene Koopman: But that can be straightened out, I mean that is strictly a paper thing to change that. Why and I realize you know a new CFO just came on board but I'm sure there's a lot to do, but um, you know at least from my point right now this is not very transparent. I mean I would be a lot more comfortable if those corrections, paper corrections, were done so these accounts were debited in the right way to give us a truer picture of what's actually going on.

Ken Manning: It's still within the 7108 account. It's just they were debited to the wrong .4 as opposed to .3, so if anybody is looking at the accounts there still going to see that activities within that area of the budget that are there so...

Jeff Pierson: I think the most expeditious way is to do what you are doing.

Ken Manning: Uh-huh.

Jeff Pierson: And what happened is you, you know Sheri budgeted and allocated amount for a certain activity and it just happened to be charged to another activity. The paper trail is behind...

Ken Manning: Still there.

Jeff Pierson: Behind that activity, I presume.

Ken Manning: Uh-huh.

Jeff Pierson: And transferring the dollars to cover what the actual expenses or projected expenses; I don't see a problem with it; as long as you can track it.

Gene Koopman: My problem is when you look at this right here it gives false information; it says engineering services. And it's not all engineering so it actually makes that higher than what, you know when you look at these numbers here it looks like *(the recording secretary can't understand part of what is being said)*.

Bob Feenstra: It seems like costs are being moved around.

Gene Koopman: It's actually shows that cost is higher than what it actually should have been.

Jeff Pierson: Well, I understand that. I mean you... there's two things to do, go back and re-account for it and move the invoices to the other account or change the budgeted amount and cover it.

Gene Koopman: Yea if somebody knows *(the recording secretary can't understand part of what is being said)* I have no argument about that.

Jennifer Novak: Mr. Chairman?

Bob Feenstra: Yes, Jennifer.

Jennifer Novak: Thank you. I have just a couple of comments and then I would move to approve; although, I do have some comments as well. First of all I can appreciate the fact that staff doesn't have a crystal ball, no one does in this process when they come up with their budget every year, and you do the best you can in terms of estimating how much you need for each task and I suppose I should be thankful that there is enough money somewhere within the budget to be able to move it around and cover expenses. Especially, since what I am hearing is that the alternative would be to issue a special assessment on those people who do have to actually pay bills, unlike us right? So, the second comment I would have is we also don't get Wildermuth bills but I have to assume that someone with some technical expertise, unlike myself, does get those and looks to see whether or not the costs are justified compared to where we are in our various technical processes and that it all makes sense. So, I am going to make that assumption here as well.

Ken Manning: That's correct.

Jennifer Novak: The other assumption I am going to make is that given that you are plucking money from one place to another and that certain tasks won't be done by the end of the budget year that Wildermuth has given blessings; this is all fine and pushing anything is not going to hurt the mission of the Watermaster. And then my last comment is going to be, my only qualm here is that I have a little bit of sticker shock in that I appreciate the fact that some of these items that have come at us as far as the legal process could not have been anticipated. But you have to understand I from a state agency, I represent state agencies, we're practicing law with a stick and a tablet and you know that's about it these days. So to spend \$200,000 between January and whenever the Paragraph 31 Motion ends, to me gives me some pause. That being said, I will put that obligation on the Watermaster Board to uphold its fiduciary duty to ensure that in the defense of the Watermaster staff, which has been dragged into the Paragraph 31 Motion, everything that is being spent is appropriate, and with that after anyone has any other comments I happy to make the motion to approve.

Glen Durrington: Make your motion.

Bob Feenstra: I think that, ugh... I'll keep it brief Glen. I think you hear that we are very concerned on what's on and...

Ken Manning: Absolutely.

Bob Feenstra: And the buck stops at your desk, you know in anticipation talking with lawyers if you're going to transfer another \$250,000 for legal, you'd think you would have conversations with legal staff and anticipate what these costs may be and at least get some transparency and for everyone to know what's going to go on...

Ken Manning: That's taken place.

Bob Feenstra: Huh, you brought up the huh Regional Water Quality Control Board just so happens my problem, Gene, Nathan, and I, and probably Rob we all have experience with the Regional Water Quality Control Board when we were faced with threats and concerns about what would happen if certain things didn't happen and what fines would come forward. We certainly knew that well in advance. Again something that's anticipated; this is something now that has to be budgeted on these fines. It was assumed by some of our own Board members of the Watermaster that maybe we could get this passed by the Regional Water Quality Control Board. I understand that that's not going to happen. So you're going to have some interesting discussions at your meeting, Paul. But at the end of the day, we're very concerned on the way this is going and that will be expressed more. You have a motion ready to give?

Jennifer Novak: Sure, Mr. Chairman, I move to approve the item.

Glen Durrington: Second.

Bob Feenstra: Any questions, or comments?

Jeff Pierson: I do have one comment and this may be something that can or can't be done but in the profit loss budget versus actual, looking at the way it's identified 7108. It shows \$195,000 so far to date under budget. And identifies costs, actual costs at \$371, budgets at \$576, so I assume that this incorporates all of the sub categories to 7108.

Joe Joswiak: That is correct.

Jeff Pierson: Okay. So you know, it maybe behoove staff to periodically incorporate one more column in here as to their best projected guess of what the yearend expenses would be. And/or on a different spreadsheet and provide it to us, you know, to show us if we are upside down on a more regular basis other than the twice a year.

Ken Manning: Yea we are. as a matter of fact Mr. Pierson we're doing that, you've heard us refer to... You've heard us in the past to the ECAC reports that we work with Wildermuth which is the largest portion of our budget. Over the last couple months we have initiated an action at Watermaster to do an ECAC report for Expected Cost At Completion Report, that's going to be included. This is something that we're doing as a result of activities that have occurred in the last three or four months.

Jeff Pierson: Okay.

Ken Manning: So we've started to incorporate that within our activities so.

Bob Feenstra: Umm...

Jeff Pierson: Okay.

Bob Feenstra: Okay, call for the question. All in favor say aye.

Group: Aye.

Bob Feenstra: Opposed same sign. Just a comment in closing Ken is that for those of us who have been around a long time, in looking at past year's budgets...

Ken Manning: Uh-huh.

Bob Feenstra: There's been a tremendous increase in legal costs and I think this is something we need to discuss in the future. You and your deputies this is nothing new to you with the state in the situation it's in. What's happening here today for you and your deputies is that nothing is changing here, we all have concerns and so sorry we have to bore you with this but maybe its great training for your deputies. So we appreciate you sitting through this. Ken?

Ken Manning: Yea the good news is we don't have tax anybody to make this and so...

Group: Laughing

Jennifer Novak: You need about two thirds of that.

C. CHINO CREEK WELL FIELD LOCATIONS

Consider Approval of Well Field Locations for 2 Wells in the Chino Creek Area (*Note: all supporting documentation for this item will go out separate cover*)

Ken Manning: Item C, the Chino Creek Well Field Location; we put this on the agenda and this is a process by which we are trying to keep pressure on the parties who are constructing the Desalter Authority to try and make sure that we had deadlines that are met. That we are working diligently to try and resolve the issues that are keeping the desalters from being expanded. One of the things that the desalter parties are asking for in this dialog that they are having about completing of the Desalter Authority facilities, is that they would like Watermaster to provide some assurance that the well locations that are being anticipated in the construction, that those well locations are approved by Watermaster in that they lead to Hydraulic Control. Obviously they don't want to be in a situation where there drilling wells, putting in, starting pumping, and spending hundreds of millions or tens of millions of dollars, in this case it's a little over a hundred million dollars, on facilities and then find out that that does not achieve hydraulic control. So in order that we have this check in process to make sure everybody's moving in the same direction, at the same time, at the same speed, they are asking Watermaster to provide some assurance. This is what was going to be coming to you under this item. We put it on the agenda in hopes that we would have that information all of it concluded before today. In reality, the parties have decided that they wanted to repackage that whole process and include other things beyond what we just listed here and that is not ready yet; and probably not ready until next week. So we have been communicating that with the Regional Board, and we had a good meeting with the Regional Board just the other day and talked with them about the schedule, the newly revised schedule, that's going to be submitted to them. We have literally been having meetings amongst the parties in the CDA multiple times a day every day for the last three to four weeks to make sure that we are moving this process forward. Watermaster as you might remember in my last comments last month, I authorized Scott Slater to work as a facilitator with the CDA to move this process forward. The Board then took that up as an action and confirmed that and since my authority was only good for up to \$10,000 they gave the authorization for him to spend additional money, which is included in this budget transfer, money to help expedite this CDA process and he is doing an outstanding job. But it is taking some time and so this was an anticipation that we could maybe get them to move a little bit faster but we weren't able to realize that and so we are putting this off for another month. It's not time sensitive in that this does not have to be approved before next month's meetings. But we are hopeful that we could actually move things a little faster. So this was an anticipation but it was just not realized but we are still very-very optimistic that the parties have resolved the major issues as I explained it to the people on the phone before we started this process I'm not sure we were even in the book, today I can assure you we are on the same book, in the same chapter, and probably maybe even on the page but not yet on the same paragraph. We are, I think, very close to having this deal completed and we have had meetings weekly with the Regional Board, we have another conference call with then coming up to talk about the actions and so I am very optimistic that we are moving this forward. I know in talking with the CDA parties that they are very appreciative of Watermaster's involvement in this process.

Bob Feenstra: Very pleased that you are moving fast on it today. My concern is, and it's not something that we're putting on your back or Mr. Atwater's back, but why weren't we in this process a year ago or a year in a half ago and now because of this process we are facing at \$200... we are going to pay a \$200,000 plus dollar fine. Now isn't it wonderful we are meeting every day now to resolve a problem that could have maybe adverted maybe a year ago. Let me give you an example. Rob Vanden Heuvel, when we got pressured at Milk Producers Counsel, representing dairymen on these issues, we had to deal with it right away because we were facing \$10,000 a day fines. So we did that. I'm just really surprised that this thing has just been put off. Sibling pressure is wonderful – parental pressure is wonderful, even though you didn't have the ability to put pressure those involved in this hydrologic concern. There certainly could have been pressure put on by others within the Watermaster. My question is, is that Geoff Vanden Heuvel our other Board member, Paul, you passed a motion for forming a committee of four.

Ken Manning: Uh-huh.

Bob Feenstra: And that committee was going to meet with the Jerry Thibeault and the Regional Board. Have they done that?

Ken Manning: That wasn't... you're about 80% correct on your statement and let me rephrase it. They formed a committee made up of members of the boards of both IEUA and Watermaster, there were five members appointed to that meeting and that committee has been meeting and has met, since they

created that board has met three times. That committee has been talking with legal staff, with Mr. Slater, and have been providing and getting updates on the progress and have communicated directly themselves directly with the members of the CDA. So there was no anticipation, although it is possible that, that committee could meet with the Regional Board. There was never any anticipation that committee themselves would meet with the Regional Board; although they could. They have not done that and they have not requested to do so. At this point in time that portion of what you said was not quite correct but they are keeping everybody moving forward. This committee has been engaged and has been active and is making sure that all the pieces are being put together. So it is a very good activity that was suggested by Mr. Vanden Heuvel and I think it is paying off.

Bob Feenstra: Ken, I'd like to be 99% right and the committee that was selected and Paul if I am wrong please correct me, you were there. I thought it was the committee that was going to meet with the Regional Board because you put horsepower behind it. The horsepower is a former State Water Board member, Ken Willis.

Ken Manning: Uh-huh

Bob Feenstra: A great resume of influence at the State Water Board and Regional Board. We have Scott Slater that was added to the committee, a very capable attorney. We have Geoff Vanden Heuvel who is very-very hungry. I beg your pardon.

Ken Manning: Scott's not on the committee.

Michael Fife: Scott's not on the committee.

Bob Feenstra: Oh, I thought he was... I thought Geoff wanted him on the committee. He wasn't, okay. Nonetheless, I thought they were going to meet with the board and try to; Geoff wanted that fine to go away. Did I misunderstand that Paul?

Paul Hofer: I think there were four options (*the recording secretary can't understand part of what is being said because Mr. Hofer did not approach the microphone*)

Bob Feenstra: Okay.

Ken Manning: Mr. Hofer is correct. They have directed staff and counsel to explore options with the Regional Board which we have done.

Bob Feenstra: So with your opinion, the Regional Board is not going to void that fine.

Ken Manning: The Regional Board, at this moment in time, is... has indicated that they are not voiding the fine; although, they're not continuing with a \$5,000 a day fine. They have fixed the fine at \$227,000 of which we have negotiated that a portion of that fine would be put into a SEP program which is an Environmental Improvement Program which we have designated as funding of the water softener removal program that is sponsored by IEUA. So the benefit of that with half the money going into that fine will come back to the Chino Basin in a way of benefit. And so it was a way for us providing a service that needed to be provided and make it be achieved quicker and still be able to comply with the Regional Board's request. So the negotiation has gone on and we think it has been successful. The Regional Board has been willing to drop the number of \$227,000 and that's the...

Bob Feenstra: That was my question. Rich, I see Rich Atwater in the audience; Rich is it possible for you to take the podium? I just have a quick question for you and how long is the presentation.

Andy Malone: Ten minutes.

Bob Feenstra: Oh good. Warden just hang in there we're getting to the show real quick. Mr. Atwater, at the meeting, at the Board meeting of the Watermaster, I was surprised and at least interested in what was

reported at that meeting that at least IEUA and the Watermaster tried and you offered many opportunities, I understand, for to get these wells in place that you offered, that I understand, some land and some engineering etc. etc. Is that correct?

Rich Atwater: Well, over the last couple years, of course we have worked closely with the CDA and Watermaster, and initially based upon, I think back in 2007, Mark Wildermuth identified the linkage along Chino Creek and the obvious locations would be to do it here at RP5 at our office location here down the El Prado Road at the lower end of our property. We are in the process of providing the easement to CDA and a legal description and we did the original CEQA analysis a couple years ago in working closely with CDA on the design of both the production well, the test well, and the monitoring well here at this property.

Bob Feenstra: I'll ask the same question of Ken and Rich thanks a million. Aren't you surprised? I'm surprised that the hydraulic control meaning Monte Vista, City of Chino, and so on, if these opportunities were there why weren't they jumped on or we really don't have an answer to that?

Rich Atwater: Well, there's been a lot of engineering work going on. Part of the challenge was as we had both at IEUA and Western, we applied to both the Department of Water Resources and the California Department of Public Health and a variety of state grants. We also, about a year ago, IEUA led the effort with CDA but we finally got federal authorization for federal funding for the expansion of the CDA. So Jack Safely's here from Western but he's been the kind of lead project manager from the expansion project and they have spent about \$10 million dollars in design and they are engaged in expanding the Chino II Desalter. I mean there's been a lot of work done over the last two years.

Bob Feenstra: And with that in mind the Regional Board still wasn't willing to recognize that?

Rich Atwater: That's fairly accurate. I mean the critical path if we had to do anything over again, we should have put in the monitoring well and the test well here at the Chino I Desalter and you know 20/20 hindsight. I think we'd all agree that a year ago if we started construction on that we wouldn't be talking about a fine today.

Bob Feenstra: Thank you Rich. Do you have anything to add on that Ken?

Ken Manning: No... well just to add that you are aware that the Chino Basin Watermaster is not a part of the JPA called the Chino Desalter Authority and that although the Chino Desalter Authority is a group of seven agencies expanded now to Western to include the... to perform those activities. The decisions to move ahead with the Desalter Authority are economic in nature. As much as I'd like to say its philanthropic or it's a reaction to Watermaster, in many cases it's an economic decision that they're making. I think that when Rich used the word the challenges that we have faced over the last few years, I think that's a correct statement, but trying to melt together all of the interests of all the organizations we did not anticipate, I think, the kind of challenges that we are going to be there to bureaucratic side of putting this together. If we were only talking about the engineering decisions and I think that's what Rich is referring to, if we were only talking about the drilling of the wells, that could have been much quicker and that's what the Regional Board is really resigned to focus on, is how quickly we are going to drill the wells. The problem is getting somebody to drill the wells without the economic assurances that they were going to be able to use the asset that they were going to create and that was in question. So, that's what Mr. Slater's working on; is providing the documents that would be necessary for the comfort level to be there to expend beyond the \$10 million dollars. The other thing that I think that the Regional Board would and has acknowledged in the meetings that we have had with them is that there were a number of commitments made by Watermaster parties in this basin to achieve, in the efforts to have max benefit approved within the Chino Basin. Those efforts, and I'm talking about 9 different and separate activities that were going to be taking place within the Chino Basin that just one of those, was the pumping of 40,000 acre-feet of desalter water in the southern portion of the basin. Without real knowledge about where those wells needed to be to achieve hydraulic control, that group voluntarily stepped up and performed that work and is now pumping over 26,000 of that 40,000 acre-foot already. So, in looking at it, of the nine different elements, we have achieved 8.6 of the 9 events necessary to trigger max benefit. Now, Jerry's position and the Regional Board's position is that we haven't got to 9; and he's right, we

haven't got to 9. And I think we are now on the verge of getting to 9 and everybody's committed to getting to 9 but we haven't got there yet and that's the basis of the fine.

Bob Feenstra: We have more comments and questions. Gene?

Gene Koopman: Going back to the original question on *(the recording secretary can't understand part of what is being said)* this was that the JPA is asking for assurance from Watermaster, if they go ahead and, you know, locate these wells and everything that, you know, it will achieve hydraulic control. If it does not, what you are saying basically is back on Watermaster that they have no other... they do not have to put in another well or relocate or anything like that. That would become a Watermaster expense or I assume that in dumping the liability...

Bob Feenstra: On us.

Gene Koopman: Back on Watermaster is that correct?

Ken Manning: No I don't think that is correct and I think that what I would like to say is that there's currently negotiations going on and discussions about what that does mean currently and to have that discussion here would be for me to assume things that I don't know. Because those are discussions going on between the parties and not me.

Gene Koopman: It doesn't make any difference what the JPA thinks, it doesn't make any difference what the Watermaster thinks, it doesn't make any difference with the Inland Empire Utilities Agency thinks, it's what the Regional Board thinks.

Ken Manning: Uh-huh.

Gene Koopman: Ugh, I would think and I would hope that when we locate these wells that we are going to expend the money on this. That the Regional Board somehow somehow buys off on this. You know going back to that, you know, whether the desalters and the well fields that we have that are assumptions that we made. We're not always as good and what we would like to be.

Ken Manning: Let me go back first of all and say that the Regional Board's comments; Jerry's exact comments in meeting with the group that they have been meeting with over the last few weeks was, "I don't know what it takes to get hydraulic control, you told me you were going to get hydraulic control – get hydraulic control. If that takes two wells to tell me you got hydraulic control with two wells. If it's three wells, four wells, five wells, whatever it takes, just get it done whatever you said do to get hydraulic control." So the Regional Board isn't really as concerned about the well locations or the number of wells. What there're concerned with is that we achieve hydraulic control and we can demonstrate it through modeling. That's what their concern with. In terms of the liability of Watermaster, Watermaster essentially what their asking for is a material physical injury report from Wildermuth from Watermaster through Wildermuth. Watermaster provides material physical injury reports multiple times during the year, during a lot of different processes. Those material physical injury reports don't provide liability to Watermaster, what they do is provide some assurance to those people and to other Watermaster parties that the techniques or strategies that are being used by the party whose installing the physical facility is not going to cause harm to others; based upon the assumptions that we were given. And so that's the spirit with which this is being brought forward, is essentially material physical injury report.

Bob Feenstra: Aha... go ahead, I'm sorry.

Gene Koopman: And you know the 40,000 acre-foot of water that *(the recording secretary can't understand part of what is being said)* wasn't that part of Peace I *(the recording secretary can't understand part of what is being said)*.

Ken Manning: Yes, absolutely.

Gene Koopman: Okay so it wasn't something we agreed to under Peace I and I believe there was a time table set in motion at time that over a specific period of time that we would get to desal on 40,000 acre-foot of water a year. How long since Peace I was it approved by the court? And how many years, um-um my recollection isn't that good, that we stay in Peace I that would take this to get to 40,000 acre-foot of water?

Michael Fife: There's no specific timeline for getting to the full 40,000; there were statements that by both Watermaster and the court that there needed to be steady progress and diligent progress, things of that nature and that the court would evaluate whether it felt that we were moving diligently toward 40,000 acre-feet over the years; but there was no specific time table getting to that 40,000.

Gene Koopman: The other things is I'm not always in support of Jerry Thibeault but the big thing with Jerry has said and I've agreed with him, is that I think he's been very patient on this, and his thing is that... move some dirt! If we would move some dirt; there has to be a way to get that done. And I'm looking at it now as an Inland Empire Utilities board member. You know we're getting dinged or penalty on something we had absolutely no control and in today's atmosphere of economics the way they are (*the recording secretary can't understand part of what is being said*) and I think it could have been avoided. I think, there again Jerry maybe was a little too relaxed if anything and I think there were people thought that as long as we were making a little bit of progress for that point that he would continue to be relaxed and he finally drew the line and now you know now you mention about this water softener (*the recording secretary can't understand part of what is being said*) and that is going for a good cause, I won't argue... but how that is a penalty we did not have to have in my estimation. Although it doesn't make any difference where it goes to um...

Bob Feenstra: Just to debate that with you Gene if I may. I think we knew about it two years ago. I think Mr. Thibeault meant what he said this week, the week before, a year ago, and two years ago because I asked him. And I asked him and he said, "Bob how many times do I have to say it, this thing needs to move forward and it's not." Chino Basin Watermaster was not totally responsible, IEUA was not totally responsible but nothing moved. Jennifer?

Jennifer Novak: Yes Mr. Chairman, I just want to be sure because we've spilled over from an agenda item talking about placement of wells...

Bob Feenstra: Yes we did.

Jennifer Novak: And to the Regional Board administrative liability complaint and for the sake of my clients who maybe is hearing this for the first time. We're using the term "we" rather loosely as a committee today. The penalty is not the issue against the Agricultural Pool um but has been... it is an administrative complaint issued by the Regional Water Quality Control Board to Watermaster and Inland Empire Utilities Agency as holders of a permit. And I think it's been alluded to because they hold the permit, they're the only one can be targeted; however, it's because they haven't been able to make progress with programs that are being tied up over here by other parties entirely and so that's the issue that has come up here. But I didn't want there to be any suggestion that "we" as the Ag Pool committee or Ag Pool members generally have some sort of responsibility for what's going on or responsible for a \$200,000 fine. My second...

Bob Feenstra: Thank you for that ugh...

Gene Koopman: I won't agree with that for no other reason then what you said is a Watermaster; and we have two members on that board. We are part of Watermaster in all kinds of shapes and forms and it doesn't concern us. Even though we don't end up having to pay any actual dollars and there is no shape way or form are we are responsible for it but we are part of Watermaster and it is our problem.

Jennifer Novak: Oh, I don't disagree with that at all, in fact, I think Mr. Manning you suggested there would be information available next week and we might be asked to make a decision round of pool meetings. As soon as that information is available I would appreciate if we all had it. Especially because

the issue of where wells get placed as desalters are being sited somewhat near CIM I want to be sure that we have a chance to look at this and make sure that we understand any potential impacts to us in our water supply.

Ken Manning: The first place where those documents will surface, based on the fact we don't have the information today, will be at a CDA board meeting. Now there is a CDA board meeting today and there will be a similar report to what I just gave you, I assume given tonight at the CDA board meeting – giving a progress update. They're talking about scheduling a special CDA board meeting for them to approve a series of items including intergovernmental agreements that would allow us to move forward. Included with that will be information about the potential material physical injury that we will be approving it will be contingent. So it's not time sensitive that we take the action; although, we were trying to press to get it. But as soon as that's available through the board or through the action of the CDA in terms of it being made public, it will be available to everybody here.

Bob Feenstra: Point three.

Jennifer Novak: Thank you, and then point three um that's that Western made a presentation at the Advisory Committee meeting and Board meeting and I thought it was very interesting in that it actually outlined some of the steps that still had to be taken as part of the process. I want us to be kept in the loop because the idea that the CDA didn't even have its contracts together to be formed formally was a little bit of a shock given that we heard that there were problems and that process was finally starting to get resolved at least a year ago. So as that fact that this is a Watermaster family issue, it affects us all as to whether or not the Regional Board will allow us to proceed with certain basin plan amendments or not and maybe fining Watermaster or not, now or in the future, I do want us to pretty routinely get reports as to where we are in the process and what needs to be done and why we may be stalled out if that is the case.

Bob Feenstra: Just a quick comeback ah comment back to you, like Gene and we have had a lot of discussions it's a lot of fun and you're the lawyer or the clients, we discuss these matters and take them very serious. The Ag Pool is serious in Peace I and Peace II we are a major part of the Judgment; we have a fiduciary responsibility and when it stops at your desk something happens on the farm and you say I really... yea the farms there but I really don't have a say in it... bet me. You still have a responsibility to the State of California what's going on, on the entire campus of CIM, we feel the same way and so this board is going to take a much more active role on what's going on at the Watermaster and if fines and other things can be avoided that's why we're discussing it. Mr. Manning said we're meeting daily; we're meeting weekly with the Regional Water Quality Control Board; that's all good and should happen. We should have done it a year ago. We should have done it a year in half ago when we tried to let the system work through the process; it doesn't always work. Example, I said to one of the Appropriators after Mr. Atwater and Mr. Manning spoke at the Board meeting, I said did you know that? Did you know that we could have draft and get these wells in place and get everything moving and he said no? I plan to talk to that director more. Why didn't he know it? So anyway that's just a quick explanation but you know Jennifer we really do have a big responsibility here and we're going to take it seriously. Uh Mr. Manning.

Ken Manning: Uh-huh.

Bob Feenstra: You can go to the next item.

Ken Manning: Reports and updates is next item III and the three were just in the report so.

III REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Paragraph 31 Motion
2. ACL Complaint
3. CDA Facilitation

Michael Fife: So legal counsel report. Three items to report on, the second and third items are the ACL complaint and the CDA facilitation and given the lengthy discussion we've just had, I don't know what else

there is to add to that except as Mr. Manning said we are meeting frequently with the CDA facilitation process and we have been meeting with the Regional Board regarding the ACL complaint. We were instructed by the Board, the Watermaster Board at their last Board meeting to waive the hearing, to not contest the fine, but to as Mr. Hofer said explore whatever options we could for reducing the impact and for working cooperatively with the Board. We have been doing that. We are constructing a settlement agreement with them; that is in process and we have traded drafts of materials and we just met with them in person on Tuesday. And we will meet with them again next Tuesday; so that is in process. The other item the Paragraph 31 Motion, the Non-Agricultural Pool filed their reply on Monday; everyone was noticed so if you haven't seen that, let us know and we can get you copies. There's quite a bit of paperwork, they actually filed... the Pool filed three separate pleadings and then a member of the Pool that is California Steel also filed a pleading. All told now the pleadings in this matter are well over a hundred pages in length. I think we're up to about 150 pages in pleading. The record that's been submitted for the judge is well over a thousand pages. So this is quite a large matter for the judge to deal with and Tuesday afternoon we did get a notice from the judge that he wanted to continue the hearing. We sent out a notice of that to all parties. The new hearing date is June 4th; that's a Friday so the hearing that was scheduled for this Friday has been moved to June 4th at 10:30. And that's all I have to report on those items but I am happy to answer any questions.

Bob Feenstra: Real quick, Steve. Do you have any comments on that? Did you talk to me on the judge's response; why did he delay or ask for a continuance? Did he need more time or what?

Steve Lee: Well, the specific reason he gave is that he was a little bit under the weather. Whether he was under the weather because all the pleadings that he got or other matter we don't now but it probably would give him an adequate opportunity to properly address all the briefing and give him sufficient time to reach a ruling. So that's probably a combination of factors. So that's my angle.

Bob Feenstra: Any questions of legal counsel? We will move on Ken.

B. CEO/STAFF REPORT

1. Legislative Update
2. Recharge Update
3. 2010-2011 Watermaster Budget
4. Agreement to Form a Task Force to Conduct the Annual Emerging Constituents Characterization Program for the Santa Ana River Watershed
5. 3D Presentation given by Joe LeClaire

Ken Manning: Sure, CEO staff report and legislative update. There are a number of activities going on in Sacramento right now. Legislation is being introduced, moving through committee. One of the piece of legislation that I've been working closely as chairman of the California Groundwater Coalition, is a bill AB2304 by Huffman which would require that land use agencies work with water agencies and mapping areas that are of significance for recharge. So that as land use decisions are made, it does not require a change in land use by any means, what it does do is ask them to take into consideration, or at least knowingly make decisions knowing that areas are being used currently for recharge and so that bill has made it through two sub-committees and is going to the assembly floor, I think this next week and then it will move over on the senate side; it's a good piece of legislation. And essentially it has very minor opposition at this point by the Building Industries of America, who are working with the author Mr. Huffman, and the CGC is a co-sponsor of that bill; one of two co-sponsors and we're working with the BIA and the Chamber of Commerce who have asked for some minor changes to the legislation that we don't think are significant. So we think once we have those changes made and in print, that they will change their opposition to approve. So we think it will go through the assembly floor without any opposition or very minor opposition, and move its way to the senate where it should fly through. It's a very good bill and it seems very logical for anybody who's doing basin management; it seems logical that people that people just need talk to each other about where the recharge is occurring before land use decisions... as I say before you pave over paradise you should at least know that paradise has some benefit to society so this really a good piece of legislation. There are a number of other pieces of legislation that are moving

through Sacramento. Most of them are in the very beginning stages of development and we're watching those as well in through the different committees and groups that we work with in Watermaster.

Bob Feenstra: Ken, I have some questions on that.

Ken Manning: Uh-huh.

Bob Feenstra: You've been spending a lot of time in Washington DC – I mean Sacramento and as a former representative of industry and from time to time, I was required to register because of the time I was spending in committees and lobbying and by your own reporting you have been lobbying. Ugh is this... is this... is our Watermaster a lobbying organization? Are you required to report your hours to the state like everyone else on your activity?

Ken Manning: Well, first of all let me deal with this in terms of impressions. When you say I spend a lot of time in Sacramento; over the last two months when this bill was initially inaugurated, I have actually been to Sacramento three times of which the total hours were less than 24 hours over the last two months. So if that's considered a lot then use that term. And secondly, I was selected by basin managers throughout the State of California to represent them as chairman of the California Groundwater Coalition. The coalition was formed at the request of legislators and industry professionals who were dismayed over the lack of interest by other agencies, including ACWA, of the importance in the strategies being implemented in the State of California. Good example, as bills come before the legislature and ACWA has to expend its resources, generally they jettison those bills that we hold dear to us as groundwater agencies, in a return for their spending time on other issues. And so nobody was capturing those bills. Since then we've been working with ACWA, we've been working with other agencies, and we've been able to get I think significant progress. As a matter of fact, California Groundwater Coalition was one of the groups that was instrumental in getting a billion dollars included in this bond measure that should be voted on in November; not an easy task. And so, the California Groundwater Coalition, has gained a great deal of credibility. As chairman of that organization, they've asked me a couple of times in hearings over the last few months in Sacramento and I've done so. That organization is a 401C6 organization; it's a non-profit organization and I am registered as the chairman of that organization, as Ken Manning. And the Chino Basin Watermaster is not a lobbying organization; we are not in Sacramento... I'm not there as CEO of the Chino Basin Watermaster lobbying on behalf of items and I'm not registered as a lobbyist and so we are only as part of the California Groundwater Coalition, have a presence in Sacramento. And I have not been going and I have not been to Washington in over three years.

Bob Feenstra: My question was...

Ken Manning: Uh-huh.

Bob Feenstra: My question was lobbying and it's required by law; 10 hours or at least it was for me per month and if you put in more than 10 hours, you are required to register and report and we haven't done that. That's something I think...

Ken Manning: I'm not sure that as a chairman of an organization who's providing information for legislature is considered lobbying. And so I don't think that's what we are required to do. That's what legal counsel has provided us.

Bob Feenstra: Okay, we won't discuss this today but we need to discuss it more. Huh next item.

Ken Manning: Recharge update, you have a report in front of you that I think is significant in the fact, that if you notice we have three columns – imported water, storm water, and recycled water, and for a number of months we've had a great deal of storm water and recycled water going into the basin, but you'll see for the first time in many-many months we have now imported water. That's water being made available to Watermaster because the Chino Basin or the Inland Empire Utilities Agency has water within that base limit that appears to be available, and so we are taking it to meet our cumulative unmet replenishment obligation and we're taking approximately 80 acre-feet per day in to the basin. So we started that in the

month of April and we will continue it through May. We're monitoring very closely with Inland Empire Utilities Agency to make sure that no penalties are going to be incurred by the virtue of us taking this water and at least if we are going to incur penalties we will knowingly have that obligation. And so we are working with Inland Empire Utilities Agency. We've also been notified from Western and from Three Valleys there possibly may be volumes of water available through them if in fact Inland Empire's water is not available to us without penalties. That's a significant change this month and we are really pleased that we are able to get it. I'm not going to tell you its cheap water but it is imported water for recharge. I'm you want because you have your guests here today. If you'd like to move the 3D presentation up to this point, I'll move the budget down which is going to take a few minutes to go through. That would allow you to be able to spend some time on this 3D visualization model that you had requested. If that's something you'd desire to do we can do that.

Bob Feenstra: What's your pleasure?

Group: Okay.

Ken Manning: Okay, then I'm going to ask Andy Malone to introduce the subject to you. As you'd mentioned before, this is part of a presentation we did a number of months ago. We also provided the same presentation to the court under our previous judge as an example of how Watermaster is using current technology to try and characterize what's going on within the basin and so I have asked Andy to make a presentation to you. Andy.

Andy Malone: Thank you Ken, and good morning everyone. Thanks for the opportunity to come and present some of this information. Can you all see if I stand here? Okay. Like Ken said, we made a presentation to the judge who was a new judge that retained his jurisdiction over the Chino Basin Judgment and the presentation was very elementary. We talk about things like, what does a well look like, what does the aquifer look like, sands and gravels. I didn't come prepared today to give that sort of elementary presentation. We can certainly do that in the future but what we did do is we finished off the presentation looking at a 3D visualization of our groundwater flow model that's been developed and evolved over the years here in the Chino Basin. I'll give you a little background on the discussion we gave to the judge. We talked a lot about monitoring and we talked a lot about computer simulation modeling of groundwater flow and groundwater quality. In water resources management the two go together. It's very good to have both of them. The way it typically goes is that you start with your monitoring. You have... we have wells that are sprinkled across the entire basin. We collect all the information we can from these wells; how deep they are, do they penetrate the bottom of the aquifer - the bedrock, what do the sediments look like when we were drilling these wells. We compile all this information and we develop what's called a conceptual model of the basin. What it looks like - it looks generally like a bathtub filled with sand and gravel. But we characterize that, where the clays are, where the sands and gravels are, etc. We build what's called a conceptual model and we're going to demonstrate what that looks like here today. Then what we also do is we collect a lot of water level well data and pumping data and recharge data where we're purposely putting water into the ground. We collect all that information too and we construct our model or computer simulation model and we try and simulate what happened in the past. What pumping happened, what recharge happened, and then how water levels fluctuated. And if we can simulate the past with our computer simulation model then it gives us some confidence that the model can be used to predict what's going to happen in the future under certain management plans that the basin; that people who run the basin are contemplating. And those plans are typically pumping plans or recharge plans. Those are the two major stresses to the aquifer system. So that's called model calibration. Then we use the computer simulation model to do these forward projections but do we stop our monitoring? Not at all, we continue our monitoring, it is very-very important. Because what we do with that new monitoring data is we check it against what our computer simulation projections were. If they... if we modeled it accurately then that's good, we had more confidence in our model. If the data comes back different than what our projections were then we know we need to improve our model and so we make adjustments to the model and it gets better and better over time. And that's exactly what's happened here at Chino Basin Watermaster; this is a model that's been in the making for I would say, over twenty years. And it's continually being improved and we think it's quite good now. What we're going to show you today is pretty appropriate to what we were talking about earlier with hydraulic control. We're going to show you

an example of how we use the model to design some facilities, specifically here pumping facilities to achieve what's called hydraulic control and we will demonstrate that visually here in a moment. What you see here is an air photo of the Chino Basin. The yellow outline is what our model domain is. So in our computer simulation model this is where we are simulating the aquifer system, the pumping, the recharge, and the water level fluctuations in the aquifer. And so what Wen-Hsing's going to do here, Wen-Hsing is the developer of this software. It's a 3D visualization software that he's developed and what were going to do is zoom into the southern end of the basin where these desalter wells have been constructed and we are planning to construct more. So you can see the Chino Airport there in this cursor and CIM, the state property is located off to the west from the airport there. What Wen-Hsing going to do now is I believe you are going to make some transparency to the...

Wen-Hsing Chaing: *(the recording secretary can't hear what Wen-Hsing is saying)*

Andy Malone: Okay, he's going to turn on some features here. First of all what we're going to look at are some groundwater flow vectors that the model simulated in 1999. 1999 is an important year because it's before any of these desalter wells were constructed so it's sort of our baseline that we measure to. Can you go ahead and turn those one under calibration? Okay so I know those arrows are small but what they generally represent are the flow, the natural flow of groundwater in the aquifer system. You can see here that it's generally flowing from the northeast to the southwest, down into Prado Basin here. And groundwater levels get very shallow in Prado Basin. We have actually where groundwater becomes surface water; it starts to flow down into the Santa Ana River. The Santa Ana River flows down into Orange County and they recharge all that water in their groundwater basin. So typically the groundwater quality down here is not so good and so Orange County Water District and the Regional Board are concerned about the quality of the Santa Ana River. They don't want to see a whole lot of that groundwater get into the Santa Ana River and go down to Orange County and so that's one of the purposes of hydraulic control is building this well field down here in the southern end of the basin and depressing water levels so it doesn't rise to become surface flow and contaminate the Santa Ana River. So this is a model projection of what conditions were like in 1999, this came from our calibration of our groundwater flow model. You can go ahead and turn those off and then turn on the wells. Okay and these are the desalter wells and you can see from the top, their locations. The existing wells are um... can I use the cursor... the existing wells are located all right here. These wells, there are six wells located right here that we are simulating and these are the new wells that we are proposing to build. The so called Chino Creek Desalter Well Field and one of its main purposes is to achieve hydraulic control over here on the western side of the basin. Okay. So what Wen-Hsing's going to do now is he's going to tilt the model and we're going to take a look at underneath the ground surface at what this looks like so... So these are the wells, the desalter wells, and I think we want to zoom into them there. Okay. There yellow... the yellow portions is where the wells are screened where water can flow into the wells. The white are where the casing is blank, it's solid and water cannot flow into those areas. What Wen-Hsing just turned on here is part of our conceptual model of the computer simulation model; it's the bottom of the aquifer and again what we used was well information from many more wells that we are showing here. But well information, where some of these wells were drilled so deep that they actually penetrated the bottom of the aquifer; the bedrock and we used that information to describe what our bathtub looks like here in the Chino Basin. And so that's what he's showing there is the bottom of the aquifer. What it's filled up with is sediments, sands and gravels, and clays, and silts; those are the reservoirs where groundwater is stored and pumped from. So he's zooming in now to, to some of these wells, again the yellow areas are the screened intervals and the white areas are the blank. The green wells up there you see are the proposed wells showing their proposed screen intervals as well. I think the next thing you're going to turn on is water levels?

Wen-Hsing Chaing: Uh-huh.

Andy Malone: From 1999. Okay so in a well typically, you can go there and put a tape down and you can measure where the water level is in that well. And that's what we're demonstrating right here is what the water level was in 1999. We showed you a flow vectors of how that water is flowing the beneath this water level but this is the top of that saturated part of the aquifer that's being shown here. And now what he's going to turn on is water levels that we project for 2017, for the year 2017, and this is after these new

wells have come in and have been pumping along with all the other wells. Again what I told you earlier, that we're purposely trying to lower groundwater levels. So our model is demonstrating what that's probably going to look like in 2017 if these wells are constructed in these locations, with these screened intervals, and they pump the certain amount of water that we assumed was going to be pumped in the model.

Jennifer Novak: Does this matter when wells go in to your modeling or is it just once they go in, this is what it will look like?

Andy Malone: Now groundwater systems typically change pretty gradually-slowly, there's so much storage especially in the Chino Basin that when you put in a couple of wells it usually takes many years to come to equilibrium. So this... it is important as to when these wells are installed and then how long they're pumping, how much they're pumping, all that information – all those assumptions that you put in the model; you hope they're as correct as what actually happens but...

Jennifer Novak: And with the assumption for what we're seeing here? In terms when the wells would go in or be done?

Andy Malone: I don't know off the top of my head but I would say it's that it's something like 2012; this is maybe five years after these wells have been in there pumping. Okay so this right here, this new depressed water level in 2017; what we think is that it achieves hydraulic control and I'm going to describe to you what hydraulic control is. It's basically this well field completely capturing all this groundwater that was flowing from the north to the south, completely capturing that groundwater not letting it flow to the south and eventually get down towards Prado Basin and rise to become surface water in the Santa Ana River. So can we continue on? What Wen-Hsing has done is he's gone back to the top view and we're going to look at flow vectors now from 2017 with this new depressed water level and we are going to see how different it is from 1999 conditions before all these wells were built and started to pump. Okay that's 1999?

Wen-Hsing Chaing: Yes.

Andy Malone: And you can see 1999 all the groundwater flowing past these wells down towards Prado Basin and so our model projections look something like this. I'm going to borrow... can I borrow this? You can see here the water is still flowing from the north to the south but now with all these wells pumping, we're having water actually coming from the south up to the north so we've actually reversed the flow gradient in the groundwater. And so any water that may leak past these wells from the north, it's going to get sucked back in and go back into the well field. So what the model is projecting here is that we will achieve hydraulic control by 2017 if indeed everything goes as planned. Again, these wells get built in these locations, they pump from a certain part of the aquifer – the shallow part of the aquifer and that they pump a certain amount of water. So that is the demonstration of hydraulic control. I think what Wen-Hsing can do is click on the 1999 vectors and you can see the difference. Everything from the south, I mean everything south of the well field flowing to the south in 1999 in the green vectors and then the white vectors 2017 flowing to the north. So again model projection, you have to back it up with monitoring and there is a very intensive monitoring program that's out here. We use agricultural wells, existing agricultural wells, we have dedicated monitoring wells that have been drilled in this area and it's a Regional Board requirement that we demonstrate hydraulic control. Not only with this model but with the monitoring data on an ongoing basis; show us this reverse gradient from the south to the north – that's what they want to see.

Jennifer Novak: *(the recording secretary can't understand what is being said)* Can I have you zoom in again on the area where the CIM property is and see what the projected change and flow look like?

Andy Malone: Sure. You know where the... oh I'm sorry. It's to the west.

Jennifer Novak: So not much different?

Andy Malone: Not much different. North of the well field so...

Jennifer Novak: Projected...

Andy Malone: Yep.

Jennifer Novak: Thank you.

Andy Malone: Now there will be some water level declines that are associated with this so you may have a steepening of gradient from the state property towards these well fields and there may be some water level declines. One other thing that the state has historically been very concerned about and been working very cooperatively with Watermaster is the land subsidence investigations. There's been ground fissuring on state property there and CIM and Watermaster has expended a lot effort and time in figuring out how to control that in the future. But this right here where we're trying to draw down water levels kind of works against the.... In a way works against what we're trying to do; controlling land subsidence. So it's a balancing act that we're trying to achieve, especially in the area where the state property is.

Jennifer Novak: How is that you would achieve that? Or what are you trying to do?

Andy Malone: Well we have monitoring facilities in this location and we're monitoring water levels very closely. And we've done a lot of testing to figure out a safe water level that we don't want to draw water levels down below and cause additional subsidence. So that was really the crux of the subsidence investigations, was figuring out what that water level is and we're not projecting here with the model to exceed that water level through the achievement of hydraulic control.

Jennifer Novak: And pumping rates of the wells can be adjusted too, so you don't have to pump the exact gallons per minute that you start with if you feel it is pulling too much water and causing a problem someplace else correct?

Andy Malone: Sure you can adapt as you go forward. One of the key elements here to is when these new wells go in we're going to learn a lot of new information; what the aquifer systems like, some of its properties and we will use that information to again update the model and improve it and make more realistic projections in the future too.

Pete Hall: So, Andy how will it change on Central Avenue where that shelf is?

Andy Malone: It's a little bit more west. Umm why is it changing?

Pete Hall: No, there's that one shelf that that runs down Central Avenue.

Andy Malone: The barrier?

Pete Hall: Yes.

Andy Malone: Okay, what we're showing here is the shallow aquifer system and the barrier does not exist in the shallow aquifer system. It exists in the deep aquifer system. And so... if we were to be demonstrating here groundwater flow in the deep aquifer system; you would see the effects of that barrier there and it would essentially be isolating the area to the west from the desalter pumping to the southeast.

Gene Koopman: And does this take into consideration (*the recording secretary can't understand what is being said*) under the basin reoperation program?

Andy Malone: Yes. But these model projections come from the modeling for the Peace II description work, so yes it; it encompasses all pumping across the basin not just the desalter pumping.

Gene Koopman: *(the recording secretary can't understand what is being said)* under the basin reoperation there's literally a lack of replenishment water. Is that taken into consideration?

Andy Malone: Yes, yes the whole Peace II description including recharge and the overdraft of 400,000 acre-feet, that's all being simulated by this model.

Gene Koopman: Thank you.

Bob Feenstra: Andy, Pete Hall was right this is a beautiful presentation and I have one question going back in history if I may?

Andy Malone: Okay.

Bob Feenstra: Early on we lost a couple of the big wells because we were over drafting the area and some farmers were losing well water suction. Are all wells back into production; all the wells for the desalters?

Andy Malone: For the desalter, I'm not completely up to date on that. I know that they have been having some production problems in a couple of the wells in the Chino I Desalter well field...

Bob Feenstra: Uh-huh, uh-huh.

Andy Malone: But I don't know the current status of investigation on why they're losing production on how they're trying to remediate that.

Gene Koopman: *(the recording secretary can't understand what is being said)*

Bob Feenstra: At the airport yea.

Gene Koopman: It's out of operation not because of water levels but *(the recording secretary can't understand what is being said)*

Bob Feenstra: Let's have lights and let's see if there's some questions from the board or from the audience. Outstanding presentation; talk about 3D!

Rob Vanden Heuvel: I'd actually like to request that I might get a copy of the 2017 flow vector points; I don't know if you got that in hard copy with you or I can get it emailed to me but we've got some issues with the dairy contribution to groundwater quality and I'd like to be able to take a look at that closer.

Andy Malone: Okay – okay. I'm not sure if the modeling report that was put out for the Peace II description; whether or not it has a figure like that. If it does we can easily shoot it off to you.

Rob Vanden Heuvel: Okay.

Andy Malone: But, umm.

Ken Manning: Yea, that's not a problem. We can do that.

Andy Malone: We can put something together like that if we don't have something readymade, we can put something together like that.

Ken Manning: Let me add... this modeling that was put together in discussions that I had with Mark Wildermuth about three years ago; I had started to see where applications were starting to be developed in three dimensions. I had the discussion with Mark Wildermuth and said to him that I needed a commitment that we were going to move to this kind of presentation modeling over the next three to five years so that we could provide visualization of what's going on in our basin so that people understand it.

As much as we're involved with water and understand things that are going on here, when I do discussions with other people and with agencies, it is sometimes very difficult for them to understand. A good example is during the discussions on the bond package that was passed this last year by the legislature; SB786 has requirements statewide to look at modeling or look at ground level differentiations during the course of a year. Now there are five hundred and fifteen groundwater basins throughout the State of California; there are only a couple of basins in the State of California that have 3D visualization. And I think almost all of them are in the Santa Ana region. So we are far ahead of the curve where there looking out of the Five hundred and fifteen groundwater basins just to get two points of reference – two points of reference. I very proudly could tell them; you give me a date anywhere in the next thirty years on any given day and I'll tell you what the water levels going to be in the Chino Basin. And that's powerful and that's where the State of California would like to be with groundwater all over the State of California. Now that is decades away but it's something that we currently are able to do here within the Chino Basin because of the work Watermaster and Wildermuth have been doing together in developing this database. So, it's a tremendous asset for us and it's available to the members of the Chino Basin Watermaster family, so no problem getting you the data.

Rob Vanden Heuvel: Great, thank you.

Bob Feenstra: Andy our sincerest thanks. Appreciate your efforts and presentation; whoever put this together do-do-do-do...that was music!

Jeff Pierson: I want to see that on the verbatim minutes.

Bob Feenstra: Okay we're going to be going quickly into confidential session so...

Ken Manning: We have two more items. One of which is just a statement and that is that this issue of the emerging containments, I'm still working with Celeste and SAWPA on this issue of whether or not Watermaster should be involved in this emerging contaminants task force. We could not get a time where Celeste's schedule and mine, because of her conference, could actually sit down together and talk about it so we had not been able to do that so I am putting that off until next month. The second one... the last item is talking about the Watermaster budget and we have a very quick presentation, which is a summary of the Watermaster workshop that we did yesterday at Watermaster. I'd asked Joe, our new CFO, to kind of quickly to walk through those assumptions that are built into this budget. Again, we're not asking for approval in May for the budget – we are only asking for people to start taking a look at it, but we think it's important that you understand the assumptions and some of the actual items that are included within our budget. So if I could turn this over to Joe; we're talking hopefully just a few minutes to go through this.

Joe Joswiak: Thank you I appreciate the opportunity to bring the budget to you. Again, we will move through this rather quickly. But all budgets are based upon general assumptions and on our income assumptions, I'd just like to let everyone know that there's no real deviation from the prior year basically the same formats; the same excel spreadsheets, the same worksheets that the previous CFO had used. I looked at them, reviewed them, and thought they were very good; so I am continuing to use those. So right off the bat there's no deviation from what has been previously been done. Income projections are basically a contractual allowance based upon specific commitments. We have identified three commitments; it's the Peace I and Peace II Agreements, the Regional Board - the Maximum Benefit Basin Plan commitment, and the OBMP requirement from the Judgment. Those are basically your assessments and then there's also another category called a prorated interest income. Which is basically a... the interest earned quarterly on the LAIF funds that we have. On the general staffing, we have assumptions that our staff still stays consistent at eleven with one caveat that we are reducing the reduction of one half-time full time equivalent our Water Resource Engineer but basically we're still remaining at eleven. There's no COLA increase this year. There's no material change in the employee fringe benefits; that's the medical, dental, and the vision. The salary allocations that we use to basically model the costs have stayed consistent; last year-this year and we're basically... I went back and used the same labor allocations, looked at the past five or six or seven months to see where staff was spending their time and basically used that model to allocate staff time. And then of course the merit increases and any contractual obligations have been included in the budget. Along with the general G&A; we've got some

items that are new this year. The first one is we're projecting a \$40,000 expense for a voice over IP system at Watermaster. We're also projecting a \$10,000 increase in our web services. \$10,000 added in this year's budget for the Strategic Planning Conference in October and as part of the verbatim minutes, we're including a \$50,000 line item which basically pays for a full day of a court reporter for the forty-eight meetings. This is basically just a pictorial of what the draft budget looks like and you can see that basically on G&A we're increasing 11½% and a \$100,000.00. And basically again there's, there's in essence the four items that constitute that \$100,000.00. On the OBMP side of the calculation we have a reduction of \$26,000 in the Wildermuth engineering services. We have eliminated from the budget the CEQA expense of \$75,000 dollars. We have put... added in \$26,000 for the cost sharing project with SAWPA. We have added a special line item of \$250,000 to create a basically reserve account for contingencies as part of the legal... ugh legal fund. Now caveat this, the legal budget still from last year to this year is staying at \$595,000 but we've included this \$250,000 as a contingency. And we would only use these funds if required and it would require a budget transfer, so we'd have to bring it to the Pools and the committees to be able to utilize these funds.

Gene Koopman: Can that be used for other things other than legal?

Joe Joswiak: At this stage no, we are only, we're only focused right on legal fees right now.

Nathan deBoom: So there's no other contingency funds besides the one used for this one used for legal?

Joe Joswiak: This is the only contingency fund. Historically Watermaster has not had a contingency fund. I've gone back and looked as Ken has mentioned before; of the past five years we've always been over budget in the legal area. Some legal event has always occurred, so this year we're being a little more proactive in putting contingency out there. And then also as discussion has been today; the Regional fine, we're budgeting \$113,850 for Watermaster's portion.

Gene Koopman: Back up one minute, I have another question. Again, to the reserve account and you mentioned that legal had been over for a number of years and I'm well aware of that. And in normal circumstances, once again when you're running over budget on a line item and everything to is the following year you increase the budget versus... so what's the rationale behind doing this as a contingency? Is this so that, aha, it would take a board action for a budget transfer; is that what the object is?

Ken Manning: Yes, the idea is that we don't want to give the attorneys the idea that they've got a larger budget; but for five out of the last five years we have had to increase the budget for legal from \$100 to \$250,000. And we've always.... in order to do that, we've always gone back to Wildermuth and to the engineering portion of the budget and found projects that were not being completed. Now the other dynamic that's going on, is I'm pressing Wildermuth to provide me a budget that is realistic in terms of what they know can be accomplished based upon the Peace II or the Max Benefit or the Judgment umm... requirements. So that we don't have a bloated budget that is or has a lot of extra places that we can take money from. That creates a dilemma for me because unlike this year where I had a grant program that was essentially was not funded that allowed me money to move; I won't have that next year. And if somebody... and if everybody plays nice in the basin and nobody sues each other, we're going to be just fine and we won't use that \$250. And what happens then that money is reallocated back to the Appropriators and they're refunded into the next budget; it doesn't stay there, we refund it back and it goes as credit. So the idea is, we need to have something there that we feel comfortable based upon five years of activity, we think that this year there's quite likely somebody will create an action or do something. Those are not within our control so we want to have some place to be able to go. That's the... the justification for why we are putting the \$250 in there and...

Gene Koopman: And that \$250 will be included in what's establishing the assessments (*the recording secretary can't understand what is being said*)

Ken Manning: Correct. That's the proposal and as you know this is a proposed budget and we're putting on the table what we think are logical decisions to be made and those will be discussed over the course of May and adopted in June. So they may change but...

Gene Koopman: Then why... why, you know I'm... I can understand the problem or whatever but let's say we don't use it at all...

Ken Manning: Uh-huh.

Gene Koopman: Why reimburse? Why not just carry it over? I assume that you're going to do this year end so it's really just a...

Ken Manning: Watermaster in our budgeting process has been fairly consistent for decades now in terms of the fact that every year is a separate and distinct year and budgeted for. The reality is, is that if we feel it's a good idea this year; it's probably going to be a good idea again next year. And so we would carry over an amount in the budget but it would be for the purposes of the Assessment Package refunded back and then re-applied into the budget so that's how the transactions have been done in Watermaster over the years and that's how we would propose to continue to do it rather than what might be done in other public agencies as a rollover.

Gene Koopman: Okay, thank you.

Bob Feenstra: Continuing on with that conversation, a Ken I'm concerned that legal bills – legal costs has increased dramatically over the year. It would be interesting to find a ten year review of legal costs from ten years ago to where we are today. I agree with him, it's been shocking, to see the increase in legal costs.

Joe Joswiak: Last evening I actually did go back and look and we originally at one point in time had a budget around down in the low \$200 and in over the years it's... it's progressed up now to where it's now \$595,000. But the increase each year, the actual expenses, haven't been small they've been relatively large. And of course that's been made up by adjustments throughout the budget, but it's... the legal budget has become very large over the years.

Bob Feenstra: And if we request it, you can do a ten year review for us?

Joe Joswiak: I could do that yes.

Ken Manning: That would be easy.

Bob Feenstra: On legal?

Ken Manning: Uh-huh.

Bob Feenstra: Thank you.

Joe Joswiak: The final piece of the budget is the OBMP, the implementation projects; these are all of the different monitoring projects. The ground level monitoring, the MZ1 projects, if you look at that the 2.8% increase – a \$146,000. In looking at... again looking there's the few items, account 7107 the MZ1 monitoring, you'll notice that from our current budget to the proposed budget – the \$281,000 increase, you'll notice that some of the categories have increased and some of them have decreased. This is a spreadsheet provided by Wildermuth and you'll notice right off the bat the expenses from Wildermuth have dropped again this year – aha reduced last year and reduced again this year. We're projecting \$2.6 million compared to \$2.7 million. So a \$70,000 decrease and you can see all the different categories and again, the a big line item there – the \$280,000 difference. On the projects, looking at them and slicing them out, the Watermaster staff this year's assuming as we have last year assuming more of the work on the field collection which is resulting in some of those cost savings from Wildermuth. We're increasing in

putting additional \$12,500 out there in category 7102 for the replacement, repairs, and calibration of some of those existing meters. A net reduction of \$6,000 from the Wildermuth engineering and lab services for groundwater quality monitoring. Another reduction of \$20,000 from the Wildermuth services for ground level monitoring. And then the MZ1 project, the \$281,000 increase there in engineering services and contracted services along with capital equipment that's required for the MZ1 monitoring. In the 7108 the hydraulic control monitoring reduction from the Wildermuth budget previously of \$56,000 – a comprehensive recharge increase of \$60,000 and that includes the \$720,000. Originally we had budgeted this year \$660,000 and we're budgeting \$720,000 this year and the \$7,200 is for the...

Ken Manning: Let me make a note here though because even though we're budgeting more this year, this year is actually less than last year. And that may sound strange; it may sound like governmental accounting. But in reality we had a \$100 credit with IEUA the year before that was... that allowed us to reduce the budget to \$660 but the actual cost was \$760. This year we're predicting at \$720 so... just want to make sure everybody would keep that in perspective.

Joe Joswiak: And finally the reduction in our recharge improvement dept payment of \$144,000. Looking overall from our budget, our administrative expenses again would increase the 11.5%, the general OBMP expenses 16.5% increase, and the project increase... I mean implementation projects increase of 2.8%, so overall increasing this year. The final slide, this is basically the assessment calculations, basically what happens is each year we calculate what the assessments could be looking at the budget utilizing the 2008/2009 production numbers. When the final assessments are calculated, those will be done later in the year. But this is just to give a pictorial of what the allocations would be under the existing budget. And that concludes my presentation. I would be willing to answer any questions if you have.

Bob Feenstra: Jennifer?

Jennifer Novak: I apologize because I did have to step out for a moment but I think I saw a line item for the fine that has to be paid to the Regional Board, is that right?

Joe Joswiak: That's correct.

Jennifer Novak: Is there any provision in here for recouping any of that fine?

Joe Joswiak: No.

Ken Manning: Not anticipated at this time.

Jennifer Novak: So, at this point in time Watermaster believes it will incorporate that into its own operating budget?

Ken Manning: That's the assumption we're making right now.

Jennifer Novak: Okay, thank you.

Nathan deBoom: Can you go back to the last slide real quick? So there's a proposed assessment (*the recording secretary can't understand what is being said*) well a \$1.50 or so increase on the per acre-foot from last year to this year?

Joe Joswiak: Yes, and again this... this is just a model based upon production as it is right now. And again this is 2008/2009. We have done a calculation to see what the... what the closer productions would be for the 2009/2010 and the... those... and it does increase because production has dropped off.

Ken Manning: The two sides of the equation that are included with the Assessment Package are the budgeted amounts, which is obviously what we are talking about now, and that is blended with production numbers and the two of those together result in a cost per acre-foot. We have control over one side of that calculation; we don't have the other variable that we... that depends upon the production numbers

that we get at the end of June and start acquiring at the end of June. So we will blend those together. We use the production numbers from the year before just as an example of what the assessment would look like if things were the same as they were the year before. We don't know that to be the case; they could be higher, they could be lower. Right now we are projecting some of the pumping will be lower and that some of the... some of it will be higher; we're not sure exactly where that's going to level out yet.

Nathan deBoom: So the initial reaction was concerning then on that increase?

Ken Manning: Well, certainly... certainly the Appropriators, when they budget for their own budgets they look at the previous year's assessment on an acre-foot and use that as a basis or assumption within their own budgeting and if the cost per acre-foot goes up, they are obviously concerned. And so... again it's, it's a combination of two factors of which we don't have control over; one of those and we have some control over the others in terms of the budgeting. Again, as Joe has mentioned, the budget is comprised essentially of three different obligations; those contained in the Peace I and Peace II Agreement, those contained within the Regional Board's requirements and the Basin Plan, and those required within the Judgment under the OBMP. And so it's a matter of then trying to balance how fast we do those projects and what our obligations are to do them, and so that's a discussion we're going to be having over the course of May to decide whether or not the budget stays as it is as we've proposed. I am making the prediction, today, that the budget will change some over the course of the next month but we'll have to have input and discussion with all of the Pools to find out exactly where the priorities should be put.

Bob Feenstra: Well done. Thank you. Oh wait a minute; I'm sorry Jeff.

Jeff Pierson: You know, not to nitpick, but the voice over...

Ken Manning: Uh-huh.

Joe Joswiak: Yes, the \$40,000 dollars.

Jeff Pierson: Yea... aha... spend \$40 what do you think you're going to save out of doing that?

Joe Joswiak: Well basically... currently right now when we have conference calls, we have absolutely no idea of who is on those calls. By having a voice over IP system, we'll be able to identify and have a lot more control on who's on those calls.

Jeff Pierson: Good.

Group: All talking at the same time.

Ken Manning: There's a couple of... there's a number of... Joe just highlighted them. The biggest reason why we want to go to voice over IP is to have capability. The other capability that voice over IP provides us is video conferencing that we don't have now with our current system; that will save some money. We don't know what the savings will be though; we know there will be some savings because voice over IP as an ongoing bill for phone services less than what we currently have, we don't know what that savings is yet. It all depends on when we get it installed and when it actually starts up but we do know that the cost factor is \$40,000 but it provides us a much better system.

Jeff Pierson: It's an efficiency issue and being able...

Ken Manning: Yes.

Jeff Pierson: And being able to track.

Ken Manning: Yes.

Jeff Pierson: Ah, the Wildermuth is one of the biggest or largest line items...

Ken Manning: Uh-huh.

Jeff Pierson: All their different OBMP actions. Ah can we get a copy of what the latest backup is for where you will achieve, you know, putting the... filling the numbers in?

Ken Manning: Sure, we can provide you... we do a... we work with Wildermuth on an annual basis and multiple times during the course of the year, but to start the budgeting process, we start with large charts that outlines in great detail all of the elements... A summary of that is what is on that chart that you're looking at now.

Jeff Pierson: I know...

Ken Manning: That is blown up into more detail and we can provide you with that detail as well.

Jeff Pierson: I'd just like to look at the number of man hours. Is it broken down like that?

Ken Manning: Yep, uh-huh.

Bob Feenstra: Any more questions? Again thank you.

Joe Joswiak: Thank you very much.

Bob Feenstra: Appreciate it.

Ken Manning: And that's all I have Mr. Chairman.

Bob Feenstra: Good, thank you. This presentation will also be made at the Board meeting?

Ken Manning and Joe Joswiak at the same time: Yes.

Ken Manning: All the Pools, Advisory, and Board.

Bob Feenstra: Thank you. Are there any comments from the audience? We're going to go into confidential session so I'm going to ask Paul Hofer to stay behind. Ah, Sherri Lynne, Steve will be making minutes.

Steve Lee: I'll contact you if any action was taken and I'll let you know what time it completed.

Bob Feenstra: Thank you for all attending.

IV. INFORMATION

1. Newspaper Articles

V. POOL MEMBER COMMENTS

VI. OTHER BUSINESS

The regular open meeting was convened to hold its confidential session at 11:05 a.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.

The Agricultural Pool closed session was convened at 1:10 p.m.

Mr. Lee emailed in the actions taken at the closed session to the recording secretary as follows:

Motion by Pierson, second by Vanden Heuvel, and by unanimous vote

Moved to approve the authorization of Steve Lee to contact the Ontario City Attorney, John Brown of Best Best and Krieger to relay the Agricultural Pool's concern over the lack of participation by the City of Ontario to join in constructive discussions with the potential responsible parties attorney(s) in reaching a solution to the TCE plume anomaly located south of Riverside Drive in the City of Ontario and to be part of the solution to this ongoing problem, as presented

VIII. FUTURE MEETINGS

- Wednesday, May 12, 2010 10:00 a.m. Watermaster Budget Workshop @ CBWM
- Thursday, May 13, 2010 9:00 a.m. Agricultural Pool Meeting @ IEUA
- ** Thursday, May 13, 2010 1:00 p.m. Appropriative Meeting @ CBWM**
- ** Thursday, May 13, 2010 2:30 p.m. Non-Agricultural Pool Meeting @ CBWM**
- Friday, May 14, 2010 10:30 a.m. CBWM Court Hearing @ Chino Court Room C1
- Wednesday May 19, 2010 12:30 p.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 at Rancho Central Park
11200 Base Line Road, Rancho Cucamonga**

**** Please Note: Date change for Appropriative Pool and Non-Agricultural Pool meetings**

The Agricultural Pool meeting was dismissed by Chair Feenstra at 1:10 p.m.

Secretary: _____

Minutes Approved: _____



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of April 2010
2. Watermaster Check Detail for the month of April 2010
3. Combining Schedule for the Period July 1, 2009 through April 30, 2010
4. Treasurer's Report of Financial Affairs for the Period April 1, 2010 through April 30, 2010
5. Budget vs. Actual July 2009 through April 2010





CHINO BASIN WATERMASTER

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KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: June 10, 2010
TO: Committee Members
SUBJECT: Cash Disbursement Report

SUMMARY

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

Recommendation – Staff recommends the Cash Disbursements for April 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 April 2010 were \$828,893.74. The most significant expenditures during the month were Wildermuth Environmental, Inc. in the amount of \$266,100.35, Brownstein Hyatt Farber Schreck in the amount of \$199,325.65 and Inland Empire Utilities Agency in the amount of \$161,866.25.

Actions:

6-03-10 Appropriative Pool - Approved unanimously
6-03-10 Non-Agricultural Pool – No action was taken
6-10-10 Agricultural Pool
6-17-10 Advisory Committee
6-24-10 Watermaster Board

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CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
April 2010

Apr 2010	<u>Type</u>	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
	General Journal	04/03/2010	04/03/10	PAYROLL 03/21/10-04/03/10	-6,760.28
	General Journal	04/03/2010	04/03/10	PAYROLL 03/21/10-04/03/10	-22,424.87
	Bill Pmt -Check	04/05/2010	14060	MWH LABORATORIES	-11,407.00
	Bill Pmt -Check	04/05/2010	14061	PUMP CHECK	-4,973.08
	Bill Pmt -Check	04/05/2010	14062	ARROWHEAD MOUNTAIN SPRING WATER	-35.42
	Bill Pmt -Check	04/05/2010	14063	BLACK & VEATCH CORPORATION	-26,075.00
	Bill Pmt -Check	04/05/2010	14064	CALPERS	-2,913.66
	Bill Pmt -Check	04/05/2010	14065	INLAND EMPIRE UTILITIES AGENCY	-320.54
	Bill Pmt -Check	04/05/2010	14066	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-7,136.48
	Bill Pmt -Check	04/05/2010	14067	STANDARD INSURANCE CO.	-476.28
	Bill Pmt -Check	04/05/2010	14068	STATE COMPENSATION INSURANCE FUND	-956.65
	Bill Pmt -Check	04/05/2010	14070	W.C. DISCOUNT MOBILE AUTO DETAILING	-100.00
	Bill Pmt -Check	04/05/2010	14071	SPECIALIZED SERVICES OF SO CAL	-400.00
	Bill Pmt -Check	04/07/2010	14072	AMERICAN GROUND WATER TRUST	-250.00
	Bill Pmt -Check	04/07/2010	14073	APPLIED COMPUTER TECHNOLOGIES	-3,951.50
	Bill Pmt -Check	04/07/2010	14074	BOWCOCK, ROBERT	-125.00
	Bill Pmt -Check	04/07/2010	14075	CAMACHO, MICHAEL	-625.00
	Bill Pmt -Check	04/07/2010	14076	CITY OF RANCHO CUCAMONGA	-25.00
	Bill Pmt -Check	04/07/2010	14077	DAN VASILE	-135.00
	Bill Pmt -Check	04/07/2010	14078	DE BOOM, NATHAN	-375.00
	Bill Pmt -Check	04/07/2010	14079	DIRECTV	-83.99
	Bill Pmt -Check	04/07/2010	14080	DURRINGTON, GLEN	-375.00
	Bill Pmt -Check	04/07/2010	14081	FEENSTRA, BOB	-1,125.00
	Bill Pmt -Check	04/07/2010	14082	HAUGHEY, TOM	-125.00
	Bill Pmt -Check	04/07/2010	14083	HSBC BUSINESS SOLUTIONS	-1,028.65
	Bill Pmt -Check	04/07/2010	14084	HUITSING, JOHN	-375.00
	Bill Pmt -Check	04/07/2010	14085	JAMES JOHNSTON	-993.00
	Bill Pmt -Check	04/07/2010	14086	KOOPMAN, GENE	-375.00
	Bill Pmt -Check	04/07/2010	14087	KUHN, BOB	-375.00
	Bill Pmt -Check	04/07/2010	14088	MATHIS & ASSOCIATES	-500.00
	Bill Pmt -Check	04/07/2010	14089	PARK PLACE COMPUTER SOLUTIONS, INC.	-3,975.00
	Bill Pmt -Check	04/07/2010	14090	PIERSON, JEFFREY	-1,125.00
	Bill Pmt -Check	04/07/2010	14091	PRINTING RESOURCES	-80.04
	Bill Pmt -Check	04/07/2010	14092	PURCHASE POWER	-66.44
	Bill Pmt -Check	04/07/2010	14093	STAPLES BUSINESS ADVANTAGE	-77.16
	Bill Pmt -Check	04/07/2010	14094	UNION 76	-41.31
	Bill Pmt -Check	04/07/2010	14095	VANDEN HEUVEL, GEOFFREY	-125.00
	Bill Pmt -Check	04/07/2010	14096	VANDEN HEUVEL, ROB	-375.00
	Bill Pmt -Check	04/07/2010	14097	VERIZON	-536.27
	Bill Pmt -Check	04/07/2010	14098	WHITEHEAD, MICHAEL	-125.00
	Bill Pmt -Check	04/07/2010	14099	WILLIS, KENNETH	-500.00
	Bill Pmt -Check	04/07/2010	14100	YOUNG, ROBERT	-125.00
	Bill Pmt -Check	04/07/2010	14102	COMPUTER NETWORK	-3,951.07
	Bill Pmt -Check	04/07/2010	14103	PAYCHEX	-216.78

CHINO BASIN WATERMASTER
Cash Disbursement Detail Report
April 2010

<u>Type</u>	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
Bill Pmt -Check	04/07/2010	14104	PREMIERE GLOBAL SERVICES	-161.58
Bill Pmt -Check	04/07/2010	14105	VISION SERVICE PLAN	-37.73
Bill Pmt -Check	04/07/2010	14106	W.C. DISCOUNT MOBILE AUTO DETAILING	-100.00
Bill Pmt -Check	04/07/2010	14107	YUKON DISPOSAL SERVICE	-142.88
Bill Pmt -Check	04/08/2010	14108	PETTY CASH	-493.37
Bill Pmt -Check	04/09/2010	14109	CITY OF RANCHO CUCAMONGA	-64.00
Bill Pmt -Check	04/13/2010	14110	INLAND EMPIRE UTILITIES AGENCY	-161,886.25
General Journal	04/17/2010	04/17/10	PAYROLL 04/04/10-04/17/10	-8,756.10
General Journal	04/17/2010	04/17/10	PAYROLL 04/04/10-04/17/10	-25,192.09
Bill Pmt -Check	04/21/2010	14111	ACWA SERVICES CORPORATION	-197.41
Bill Pmt -Check	04/21/2010	14112	BANC OF AMERICA LEASING	-3,215.74
Bill Pmt -Check	04/21/2010	14113	BANK OF AMERICA	-4,683.45
Bill Pmt -Check	04/21/2010	14114	CALPERS	-2,913.66
Bill Pmt -Check	04/21/2010	14115	COMPUTER NETWORK	-1,287.72
Bill Pmt -Check	04/21/2010	14116	CUCAMONGA VALLEY WATER DISTRICT	-5,792.00
Bill Pmt -Check	04/21/2010	14117	CUCAMONGA VALLEY IAAP	-50.00
Bill Pmt -Check	04/21/2010	14118	FIRST AMERICAN REAL ESTATE SOLUTIONS	-125.00
Bill Pmt -Check	04/21/2010	14119	GUARANTEED JANITORIAL SERVICE, INC.	-865.00
Bill Pmt -Check	04/21/2010	14120	IDEAL GRAPHICS	-147.90
Bill Pmt -Check	04/21/2010	14121	INLAND EMPIRE UTILITIES AGENCY	-320.54
Bill Pmt -Check	04/21/2010	14122	MCI	-1,242.77
Bill Pmt -Check	04/21/2010	14123	MICHELLE M. PARSONS, C.S.R.	-240.00
Bill Pmt -Check	04/21/2010	14124	MIJAC ALARM	-141.00
Bill Pmt -Check	04/21/2010	14125	PITNEY BOWES CREDIT CORPORATION	-551.37
Bill Pmt -Check	04/21/2010	14126	PRINTING RESOURCES	-221.84
Bill Pmt -Check	04/21/2010	14127	BROWNSTEIN HYATT FARBER SCHRECK	-199,325.65
Bill Pmt -Check	04/21/2010	14128	BROWNSTEIN HYATT FARBER SCHRECK	0.00
Bill Pmt -Check	04/21/2010	14129	REID & HELLYER	-11,588.00
Bill Pmt -Check	04/21/2010	14130	STAPLES BUSINESS ADVANTAGE	-351.35
Bill Pmt -Check	04/21/2010	14131	STAULA, MARY L	-136.61
Bill Pmt -Check	04/21/2010	14132	TELECOM SERVICES	-126.25
Bill Pmt -Check	04/21/2010	14133	THE STANDARD INSURANCE COMPANY	-401.28
Bill Pmt -Check	04/21/2010	14134	UNITED PARCEL SERVICE	-173.05
Bill Pmt -Check	04/21/2010	14135	VERIZON WIRELESS	-878.76
Bill Pmt -Check	04/21/2010	14136	W.C. DISCOUNT MOBILE AUTO DETAILING	-75.00
Bill Pmt -Check	04/21/2010	14137	WESTERN DENTAL SERVICES, INC.	-28.06
Bill Pmt -Check	04/21/2010	14138	SAFEGUARD DENTAL & VISION	-7.91
Bill Pmt -Check	04/26/2010	14139	CITISTREET	-2,018.34
Bill Pmt -Check	04/26/2010	14140	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-5,942.29
Bill Pmt -Check	04/26/2010	14141	WILDERMUTH ENVIRONMENTAL INC	-266,100.35
Bill Pmt -Check	04/26/2010	14142	CITISTREET	-2,038.34
Bill Pmt -Check	04/26/2010	14143	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-5,935.07
Bill Pmt -Check	04/26/2010	14144	CITISTREET	-2,018.34
Bill Pmt -Check	04/26/2010	14145	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	-6,779.22
				<u>-828,893.74</u>

Apr 2010

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CHINO BASIN WATERMASTER
Check Detail
April 2010

<u>Type</u>	<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Account</u>	<u>Paid Amount</u>
Bill Pmt -Check	14113	04/21/2010	BANK OF AMERICA	1012 - Bank of America Gen'l Ckg	
Bill	4024420001939341	03/31/2010		6191 Conferences	-4,368.70
				6054 Computer Software	-251.91
				6909.1 OBMP Meetings	-32.84
				6174 Transportation	-30.00
TOTAL					<u>-4,683.45</u>

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CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE
 PERIOD JULY 1, 2009 THROUGH APRIL 30, 2010

WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION & SPECIAL PROJECTS			GROUNDWATER OPERATIONS		EDUCATION FUNDS	GRAND TOTALS	BUDGET 2009-2010
		POOL APPROPRIATIVE POOL	AG POOL	NON-AG POOL	GROUNDWATER REPLENISHMENT	SB222 FUNDS			
Administrative Revenues:									
Administrative Assessments		7,215,654	-	268,376				7,484,030	\$7,340,839
Interest Revenue		28,975	2,434	1,249			5	32,663	191,540
Mutual Agency Project Revenue		-	-	-				-	148,410
Grant Income		188	-	-				-	0
Miscellaneous Income		188	-	-				-	0
Total Revenues		7,244,818	2,434	269,624			5	7,627,881	7,680,789
Administrative & Project Expenditures:									
Watermaster Administration		549,872						549,872	580,238
Watermaster Board-Advisory Committee		56,984						56,984	61,901
Pool Administration		20,048	129,372	11,469				160,888	229,860
Optimum Basin Mgmt Administration		1,332,686						1,332,686	1,557,820
OBMP Project Costs		3,210,334						3,210,334	4,109,362
Debt Service		942,042						942,042	1,131,233
Education Funds Use									375
Mutual Agency Project Costs									10,000
Total Administrative/OBMP Expenses		606,856	129,372	11,469				6,252,806	7,680,789
Net Administrative/OBMP Expenses		(495,856)							
Allocate Net Admin Expenses To Pools		495,856							
Allocate Net OBMP Expenses To Pools		4,543,020	131,445	17,969					
Allocate Debt Service to App Pool		3,174,090	1,204,300	164,631					
Agricultural Expense Transfer*		942,042							
Total Expenses		1,465,117	(1,465,117)	194,068				6,252,806	7,680,789
Net Administrative Income		5,947,738	2,434	75,556			5	1,375,075	-
Other Income/(Expense)									
Replenishment Water Assessments					7,073,805			7,073,805	0
Interest Revenue					25,077			25,077	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					3,911,513			3,911,513	0
Net Transfers To/(From) Reserves		5,286,588	2,434	75,556	3,911,513		5	5,286,588	-
Working Capital, July 1, 2009		5,942,967	470,719	256,577	4,166,457	158,251	995	10,995,966	
Working Capital, End Of Period		7,240,046	473,153	332,133	8,077,970	158,251	1,000	16,282,554	16,282,554
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.

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**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
APRIL 1 THROUGH APRIL 30, 2010**

DEPOSITORIES:		
Cash on Hand - Petty Cash	\$	500
Bank of America		
Governmental Checking-Demand Deposits	\$	274,029
Zero Balance Account - Payroll		
Local Agency Investment Fund - Sacramento		<u>16,801,930</u>
TOTAL CASH IN BANKS AND ON HAND		4/30/2010
TOTAL CASH IN BANKS AND ON HAND		3/31/2010
PERIOD INCREASE (DECREASE)		\$ (708,027)

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets:		
Accounts Receivable	\$	23,289
Assessments Receivable		77,078
Prepaid Expenses, Deposits & Other Current Assets		33
(Decrease)/Increase in Liabilities		92,015
Accounts Payable		19,861
Accrued Payroll, Payroll Taxes & Other Current Liabilities		<u>(920,304)</u>
Transfer to/(from) Reserves		
PERIOD INCREASE (DECREASE)		\$ (708,027)

SUMMARY OF FINANCIAL TRANSACTIONS:

	3/31/2010	4/30/2010	Period Increase or Decrease
Balances as of	\$ 17,784,485	\$ 17,076,459	\$ (708,027)
Deposits	820,867	-	(820,867)
Transfers	(700,000)	-	(700,000)
Withdrawals/Checks	(828,894)	-	(828,894)
Balances as of	\$ 17,076,459	\$ 16,801,930	\$ (274,529)
PERIOD INCREASE OR (DECREASE)	\$ (708,027)	\$ (708,027)	\$ (708,027)

**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
APRIL 1 THROUGH APRIL 30, 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; 0.56% was the effective yield rate at the Quarter ended March 31, 2010.

**INVESTMENT STATUS
April 30, 2010**

Financial Institution	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	\$ 16,801,930			
TOTAL INVESTMENTS	\$ 16,801,930			

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

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

Respectfully submitted,

Joseph S. Joswiak
Chief Financial Officer
Chino Basin Watermaster

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

	YTD Actuals 07/09 - 04/10	FY 2009-2010 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	7,215,654	7,185,411	30,243	100%
4120 · Admin Asmnts-Non-Agri Pool	268,376	155,427	112,949	173%
4700 · Non Operating Revenues	32,663	191,540	-158,877	17%
4900 · Miscellaneous income	188			
Total Income	7,627,881	7,680,788	-52,907	99%
Gross Profit	7,627,881	7,680,788	-52,907	99%
Expense				
6010 · Salary Costs	434,005	487,838	-53,833	89%
6020 · Office Building Expense	82,280	102,500	-20,220	80%
6030 · Office Supplies & Equip.	27,186	43,500	-16,314	62%
6040 · Postage & Printing Costs	57,908	84,300	-26,392	69%
6050 · Information Services	108,770	148,500	-39,730	73%
6060 · Contract Services	114,235	98,000	16,235	117%
6080 · Insurance	15,934	16,730	-796	95%
6110 · Dues and Subscriptions	18,096	17,000	1,096	106%
6140 · WM Admin Expenses	2,481	3,000	-519	83%
6150 · Field Supplies	271	2,800	-2,529	10%
6170 · Travel & Transportation	23,452	37,800	-14,348	62%
6190 · Conferences & Seminars	20,955	26,500	-5,545	79%
6200 · Advisory Comm - WM Board	16,346	18,078	-1,732	90%
6300 · Watermaster Board Expenses	40,638	43,823	-3,185	93%
8300 · Appr PI-WM & Pool Admin	20,048	23,069	-3,021	87%
8400 · Agri Pool-WM & Pool Admin	23,302	25,114	-1,812	93%
8467 · Ag Legal & Technical Services	96,020	98,000	-1,980	98%
8470 · Ag Meeting Attend -Special	10,050	12,000	-1,950	84%
8471 · Ag Pool Expense	0	65,000	-65,000	0%
8500 · Non-Ag PI-WM & Pool Admin	11,469	6,677	4,792	172%
6500 · Education Funds Use Expens	0	375	-375	0%
9500 · Allocated G&A Expenditures	-355,702	-488,230	132,528	73%
	767,744	872,374	-104,630	88%
6900 · Optimum Basin Mgmt Plan	1,218,034	1,399,371	-181,337	87%
6950 · Mutual Agency Projects	0	10,000	-10,000	0%
9501 · G&A Expenses Allocated-OBMP	114,652	148,448	-33,796	77%
	1,332,686	1,557,819	-225,133	86%

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

	YTD Actuals 07/09 - 04/10	FY 2009-2010 Budget	\$Amt Over (Under) Budget	% of Budget
7101 · Production Monitoring	81,419	107,047	-25,628	76%
7102 · In-line Meter Installation	26,956	56,179	-29,223	48%
7103 · Grdwtr Quality Monitoring	144,209	214,362	-70,153	67%
7104 · Gdwtr Level Monitoring	264,052	366,956	-102,904	72%
7105 · Sur Wtr Qual Monitoring	3,679	43,912	-40,233	8%
7107 · Ground Level Monitoring	267,953	550,059	-282,106	49%
7108 · Hydraulic Control Monitoring	394,172	567,022	-172,850	70%
7109 · Recharge & Well Monitoring Prog	9,113	9,152	-40	100%
7200 · PE2- Comp Recharge Pgm	1,464,923	1,478,560	-13,637	99%
7300 · PE3&5-Water Supply/Desalte	53,880	96,003	-42,123	56%
7400 · PE4- Mgmt Plan	77,236	91,985	-14,749	84%
7500 · PE6&7-CoopEfforts/SaltMgmt	144,312	163,727	-19,415	88%
7600 · PE8&9-StorageMgmt/Conj Use	37,380	29,550	7,830	126%
7690 · Recharge Improvement Debt Pymt	942,042	1,131,233	-189,191	83%
7700 · Inactive Well Protection Prgm	0	5,066	-5,066	0%
9502 · G&A Expenses Allocated-Projects	241,050	339,782	-98,732	71%
	4,152,376	5,250,595	-1,098,219	79%
Total Expense	6,252,806	7,680,788	-1,427,982	81%
Net Ordinary Income	1,375,075		1,375,075	100%
Other Income/Expense				
Other Income				
4225 · Interest Income	25,077			
4210 · Approp Pool-Replenishment	4,887,364			
4220 · Non-Ag Pool-Replenishment	9,478			
4600 · Groundwater Sales	2,176,962			
Total Other Income	7,098,882			
Other Expense				
5010 · Groundwater Replenishment	1,021,346			
5100 · Other Water Purchases	2,166,022			
9999 · To/(From) Reserves	5,286,588			
Total Other Expense	8,473,957			
Net Other Income	-1,375,075			
Net Income	0		0	0%



CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

- C. **LOCAL AGENCY INVESTMENT FUND**
Revised Resolution 10-02 Authorizing Investment of
Monies in the Local Agency Investment Fund (LAIF)



REVISED RESOLUTION 10-02 OF CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730 PHONE: 909-484-3888

AUTHORIZING INVESTMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND

WHEREAS, Pursuant to Chapter 730 of the statutes of 1976 Section 16429.1 was added to the California Government Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the Chino Basin Watermaster was appointed on January 27, 1978, under San Bernardino Superior Court Case No. WCV51010 (formerly Case No. SCV164327) entitled Chino Basin Municipal Water District V. City of Chino, et al., with powers to authorize the investment or deposit of surplus funds pursuant to the California Government Code, Section 53600; and

WHEREAS, upon filing of an appropriate resolution, local agencies are permitted to remit money to the State Treasurer for deposit in the fund for the purpose of investment; and pursuant to Section 16429.3 of said Government Code, such monies are not subject to impoundment of seizure by any state official or state agency.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby authorize the deposit and withdrawal of Chino Basin Watermaster monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer's Office of all banking information provided in that record.

BE IT FURTHER RESOLVED, that the following Chino Basin Watermaster officers and designated employees or their successors in office/position shall be authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund.

<u>Ken Willis</u> (NAME)	<u>Chairman of the Board</u> (TITLE)	_____ (SIGNATURE)
<u>Michael Camacho</u> (NAME)	<u>Vice-Chair</u> (TITLE)	_____ (SIGNATURE)
<u>Michael Whitehead</u> (NAME)	<u>Board Secretary/Treasurer</u> (TITLE)	_____ (SIGNATURE)
<u>Kenneth R. Manning</u> (NAME)	<u>Chief Executive Officer/Secretary</u> (TITLE)	_____ (SIGNATURE)
<u>Joseph S. Joswiak</u> (NAME)	<u>C.F.O.</u> (TITLE)	_____ (SIGNATURE)

APPROVED by the Advisory Committee this 17th day of June 2010.

ADOPTED by the Watermaster Board on this 24th day of June 2010.

By: _____
Chairman, Watermaster Board

APPROVED:

Chairman, Advisory Committee

ATTEST:

Board Secretary
Chino Basin Watermaster

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN BERNARDINO)

I, Ken Manning, Secretary of the Chino Basin Watermaster, DO HEREBY CERTIFY that the foregoing Revised Resolution being No. 10-02, was adopted at a regular meeting of the Chino Basin Watermaster Board by the following vote:

AYES: 0
NOES: 0
ABSENT: 0
ABSTAIN: 0

CHINO BASIN WATERMASTER

Secretary

Date: _____



CHINO BASIN WATERMASTER

II. BUSINESS ITEM

A. CHINO CREEK WELL FIELD LOCATIONS





CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: June 10, 2010
TO: Committee Members
SUBJECT: Chino Creek Well Field Locations

SUMMARY

Issue — The Chino Desalter Authority (CDA) has requested that Watermaster approve the locations of soon-to-be-constructed Wells I-16 and I-18. The CDA requested that Watermaster evaluate the well locations and specifications to perform a material physical injury analysis and to evaluate if they will achieve and maintain hydraulic control.

Recommendation — Approval of the CDA's proposed locations of Wells I-16 and I-18, provided that they are constructed with perforations in the shallow aquifer in accordance with Wildermuth Environmental Inc. ongoing evaluation to achieve hydraulic control and will not conflict with the OBMP goal to minimize or abate permanent subsidence.

Financial Impact — None.

BACKGROUND

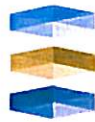
The Peace II Agreement requires that the Desalters cumulatively produce approximately 40,000 acre-feet per year of groundwater by 2012. It also, along with the Basin Plan Amendment, requires that hydraulic control must be met to reduce groundwater discharge to the Santa Ana River to de minimus quantities.

Wells I-16 and I-18 are the first two (out of six) production wells that will compose the Chino Creek Well Field. This Well Field will serve as raw groundwater for the Desalter expansion and will achieve and maintain hydraulic control on the west side of the Basin where it has not yet been fully achieved.

Wildermuth Environmental, Inc. (WEI), as part of its recent modeling study, performed a material physical injury analysis of these wells and evaluated their ability to achieve and maintain hydraulic control (attached). WEI's conclusion was that material physical injury will not occur, provided that the wells are perforated in the shallow aquifer (approximately 30-200 feet below ground surface). WEI also concluded that the proposed well locations, provided that they are perforated in the shallow aquifer and provided that the other four wells are installed as planned, are capable of achieving and maintaining hydraulic control.

Actions:

- 6-03-10 Appropriative Pool - Approved unanimously**
- 6-03-10 Non-Agricultural Pool - Approved unanimously**
- 6-10-10 Agricultural Pool**
- 6-17-10 Advisory Committee**
- 6-24-10 Watermaster Board**



May 27, 2010

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

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

Dear Mr. Manning:

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

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

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

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

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

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

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

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

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

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

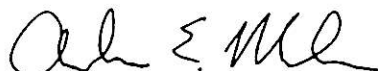
We appreciate the opportunity to serve the Watermaster and the Parties to the Judgment. Please call me if you have any questions or need additional information.

Very truly yours,

Wildermuth Environmental, Inc.



Mark J. Wildermuth, PE
Chairman



Andrew E. Malone, PG
Principal Geologist

the preliminary budget #2. After discussion with the Ag Pool and the Appropriative Pool, staff took the recommendations and suggestions and developed a third version of the preliminary budget

On May 20, 2010 the preliminary budget #3 was presented to the Advisory Committee. The Advisory Committee recommended that an Ad Hoc Budget Committee be created of Appropriative members to assist staff in the budget development.

On May 25, 2010 the preliminary budget #4 was presented to the Budget Committee. After discussion on the preliminary budget, specific budget line items, and estimated assessment amounts, it was agreed that the preliminary budget of \$6,640,490 was acceptable to the committee.

For the Administrative expenses:

- The draft budget includes 10.5 FTE approved staff positions, a reduction of .5 FTE from the previous budget.
- The draft budget includes no COLA salary adjustments and no material changes in employee's fringe benefits.
- Reductions in the majority of Administrative expenses compared to the FY 2009-2010 Approved Budget.
- Overall, the Administrative section is 4.9% or \$42,872 below the previous year's budget.

For OBMP General costs:

- Meetings with staff, Wildermuth and legal counsel were held to determine where costs could be reduced or work delayed until next fiscal year.
- Wildermuth provided a 5% reduction in labor costs which provided decreases in the overall engineering budgets for OBMP costs.
- Overall, the OBMP section is 13.7% or \$214,146 below the previous year's budget.

OBMP Implementation Project costs:

Continued implementation of the recharge improvement project including recharge and well monitoring program.

- Wildermuth provided a 5% reduction in labor costs which provided decreases in the overall engineering budgets for OBMP Implementation Project costs.
- Reductions in the majority of OBMP Implementation Project expenses compared to the FY 2009-2010 Approved Budget.
- Increased expenses regarding the MZ1 Ground Level Monitoring of \$281,000.
- Overall, the OBMP Implementation Projects section is 14.9% or \$783,280 below the previous year's budget.

In summary, the FY 2010/11 Budget, as proposed, anticipates a decrease in total budgeted costs of \$1,040,298 or 13.5% below the previous year's approved budget. The final assessments will be refined when the assessment package is prepared this fall; however the Total Assessable Production is being projected at levels similar to the 2008-2009 actual production.



CHINO BASIN WATERMASTER

II. BUSINESS ITEM

B. CHINO BASIN WATERMASTER 2010-2011 BUDGET





CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: June 10, 2010
TO: Committee Members
SUBJECT: Proposed Fiscal Year 2010/2011 Budget

SUMMARY

Issue – Annual Budget for Watermaster Administration and OBMP tasks during FY 2010/2011.

Recommendations – Staff recommends the Committees and the Board consider approval/adoption of the Proposed FY 2010/2011 Budget.

Fiscal Impact – The FY 2010/2011 Proposed Budget expenses are \$6,640,490. The FY 2010/2011 Budget, as proposed, anticipates a decrease in all three expense categories of administrative costs, OBMP expenditures and OBMP project costs over the prior year “amended” budget.

DISCUSSION

Each year, Watermaster staff conducts meetings internally and with consultants to discuss upcoming projects and anticipated work flow. As the budget is developed, the related budgeted expenses are continually refined. The current version of the budget reflects the discussions with consultants and stakeholders.

On May 12, 2010 Watermaster conducted the annual Budget Workshop and discussed the preliminary draft budget in both detail and in summary. The consensus of the members of the workshop was the preliminary budget required reductions in several categories to reflect current economic trends and financial challenges. Staff took the recommendations and suggestions and developed a second version of the preliminary budget.

On May 13, 2010 the preliminary budget #2 was formally presented to the Ag Pool and the Appropriative Pool for discussion and comment. The Non-Ag Pool chose to table the presentation and discussion of the preliminary budget #2. The Appropriative Pool recommended that an Ad Hoc Budget Committee be

created of Appropriative members to assist staff in the budget development. After discussions with the Ag Pool and the Appropriative Pool, staff took the recommendations and suggestions and developed a third version of the preliminary budget.

On May 20, 2010 the preliminary budget #3 was presented to the Advisory Committee and the Ad Hoc Budget Committee. After discussion with the Ad Hoc Budget Committee, staff took the recommendations and suggestions and developed a fourth version of the preliminary budget.

On May 25, 2010 the preliminary budget #4 was presented to the Budget Committee. After discussion on the preliminary budget, specific budget line items, and estimated assessment amounts, it was agreed that the preliminary budget of \$6,640,490 was acceptable to the committee.

For the Administrative expenses:

- The draft budget includes 10.5 FTE approved staff positions, a reduction of .5 FTE from the previous budget.
- The draft budget includes no COLA salary adjustments and no material changes in employee's fringe benefits.
- Reductions in the majority of Administrative expenses compared to the FY 2009-2010 Approved Budget.
- Overall, the Administrative section is 4.9% or \$42,872 below the previous year's budget.

For OBMP General costs:

- Meetings with staff, Wildermuth and legal counsel were held to determine where costs could be reduced or work delayed until next fiscal year.
- Wildermuth provided a 5% reduction in labor costs which provided decreases in the overall engineering budgets for OBMP costs.
- Overall, the OBMP section is 13.7% or \$214,146 below the previous year's budget.

OBMP Implementation Project costs:

Continued implementation of the recharge improvement project including recharge and well monitoring program.

- Wildermuth provided a 5% reduction in labor costs which provided decreases in the overall engineering budgets for OBMP Implementation Project costs.
- Reductions in the majority of OBMP Implementation Project expenses compared to the FY 2009-2010 Approved Budget.
- Increased expenses regarding the MZ1 Ground Level Monitoring of \$281,000.
- Overall, the OBMP Implementation Projects section is 14.9% or \$783,280 below the previous year's budget.

In summary, the FY 2010/11 Budget, as proposed, anticipates a decrease in total budgeted costs of \$1,040,298 or 13.5% below the previous year's approved budget. The final assessments will be refined when the assessment package is prepared this fall; however the Total Assessable Production is being projected at levels similar to the 2008-2009 actual production.

Actions:

- 6-03-10 **Appropriative Pool** - Approved unanimously
- 6-03-10 **Non-Agricultural Pool** – Action to defer
- 6-10-10 **Agricultural Pool**
- 6-17-10 **Advisory Committee**
- 6-24-10 **Watermaster Board**



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**CHINO BASIN WATERMASTER
SUMMARY BUDGET FY 2010-2011**

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	FY 08-09 June Actual	FY 09-10 December Actual	FY 09-10 Approved Budget	FY 10-11 Proposed Budget	Current vs. Proposed
Ordinary Income					
4000 Mutual Agency Revenue	\$51,217	\$111,000	\$148,410	\$148,410	\$0
4110 Appropriative Pool Assessments	7,993,307	7,115,654	7,185,411	6,113,552	-1,071,859
4120 Non-Agricultural Pool Assessments	172,817	225,016	155,427	203,518	48,091
4730 Prorated Interest Income	123,949	20,844	191,540	175,010	-16,530
4900 Miscellaneous Income	1,028	0	0	0	0
Total Income	8,342,318	7,472,514	7,680,788	6,640,490	-1,040,298
Administrative Expenses					
6010 Salary Costs	493,409	244,694	487,838	464,944	-22,894
6020 Office Building Expense	94,093	47,238	102,500	103,196	696
6030 Office Supplies & Equip.	44,822	19,903	46,500	40,500	-6,000
6040 Postage & Printing Costs	70,332	33,639	84,300	78,300	-6,000
6050 Information Services	142,730	67,913	148,500	147,200	-1,300
6060 WM Special Contract Services	69,660	68,136	98,000	75,000	-23,000
6080 Insurance Expense	15,713	15,934	16,730	17,575	845
6110 Dues and Subscriptions	10,053	17,205	17,000	16,000	-1,000
6150 Field Supplies & Equipment	1,091	271	2,800	1,800	-1,000
6170 Travel & Transportation	36,287	14,905	37,800	33,160	-4,640
6190 Conferences & Seminars	24,133	11,593	26,500	23,000	-3,500
6200 Advisory Committee Expenses	17,033	9,314	18,078	22,470	4,392
6300 Watermaster Board Expenses	41,232	18,882	43,823	50,603	6,780
6500 Education Fund Expenditures	375	0	375	375	0
8300 Appropriative Pool Administration	20,294	13,864	23,069	26,710	3,641
8400 Agricultural Pool Administration	167,194	70,569	200,114	182,147	-17,967
8500 Non-Agricultural Pool Administration	5,117	2,891	6,677	11,666	4,989
9400 Depreciation Expense	0	0	0	0	0
9500 Allocated G&A Expenditures	-472,182	-234,302	-488,230	-465,144	23,086
Total Administrative Expenses	781,386	422,649	872,374	829,502	-42,872
General OBMP Expenditures					
6900 Optimum Basin Mgmt Program	1,765,585	655,248	1,399,371	1,197,734	-201,637
6950 Cooperative Efforts	10,000	0	10,000	10,000	0
9501 Allocated G&A Expenditures	164,541	74,567	148,448	135,939	-12,509
Total General OBMP Expenses	1,940,126	729,815	1,557,819	1,343,673	-214,146
OBMP Implementation Projects					
7101 Production Monitoring	108,441	49,881	107,047	104,219	-2,828
7102 In-Line Meter Installation/Maintenance	55,732	20,440	56,179	66,679	10,500
7103 Groundwater Quality Monitoring	183,368	111,425	214,362	202,996	-11,366
7104 Groundwater Level Monitoring	378,889	175,844	366,956	336,282	-30,674

**CHINO BASIN WATERMASTER
SUMMARY BUDGET FY 2010-2011**

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	FY 08-09 June Actual	FY 09-10 December Actual	FY 09-10 Approved Budget	FY 10-11 Proposed Budget	Current vs. Proposed
7105 Recharge Basin Water Quality Monitoring	4,812	2,659	43,912	4,280	-39,632
7106 Water Level Sensors Install	0	0	0	0	0
7107 Ground Level Monitoring-MZ1	396,028	85,367	550,059	815,620	265,561
7108 Hydraulic Control Monitoring Program	600,571	188,615	567,022	493,700	-73,322
7109 Recharge & Well Monitoring Program	0	2,413	9,152	8,440	-712
7200 OBMP Pgm Element 2 - Comp Recharge	1,263,711	923,590	1,478,560	1,017,022	-461,538
7300 OBMP Pgm Element 3 & 5 - Water Supply Plan - Desalter	80,713	31,911	96,003	72,111	-23,892
7400 OBMP Pgm Element 4 - Mgmt Zone Strategies	241,019	63,880	91,985	91,955	-30
7500 OBMP Pgm Element 6 & 7 - Coop Efforts/Salt Mgmt	70,454	76,635	163,727	154,180	-9,547
7600 OBMP Pgm Element 8 & 9 Storage Mgmt/Conj Use	28,359	28,317	29,550	68,250	38,700
7700 Inactive Well Protection Program	0	0	5,066	1,412	-3,654
7690 Recharge Improvement Debt Payment	1,261,894	567,042	1,131,233	700,964	-430,269
9502 Allocated G&A Expenditures	309,220	159,735	339,782	329,205	-10,577
Total OBMP Implementation Projects	4,983,211	2,487,754	5,250,595	4,467,315	-783,280
Total Expenses	7,704,723	3,640,218	7,680,788	6,640,490	-1,040,298
Net Ordinary Income	637,595	3,832,296	0	0	0
Other Income					
4225 Interest Income	54,889	13,504	0	0	0
4210 Approp Pool-Replenishment	6,427,596	4,887,365	0	0	0
4220 Non-Ag Pool-Replenishment	10,047	9,478	0	0	0
4600 Groundwater Sales	0	2,176,962	0	0	0
Total Other Income	6,492,532	7,087,309	0	0	0
Other Expense					
5010 Groundwater Recharge	2,326,075	1,019,746	0	0	0
Total Other Expense	2,326,075	1,019,746	0	0	0
Net Other Income	4,166,457	6,067,563	0	0	0
9900 From / (To) Reserves	-4,804,052	-10,139,076	0	0	0
Net Income	\$0	-\$239,217	\$0	\$0	\$0



**CHINO BASIN WATERMASTER
DETAIL BUDGET FY 2010-2011**

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	FY 08-09 June Actual	FY 09-10 December Actual	FY 09-10 Approved Budget	FY 10-11 Proposed Budget	Current vs. Proposed
Income					
4000 Mutual Agency Revenue					
4010 Local Agency Subsidies - Other	-50,167	\$111,000	\$148,410	\$148,410	\$0
4013 Local Agency Contr - OBMP	-41,667	0	0	0	0
4040 Cooperative Agreement	143,051	0	0	0	0
Total 4000 Mutual Agency Revenue	51,217	111,000	148,410	148,410	0
4110 Appropriative Pool Assessments					
4111 Administrative Assessment	635,991	609,111	654,327	579,551	-74,776
4111.2 OBMP Assessment	4,542,646	3,729,218	4,003,209	3,344,275	-658,934
4111.3 App Pool - Special Assessment	0	0	0	0	0
4112 Ag Pool Reallocation - Administrative	190,956	231,256	196,211	219,891	23,680
4113 Ag Pool Reallocation - OBMP	1,362,120	1,414,836	1,200,431	1,268,871	68,440
4115 Recharge Improvement Revenue	1,261,594	1,131,233	1,131,233	700,964	-430,269
4117 P/Y Adjustments & Pool Interest	0	0	0	0	0
Total 4110 Appropriative Pool Assessments	7,993,307	7,115,654	7,185,411	6,113,552	-1,071,859
4120 Non-Agricultural Pool Assessments					
4123 Administrative Assessment	21,224	31,593	21,836	30,060	8,224
4124 OBMP Assessment	151,593	193,423	133,591	173,458	39,867
4127 P/Y Adjustments	0	0	0	0	0
Total 4120 Non-Agricultural Pool Assessments	172,817	225,016	155,427	203,518	48,091
4730 Prorated Interest Income					
4713 Interest Income-Other	0	0	0	0	0
4731 Interest - Agricultural Pool	10,198	1,425	17,500	15,750	-1,750
4732 Interest - Appropriative Pool	110,899	18,574	170,000	155,750	-14,250
4733 Interest - Non-Agricultural Pool	2,825	842	4,000	3,500	-500
4739 Interest - Education Fund	27	3	40	10	-30
Total 4730 Prorated Interest Income	123,949	20,844	191,540	175,010	-16,530
4900 Miscellaneous Income					
	1,028	0	0	0	0
Total Income	8,342,318	7,472,514	7,680,788	6,640,490	-1,040,298

**CHINO BASIN WATERMASTER
DETAIL BUDGET FY 2010-2011**

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	FY 08-09 June Actual	FY 09-10 December Actual	FY 09-10 Approved Budget	FY 10-11 Proposed Budget	Current vs. Proposed
Administrative Expenses					
6010 Salary Costs					
6011 WM Staff Salaries & Payroll Burden	506,717	281,790	468,339	444,317	-24,022
6012 Payroll Services	2,957	1,594	2,000	3,120	1,120
6013 Human Resources Services	0	1,843	12,000	12,000	0
6016 New Employee Search Costs	524	0	500	500	0
6017 Temporary Services	0	0	5,000	5,000	0
Subtotal Wages	510,198	285,227	487,839	464,937	-22,902
6018 Fringe Benefits	471,709	282,347	474,334	482,775	8,441
60199 Payroll Burden Allocated	-488,498	-322,880	-474,335	-482,768	-8,433
Total 6010 Salary Costs	493,409	244,694	487,838	464,944	-22,894
6020 Office Building Expense					
6021 Office Lease	65,940	32,227	68,000	69,504	1,504
6022 Telephone	15,260	7,151	15,000	15,000	0
6024 Building Repairs & Janitorial	12,374	7,182	19,500	17,000	-2,500
6026 Security Services	519	678	0	1,692	1,692
6027 Other Expense	0	0	0	0	0
Total 6020 Office Building Expense	94,093	47,238	102,500	103,196	696
6030 Office Supplies & Equip.					
6031 Office Supplies	40,363	18,200	43,500	37,500	-6,000
6038 Other Office Equipment	673	0	0	0	0
6039 Office Expenses	0	0	0	0	0
6141 Meeting Expenses	3,786	1,703	3,000	3,000	0
Total 6030 Office Supplies & Equip.	44,822	19,903	46,500	40,500	-6,000
6040 Postage & Printing Costs					
6042 Postage	6,984	720	12,000	6,000	-6,000
6043 Copy Machine Lease & Maintenance	57,148	28,222	63,000	60,000	-3,000
6044 Postage Meter Lease	1,919	946	2,800	2,800	0
6045 Outside Printing	4,281	3,751	6,500	9,500	3,000
Total 6040 Postage & Printing Costs	70,332	33,639	84,300	78,300	-6,000

**CHINO BASIN WATERMASTER
DETAIL BUDGET FY 2010-2011**

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	FY 08-09 June Actual	FY 09-10 December Actual	FY 09-10 Approved Budget	FY 10-11 Proposed Budget	Current vs. Proposed
6050 Information Services					
6052 Consultants	88,534	39,025	87,000	82,000	-5,000
6053 Internet Services	14,258	12,343	16,500	23,200	6,700
6054 Computer Software & Hardware	39,938	16,545	45,000	42,000	-3,000
Total 6050 Information Services	142,730	67,913	148,500	147,200	-1,300
6060 WM Special Contract Services					
6061 Contract Services	40,016	28,186	40,000	46,000	6,000
6062 Audit Services	9,400	4,325	8,000	9,000	1,000
6063 Annual Report/Consultant	0	0	40,000	20,000	-20,000
6064 Consultant Services/Water Auction	20,244	35,625	0	0	0
6067 General Counsel	0	0	10,000	0	-10,000
Total 6060 WM Special Contract Services	69,660	68,136	98,000	75,000	-23,000
6080 Insurance Expense					
6085 Business Insurance Package	15,498	15,703	16,500	17,325	825
6086 Position Bond Insurance	215	231	230	250	20
Total 6080 Insurance Expense	15,713	15,934	16,730	17,575	845
6110 Dues and Subscriptions					
6111 Membership Dues	7,762	16,582	15,000	15,000	0
6112 Subscriptions	2,291	623	2,000	1,000	-1,000
Total 6110 Dues and Subscriptions	10,053	17,205	17,000	16,000	-1,000
6150 Field Supplies & Equipment					
6151 Small Tools & Equipment	40	125	1,800	800	-1,000
6154 Uniforms	1,051	146	1,000	1,000	0
Total 6150 Field Supplies & Equipment	1,091	271	2,800	1,800	-1,000
6170 Travel & Transportation					
6170 Travel & Transportation	2,692	0	4,000	0	-4,000
6171 Vehicle Allowance	24,158	11,895	23,400	23,400	0
6173 Mileage Reimbursements	494	116	400	400	0
6174 Public Transportation	0	150	0	360	360
6175 Vehicle Fuel	1,543	877	3,000	3,000	0
6177 Vehicle Repairs & Maintenance	7,400	1,867	7,000	6,000	-1,000
Total 6170 Travel & Transportation	36,287	14,905	37,800	33,160	-4,640

**CHINO BASIN WATERMASTER
DETAIL BUDGET FY 2010-2011**

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	FY 08-09 June Actual	FY 09-10 December Actual	FY 09-10 Approved Budget	FY 10-11 Proposed Budget	Current vs. Proposed
6190 Conferences & Seminars					
6191 Conferences & Seminars	15,367	9,235	20,000	18,000	-2,000
6192 Training & Continuing Education	8,766	2,358	6,500	5,000	-1,500
Total 6190 Conferences & Seminars	24,133	11,593	26,500	23,000	-3,500
6200 Advisory Committee Expenses					
6200 Advisory Committee Expenses					
6201 WM Staff Salaries	14,789	7,976	16,078	20,470	4,392
6212 Meeting Expense	2,244	1,338	2,000	2,000	0
Total 6200 Advisory Committee Expenses	17,033	9,314	18,078	22,470	4,392
6300 Watermaster Board Expenses					
6300 Watermaster Board Expenses					
6301 WM Staff Salaries	19,893	10,052	22,023	28,803	6,780
6311 Board Member Compensation	18,125	7,500	18,500	18,500	0
6312 Meeting Expense	3,178	1,330	3,000	3,000	0
6313 Board Members' Expenses	36	0	300	300	0
Total 6300 WM Board Expenses	41,232	18,882	43,823	50,603	6,780
8300 Appropriative Pool Administration					
8300 Appropriative Pool Administration					
8301 WM Staff Salaries	20,009	13,795	22,569	26,210	3,641
8312 Meeting Expenses	285	69	500	500	0
Total 8300 Appropriative Pool Administration	20,294	13,864	23,069	26,710	3,641
8400 Agricultural Pool Administration					
8400 Agricultural Pool Administration					
8401 WM Staff	19,215	12,746	19,814	22,847	3,033
8411 Compensation	2,225	500	2,000	2,000	0
8412 Meeting Expenses	211	0	300	300	0
8456 IEUA RTS Meter Charge	3,006	1,923	3,000	3,000	0
8467 Ag-Pool Legal Service	122,431	42,969	80,000	80,000	0
8467.1 Frank B & Associates	8,831	5,681	18,000	12,000	-6,000
8470 Ag Pool Meeting Special Compensation	11,275	6,750	12,000	12,000	0
8471 Ag Pool Special Projects	0	0	65,000	50,000	-15,000
Total 8400 Agricultural Pool Administration	167,194	70,569	200,114	182,147	-17,967

**CHINO BASIN WATERMASTER
DETAIL BUDGET FY 2010-2011**

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	FY 08-09 June Actual	FY 09-10 December Actual	FY 09-10 Approved Budget	FY 10-11 Proposed Budget	Current vs. Proposed
8500 Non-Agricultural Pool Administration					
8501 WM Staff	4,911	2,822	6,477	11,466	4,989
8512 Meeting Expense	206	69	200	200	0
Total 8500 Non-Agricultural Pool Administration	5,117	2,891	6,677	11,666	4,989
9400 Depreciation Expense	0	0	0	0	0
9500 Allocated G&A Expenditures	-472,182	-234,302	-488,230	-465,144	23,086
	0				
Total Administrative Expenses	781,386	422,649	872,374	829,502	-42,872
General OBMP Expenses					
6900 Optimum Basin Mgmt Program					
6901 OBMP - Staff	266,425	106,829	214,368	206,620	-7,748
6902 OBMP - Temporary Staff	0	0	0	0	0
6903 OBMP - SARW Group	0	0	0	25,778	25,778
6906 OBMP - Engineering	349,205	149,083	495,003	350,336	-144,667
6906.4 OBMP - CEQA	183,509	18,514	75,000	0	-75,000
6906.6 OBMP - SAR TMDL	21,757	5,365	0	0	0
6906.7 OBMP - DataX	4,207	0	0	0	0
6906.8 OBMP - Reports	142,957	0	0	0	0
6907 OBMP - Legal					
6907.1 Ellison & Schneider	18,358	0	0	0	0
6907.2 Ludorff & Scalmanini	4,025	0	0	0	0
6907.3 WM Legal Counsel	712,629	356,846	595,000	450,000	-145,000
6907.4 WM Legal Counsel - Contingency	0	0	0	145,000	145,000
6907.34 SAR Accord	44,055	5,834	0	0	0
6909 OBMP - Other Expense	18,458	12,777	20,000	20,000	0
Total 6900 Optimum Basin Mgmt Program	1,765,585	655,248	1,399,371	1,197,734	-201,637
Total 6950 Cooperative Efforts	10,000	0	10,000	10,000	0
9501 Allocated G&A Expenditures	164,541	74,567	148,448	135,939	-12,509
Total General OBMP Expenses	1,940,126	729,815	1,557,819	1,343,673	-214,146

**CHINO BASIN WATERMASTER
DETAIL BUDGET FY 2010-2011**

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7000 OBMP Implementation Projects
7100 OBMP Pgm Element 1 - Comp Monitoring Program

7101 Production Monitoring
7101.1 Production Monitoring - WM Staff
7101.3 Production Monitoring - Engineering Services
7101.4 Production Monitoring - Computer Services
Total 7101 Production Monitoring

7102 In-Line Meter Installation/Maintenance
7102.1 In-Line Meter - WM Staff
7102.5 In-Line Meter - Maintenance & Repair
7102.7 In-Line Meter - In-Line Meters
7102.8 In-Line Meter - Calibration & Testing
Total 7102 In-Line Meter Installation/Maintenance

7103 Groundwater Quality Monitoring
7103.1 Grdwtr Quality - WM Staff
7103.3 Grdwtr Quality - Engineering Services
7103.5 Grdwtr Quality - Laboratory Services
7103.6 Grdwtr Quality - Supplies
7103.7 Grdwtr Quality - Computer Services
Total 7103 Groundwater Quality Monitoring

7104 Groundwater Level Monitoring
7104.1 Grdwtr Level - WM Staff
7104.3 Grdwtr Level - Engineering Services
7104.4 Grdwtr Level - Contract Services (CBWM Staff)
7104.6 Grdwtr Level - Supplies
7104.7 Grdwtr Level - Capital Equipment (CBWM Staff)
7104.8 Grdwtr Level - Contract Services
7104.9 Grdwtr Level - Capital Equipment
Total 7104 Groundwater Level Monitoring

	FY 08-09 June Actual	FY 09-10 December Actual	FY 09-10 Approved Budget	FY 10-11 Proposed Budget	Current vs. Proposed
	77,151	49,028	103,497	102,069	-1,428
	30,540	478	2,800	1,400	-1,400
	750	375	750	750	0
Total 7101 Production Monitoring	108,441	49,881	107,047	104,219	-2,828
	14,468	2,579	13,179	10,679	-2,500
	0	2,795	5,000	8,000	3,000
	7,516	4,426	8,000	8,000	0
	33,748	10,640	30,000	40,000	10,000
Total 7102 In-Line Meter Installation/Maintenance	55,732	20,440	56,179	66,679	10,500
	33,949	13,007	74,871	76,355	1,484
	118,592	75,000	110,736	87,008	-23,728
	30,046	22,945	28,005	36,883	8,878
	31	98	0	2,000	2,000
	750	375	750	750	0
Total 7103 Groundwater Quality Monitoring	183,368	111,425	214,362	202,996	-11,366
	103,972	54,290	96,010	90,713	-5,297
	258,763	109,028	235,646	206,144	-29,502
	260	0	11,500	1,000	-10,500
	2,995	504	2,500	2,500	0
	12,899	12,022	21,300	12,000	-9,300
	0	0	0	10,000	10,000
	0	0	0	13,925	13,925
Total 7104 Groundwater Level Monitoring	378,889	175,844	366,956	336,282	-30,674

**CHINO BASIN WATERMASTER
DETAIL BUDGET FY 2010-2011**

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	FY 08-09 June Actual	FY 09-10 December Actual	FY 09-10 Approved Budget	FY 10-11 Proposed Budget	Current vs. Proposed
7105 Recharge Basin Water Quality Monitoring					
7105.1 Recharge Basin Water Quality - WM Staff	4,305	2,074	39,912	2,780	-37,132
7105.4 Recharge Basin Water Quality - Laboratory Services	195	585	3,500	1,000	-2,500
7105.6 Recharge Basin Water Quality - Supplies	312	0	500	500	0
Total 7105 Recharge Basin Water Quality Monitoring	4,812	2,659	43,912	4,280	-39,632
7107 Ground Level Monitoring-MZ1					
7107.1 Ground Level - WM Staff	153	0	1,406	1,421	15
7107.2 Ground Level - Engineering Services	277,894	71,997	244,127	336,538	92,411
7107.3 Ground Level - Synthetic Aperture Radar	95,000	12,400	95,000	95,000	0
7107.5 Ground Level - Laboratory Services	0	0	0	0	0
7107.6 Ground Level - Contract Services	22,981	970	209,526	351,393	141,867
7107.8 Ground Level - Capital Equipment	0	0	0	31,268	31,268
Total 7107 Ground Level Monitoring-MZ1	396,028	85,367	550,059	815,620	265,561
7108 Hydraulic Control Monitoring					
7108.1 Hydraulic Control Monitoring - WM Staff	6,919	842	13,543	6,829	-6,714
7108.2 Hydraulic Control Monitoring - Temporary Services	0	0	0	0	0
7108.3 Hydraulic Control Monitoring - Engineering Services	376,794	166,089	366,846	311,322	-55,524
7108.4 Hydraulic Control Monitoring - Laboratory Services	216,813	21,684	181,933	170,849	-11,084
7108.6 Hydraulic Control Monitoring - Supplies	45	0	0	0	0
7108.9 Hydraulic Control Monitoring - Contract Services	0	0	4,700	4,700	0
Total 7108 Hydraulic Control Monitoring	600,571	188,615	567,022	493,700	-73,322
7109 Recharge & Well Monitoring					
7109.3 Recharge & Well Monitoring - Engineering Services	0	2,413	9,152	8,440	-712
7109.4 Recharge & Well Monitoring - Laboratory Services	0	0	0	0	0
Total 7109 Recharge & Well Monitoring	0	2,413	9,152	8,440	-712

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	FY 08-09 June Actual	FY 09-10 December Actual	FY 09-10 Approved Budget	FY 10-11 Proposed Budget	Current vs. Proposed
7200 OBMP Pgm Element 2 - Comp Recharge					
7201 Comp Recharge - WM Staff	116,512	64,228	99,910	121,702	21,792
7202.1 Comp Recharge - Temp Services	18,551	22,968	522,425	0	-522,425
7202.2 Comp Recharge - Engineering Services	574,732	507,310	158,225	10,320	-147,905
7202.3 Comp Recharge - Implementation	0	0	0	150,000	150,000
7203 Comp Recharge - Contract Services	5,408	0	22,000	0	-22,000
7204 Comp Recharge - Supplies	2,420	369	16,000	10,000	-6,000
7205 Comp Recharge - Other Expenses	51	0	0	5,000	5,000
7206 Comp Recharge - Basin Program O&M	609,583	328,715	660,000	720,000	60,000
7207 Comp Recharge - Other	0	0	0	0	0
7208 Hansen Aggregate Damages	-63,546	0	0	0	0
Total 7200 OBMP Pgm Element 2 - Comp Recharge	1,263,711	923,590	1,478,560	1,017,022	-461,538
7300 OBMP Pgm Element 3 & 5 - Water Supply Plan - Desalter					
7301 OBMP - WM Staff	29,032	7,371	23,694	24,271	577
7303 OBMP - Engineering Services	51,622	24,458	72,309	47,840	-24,469
7304 OBMP - Contract Services	0	0	0	0	0
7305 OBMP - Supplies	8	82	0	0	0
7306 OBMP - Other Expense	51	0	0	0	0
Total 7300 OBMP Pgm Element 3 & 5 - Water Supply Plan	80,713	31,911	96,003	72,111	-23,892
7400 OBMP Pgm Element 4 - Mgmt Zone Strategies					
7401 OBMP - WM Staff	10,263	3,479	10,705	11,465	760
7402 OBMP - Engineering Services	179,676	59,986	71,280	69,410	-1,870
7403 OBMP - Contract Services	50,339	0	10,000	10,000	0
7404 OBMP - Supplies	55	30	0	0	0
7405 OBMP - Other Expenses	686	385	0	1,080	1,080
Total 7400 OBMP Pgm Element 4 - Mgmt Zone Strategies	241,019	63,880	91,985	91,955	-30
7500 OBMP Pgm Element 6 & 7 - Coop Efforts/Salt Mgmt					
7501 OBMP - WM Staff	181	5,336	1,414	2,780	1,366
7502 OBMP - Engineering Services	70,273	71,299	116,913	113,400	-3,513
7503 OBMP - Contract Services	0	0	20,000	20,000	0
7505 OBMP - Other Expenses	0	0	25,400	18,000	-7,400
Total 7500 OBMP Pgm Element 6 & 7 - Coop Efforts/Salt Mgmt	70,454	76,635	163,727	154,180	-9,547

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	FY 08-09 June Actual	FY 09-10 December Actual	FY 09-10 Approved Budget	FY 10-11 Proposed Budget	Current vs. Proposed
7600 OBMP Pgm Element 8 & 9 Storage Mgmt/Conj Use					
7601 OBMP - WM Staff	46,385	25,897	9,463	48,900	39,437
7602 OBMP - Engineering Services	-19,649	2,138	20,087	19,000	-1,087
7604 OBMP - Supplies	71	282	0	350	350
7605 OBMP - Other Expenses	1,552	0	0	0	0
Total 7600 OBMP Pgm Element 8 & 9 Storage Mgmt/Conj Use	28,359	28,317	29,550	68,250	38,700
7700 Inactive Well Protection Program					
7701 Inactive Well Protection Program - WM Staff	0	0	3,066	412	-2,654
7703 Inactive Well Protection Program - Contract Services	0	0	2,000	1,000	-1,000
Total 7700 Inactive Well Protection Program	0	0	5,066	1,412	-3,654
7690 Recharge Improvement Debt Payment	1,261,894	567,042	1,131,233	700,964	-430,269
9502 Allocated G&A Expenditures	309,220	159,735	339,782	329,205	-10,577
Total OBMP Implementation Projects	4,983,211	2,487,754	5,250,595	4,467,315	-783,280
Total General OBMP & Implementation Projects	6,923,337	3,217,569	6,808,414	5,810,988	-997,426
Total Expenses	7,704,723	3,640,218	7,680,788	6,640,490	-1,040,298
Net Ordinary Income	637,595	3,832,296	0	0	0



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	FY 08-09 June Actual	FY 09-10 December Actual	FY 09-10 Approved Budget	FY 10-11 Proposed Budget	Current vs. Proposed
Other Income					
4225 Interest Income	54,889	13,504	0	0	0
4225 Interest Income	54,889	13,504	0	0	0
Total 4225 Interest Income					
Water Replenishment Assessments					
4210 Approp Pool-Replenishment					
4211 15% Gross Assessments	893,722	560,954	0	0	0
4212 85% Net Assessments	5,064,427	3,178,738	0	0	0
4213 100% Net Assessments	469,447	592,787	0	0	0
4214 Prior Year Adjustment	0	0	0	0	0
4215 Prior Year Carryover	0	554,886	0	0	0
Total 4210 Approp Pool-Replenishment	6,427,596	4,887,365	0	0	0
4220 Non-Ag Pool-Replenishment					
4223 Net Replenishment	10,047	9,478	0	0	0
Total 4220 Non-Ag Pool-Replenishment	10,047	9,478	0	0	0
4600 Groundwater Sales					
4613 Stored Water Sales	0	2,176,962	0	0	0
Total 4600 Groundwater Sales	0	2,176,962	0	0	0
Total Other Income	6,492,532	7,087,309	0	0	0
Other Expense					
5010 Groundwater Recharge					
5011.4 Replenishment Water	0	0	0	0	0
5011 Replenishment Water	2,326,075	1,019,746	0	0	0
5017 IEUA Surcharges	0	0	0	0	0
Total 5010 Groundwater Recharge	2,326,075	1,019,746	0	0	0
Total Other Expense	2,326,075	1,019,746	0	0	0
Net Other Income	4,166,457	6,067,563	0	0	0
9900 (To) / From Reserves	-4,804,052	-10,139,076	0	0	0
Net Income	\$0	-\$239,217	\$0	\$0	\$0

CHINO BASIN WATERMASTER
ACCOUNT NUMBER JUSTIFICATION
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Budget Account Number	Account Description	Comments and Information
ORDINARY INCOME/EXPENSE		
4000 COOPERATIVE EFFORT CONTRIBUTIONS		
4010	Local Agency Subsidies - Other	This account represents funds which are to be received from Metropolitan Water District to offset our costs related to administering the Dry Year Yield Program.
4110 APPROPRIATIVE POOL ASSESSMENTS		
4111	Administrative Assessment	Appropriative Pool Assessments equal the Pool's share of all General Administrative Expenses levied to the Appropriators on a per acre-foot basis based on the prior year's production.
4111.2	OBMP Assessment	Appropriative Pool Assessments equal the Pool's share of all Optimum Management costs levied to the Appropriators on a per acre-foot basis based on the prior year's production.
4112	Agricultural Pool Reallocation-Administrative Assessment	The Appropriative Pool and the Overlying Agricultural Pool agreed that the unproduced portion of Ag Pool's annual share of safe yield (82,800 acre-feet) would be immediately reallocated to the Appropriative Pool members provided the Appropriative Pool would pay the Agricultural Pool's share of Administrative and Special Project expenses.
4113	Agricultural Pool Reallocation- OBMP Assessment	With separate assessments levied for General Administration and Optimum Basin Management Plan and Implementation Costs, the Agricultural Pool costs charged through the reallocation levy have been separated to differentiate between the revenues from the two levies.
4115	Recharge Improvement Revenue	This account covers funds required to pay the budgeted debt service payment and the operating and maintenance expenses.
4117	P/Y Adjustments	Consists of adjustments related to prior years, if any.
4120 NON-AGRICULTURAL POOL ASSESSMENTS		
4123	Administrative Assessment	Non-Agricultural Pool Assessments equal the Pool's share of all General Administrative Expenses levied to the Non-Agricultural Pool based on the prior year's production.
4124	OBMP Assessment	Non-Agricultural Pool Assessments equal the Pool's share of all Optimum Basin Management costs levied to the Pool members based on the prior year's production.
4127	P/Y Adjustments	Consists of adjustments related to prior years, if any.
4730	PRORATED INTEREST INCOME	Interest is prorated between the Pools and the Education Fund using formula approved by the Advisory Committee and Pools several years ago.
6010 SALARY COSTS		
6011	WM Staff Salaries & Payroll Burden	Expenses related to administrative staff hours and costs not related to a particular project.
6012	Payroll Services	Expenses related to processing of bi-weekly payroll and preparation of quarterly and annual tax returns, including year end W-2 processing.
6013	Human Resources Services	Expenses related to processing of flexible spending medical and dependent care accounts.
6018	Fringe Benefits	Benefits paid to employees such as medical, dental, vision, vacation, sick leave & holidays.
60199	Payroll Burden Allocated	Fringe benefits allocated to salary costs.
6020 OFFICE BUILDING EXPENSE		
6021	Office Lease	Lease for Watermaster office.
6022	Telephone	Telephone expense includes office telephone system, cellular phones for management and field staff along with conference call service.
6024	Building Repairs & Janitorial	This account covers monthly housekeeping, along with repairs and maintenance requests for the office.
6026	Security Services	After business hours and weekend building alarm monitoring services for the office building.
6027	Other Expense	Expenses to this category include office building improvements.
6030 OFFICE SUPPLIES & EQUIPMENT		
6031	Office Supplies	Office supplies include: copy paper, stationary, envelopes, checks and other miscellaneous office supplies.
6038	Office Equipment	This budget item covers the cost of office equipment not included in office supplies referenced in account 6031.
6039	Office Expense	This account covers the costs of items not covered under any of the above 6030 categories including file management consulting fees.
6141	Meeting Expenses	Expenses charged to this category include administrative meeting expenses.

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Budget Account Number	Account Description	Comments and Information
<u>6040 POSTAGE & PRINTING COSTS</u>		
6042	Postage	The postage account covers the cost of mailing or shipping all meeting notices and agendas; correspondence; Annual Reports; outgoing bills and payments, etc. Charges also include FedEx, United Parcel Service costs as well as US postage.
6043	Copy Machine Lease	This account covers the cost of leasing copy machines as well as the costs for copies exceeding the minimum number per month/year as stipulated in the lease agreements.
6044	Postage Meter Lease	Postage meter costs includes the annual lease fees, quarterly reset fees and postage meter ink cartridge replacements.
6045	Printing	Printing jobs done by outside printers and include the Annual Report, blueprints, special area street maps, color prints and emergency printing when our in-house copiers are down for repairs, etc. Also includes printing of color brochures and annual financial statements.
<u>6050 INFORMATION SERVICES</u>		
6052	Computer Consultant Support Services	Watermaster uses IT consultants to maintain the computer network and workstations, as well as to develop and maintain databases.
6053	Internet Services	Website maintenance costs & T-1 internet connection.
6054	Computer Software & Hardware	Costs include new software, software upgrades, new computer hardware, upgraded computer hardware, servers, printers, back up power supplies, etc.
<u>6060 WATERMASTER SPECIAL CONTRACT SERVICES</u>		
6061	Other Contract Services	Watermaster retains consultants to develop and implement strategic plans, develop brochures, and design the Annual Report.
6062	Audit Services	Services provided by the audit firm to ensure compliance and field work related for the annual financial statement audit
6063	Public Relations Consultant	Watermaster retains outside consultants on a per contract basis as our Public Relations Consultant, to keep us up to date regarding relevant legislative issues.
6067	Legal Services - General Counsel	Watermaster's general counsel expenses related to personnel and non-project specific matters.
<u>6080 INSURANCES</u>		
6085	Business Insurance Package	All insurance policies are now included under Business Insurance Package, including auto & general liability.
6086	Position Bond Insurance	Insures key positions for risk of misappropriation and/or fraud.
<u>6110 DUES & SUBSCRIPTIONS</u>		
6111	Membership Dues	Watermaster memberships include: American Water Works Assoc Research Foundation, Association of California Water Agencies, Association of Ground Water Agencies.
6112	Subscriptions	Watermaster subscribes to the periodicals and trade journals.
<u>6150 FIELD SUPPLIES & EQUIPMENT</u>		
6151	Small Tools & Equipment	Small tools and equipment includes any tool which might be required while working in the field.
6154	Uniforms & Safety Shoes	T-shirts, polo shirts, hats and jackets are provided to staff with Watermaster's logo to wear while in the field and while representing Watermaster. This line item also includes work boots for the field staff.
<u>6170 TRAVEL & TRANSPORTATION</u>		
6170	Travel & Transportation	Travel and transportation costs related to Watermaster business, not related to conferences and seminars.
6171	Vehicle Allowances	Employment agreement provides the Chief Executive Officer a vehicle allowance of \$750 per month. Other Watermaster management staff receive \$400 per month.
6173	Mileage Reimbursements	Reimbursements paid to Watermaster employees for use of personal vehicles for Watermaster business at the federally approved rate per mile.
6174	Public Transportation	Cost of tolls and transponders for Watermaster vehicles on the toll roads (Transportation Corridor Agency and 91 Express Lanes) in Orange County.
6175	Vehicle Fuel	Fuel expenses for Watermaster owned vehicles.
6177	Vehicle Repairs	Covers repairs and maintenance to Watermaster's vehicles.
6179	Vehicle Purchase	This account includes purchases of additional vehicles.
<u>6190 CONFERENCES & SEMINARS</u>		
6191	Conferences & Seminars	Costs associated with staff attending conferences or seminars for information, training, or making presentations regarding the Chino Basin Watermaster activities.
6192	Training & Continuing Education	Attendance at training and continuing education for Watermaster staff.

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Budget Account Number	Account Description	Comments and Information
6200	<u>ADVISORY COMMITTEE</u>	
6201	WM Staff Salaries	Salary and burden costs of WM staff in attending and preparing for Advisory Committee meetings.
6212	Meeting Expense	Advisory Committee meetings are normally scheduled to cover the lunch hour so that members are absent from their normal jobs the least amount of time possible. To accommodate the members, a luncheon and/or refreshments are served. Those related costs are reflected in this account.
6300	<u>WATERMASTER BOARD EXPENSES</u>	
6301	WM Staff Salaries	Salary and burden costs of WM staff in preparing for and attending Watermaster Board Meetings.
6311	Board Member Compensation	Board Members are entitled to, but may waive, compensation for each day of service. Those who have not waived, receive \$125 per day served at various meetings including Board meetings, Committee meetings and other water agency meetings, including conference calls.
6312	Meeting Expenses	Board and Committee meetings may be scheduled to cover the lunch hour so that attendees are absent from their normal jobs the least amount of time possible. If this occurs, a luncheon and/or refreshments are served. Those related costs are reflected in this account.
6313	Board Member's Expenses	Board Members are entitled to receive reimbursement for expenses incurred on behalf of Watermaster business. Upon request, mileage is reimbursed to any Board Member using a personal vehicle for Watermaster business.
6500	<u>EDUCATION FUND EXPENDITURES</u>	This account disburses funds from the educational account as directed.
8300	<u>APPROPRIATIVE POOL ADMINISTRATION AND SPECIAL PROJECTS</u>	
8301	WM Staff Salaries	Salary and burden costs of WM staff in attending and preparing for Pool Meetings, and any other Appropriative Pool administrative activity.
8312	Meeting Expenses	This item covers meeting expenses, including the cost of refreshments.
8400	<u>AGRICULTURAL POOL ADMINISTRATION AND SPECIAL STUDIES</u>	
8401	WM Staff Salaries	Salary and burden costs of WM staff in attending and preparing for Pool Meetings, along with any other Agricultural Pool administrative activity.
8411	Compensation - AG Pool Members	Ag Pool Members are reimbursed \$25 for each Pool, Committee or Board Meeting attended. Ag Pool voted to increase reimbursement to \$125 per meeting with the extra \$100 to be paid out of Ag Pool accumulated interest. This additional \$100 is shown under account #8470.
8412	Meeting Expenses	This account covers meeting expenses, including the cost of refreshments.
8456	IEUA RTS Meter Charge	Inland Empire Utilities Agency implemented a 'readiness to serve' charge against Watermaster for future provision of service to the land in the Agricultural preserve.
8467	Agri-Pool Legal Services	The Agricultural Pool retains its own legal council to represent them in all Watermaster matters.
8467.1	Frank B & Associates	The Agricultural Pool has contracted with a water management consultant to assist them in following Watermaster activities important to the Agricultural Pool.
8470	Ag Pool Meeting Special Compensation	See account #8411 for details of this line item.
8500	<u>NON-AGRICULTURAL POOL ADMINISTRATION AND SPECIAL PROJECTS</u>	
8501	WM Staff Salaries	Salary and burden costs of WM staff in attending and preparing for Pool Meetings, along with any other Non-Agricultural Pool administrative activity.
8512	Meeting Expense	This item covers meeting expenses, including the cost of refreshments.
9500	<u>ALLOCATED G&A EXPENDITURES</u>	Administrative overhead that is allocated to OBMP and Project jobs as a percentage of total Watermaster salaries.
6900	<u>OPTIMUM BASIN MANAGEMENT PROGRAM</u>	
6900	OPTIMUM BASIN MANAGEMENT PROGRAM - GENERAL ENGINEERING	This work includes general engineering services requested by Watermaster to support implementation of the OBMP. The current budget request includes general, non-project specific as well as ad hoc requests for services and data requests promoting the ongoing efforts to implement the OBMP. Items include all aspects of preparing reports as required by the OBMP including the State of the Basin Report and the conditions subsequent pursuant to Judge Gunn's December 21, 2007 court order approving Peace II.
6950	<u>COOPERATIVE EFFORTS</u>	On an ad hoc basis, Watermaster and other agencies agree to share the costs of various projects that will benefit both parties.
9501	<u>ALLOCATED G&A EXPENDITURES</u>	Administrative overhead that is allocated to OBMP and Project jobs as a percentage of total Watermaster salaries.
7000	<u>OPTIMUM BASIN MANAGEMENT PROGRAM IMPLEMENTATION PROJECTS</u>	
7101	PRODUCTION MONITORING	Watermaster staff collects and processes production information for the approximately 600 wells within the Basin, including approximately 205 Appropriator wells, 15 Non-Ag wells, and approximately 380 private wells. Watermaster staff read the meters for the private wells, while the Appropriators and Non-Ag parties report their meter readings to Watermaster. The data is inputted into a production database that is updated quarterly, and is used at the end of the fiscal year to provide essential data for the Assessment Package.
		Computer services are for the subscription for parcel lot information (split 50/50 with account 7103 - Groundwater Quality Monitoring).

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Budget Account Number	Account Description	Comments and Information
7102	IN-LINE METER INSTALLATION	Approximately 280 in-line flow meters are now installed on the previously unmetered private wells. Approximately half of all Ag and Non-Ag meters must be calibrated each year and other maintenance and repairs are required. Each calibration is expected to cost \$200. Approximately 12 broken meters are expected to be replaced this fiscal year, as these wells are expected to remain for at least another 12 months.
7103	GROUNDWATER QUALITY MONITORING	Pursuant to the OBMP & Peace Agreement, Program Element 1 includes the development and implementation of a comprehensive groundwater quality monitoring program. Previously, Watermaster annually collected water quality data from approximately 200 private wells and obtained other water quality data from other cooperators so that approximately one-third of the active wells were sampled every third year. Other cooperators include members of the appropriate and overlying non-agricultural pools, the Regional Water Quality Control Board, the Department of Toxic Substances Control, the United States Geological Survey, the Orange County Water District and others. The key well monitoring program has now been implemented. Approximately 130 wells are included within the water quality key well program, with approximately 65 wells being sampled and analyzed each year. This monitoring activity is a requirement for the Chino Basin to receive TDS and Nitrogen objectives based on maximum beneficial use. The ad hoc Water Quality Committee oversees the surface water and groundwater quality programs to ensure that necessary data are collected to effectively manage the Basin. Required supplies for this line item include sampling equipment such as piping and valving. Computer services are for the subscription for parcel lot information (split 50/50 with account 7101 - Production Monitoring).
7104	GROUNDWATER LEVEL MONITORING PROJECT	Pursuant to the OBMP and Peace Agreement, Program Element 1 includes the development and implementation of a comprehensive groundwater-level monitoring program. The key well monitoring program has now been implemented. For the key well program, about 75 wells are measured monthly, about 70 wells are measured by transducers, about 200 wells are measured by municipal well owners (which are collected by Watermaster staff), and about 100 wells are measured by cooperators, (which are collected by Watermaster staff). Cooperators include members of the appropriate and overlying non-ag pools, RWQCB, DTSC, USGS, OCWD, and others. All data is checked for reasonableness with regard to historical data at the well, converted from depth-to-water to groundwater-level elevation, and compiled into a centralized database. The majority of this effort is concentrated in the southern half of the basin to support Desalter/HCMP monitoring programs. This data is analyzed in time series charts and maps annually to support the annual HCMP report and the semi-annual State of the Basin Report. Contract services for this category include the construction of aluminum covers for transducers (not otherwise enclosed in structures) and ground-level surveys of well reference points. Required supplies for this category include sounder replacement lines, rubber gloves, distilled water, and fittings for installing transducers. Capital equipment for this category include transducers and transducer download cables.
7105	BASIN WATER QUALITY MONITORING	Pursuant to the OBMP & Peace Agreement, Program Element 1 also includes the surface water quality monitoring program. Work in this line item previously included measuring water quality at recharge and flood retention basins within the Chino Basin. This was typically done during the rainy season only; approximately 3-4 samplings per basin per year. Enough data has now been collected and catalogued for this activity and only minor amounts of money are now budgeted for use on an as-needed basis. Required supplies for this line item include rubber gloves, sample bags, tools, and field lab equipment.
7107	GROUND LEVEL MONITORING-MZ1	Pursuant to the OBMP and Peace Agreement, Program Element 1 also includes the development and implementation of a ground-level monitoring and testing program. Watermaster is interested in determining how much, if any, subsidence has occurred in the Basin and in monitoring the effectiveness of the OBMP in minimizing it. Data is collected from a network of ground elevation stations (surveys), from a multi-piezometer and from a dual borehole extensometer in the subsidence-prone area (mainly Management Zone 1). Satellite imagery (InSAR) will also be collected and analyzed for subsidence. A pilot ASR test at a well owned by the City of Chino Hills will be initiated. Watermaster is implementing these efforts as part of the MZ1 Subsidence Management Plan. A web page for real-time water level reading at the PA-7 Piezometer (Ayala Park) has been implemented, which is a requirement of the MZ-1 Long-Term Management Plan. A new Central MZ1 piezometer is also planned; as well as an extensive ground-level survey to determine reference points for several wells near the piezometer.
7108	HYDRAULIC CONTROL MONITORING PROGRAM	As part of the Basin Plan, a monitoring plan to evaluate the state of hydraulic control in the southern end of the basin has been developed. Hydraulic control will be used to maximize the safe yield of the basin. Watermaster, OCWD and the Regional Board have developed a monitoring plan to assess the state of hydraulic control to provide information to Watermaster to manage future production and recharge. Samples are collected from stations along the SAR every-other-week for water quality analyses. Stream flow measurements are also collected from stations along the SAR. Four near-river wells are monitored monthly and 21 HCMP SAR wells are monitored annually. Water discharge and quality data area collected from all POTWS and other non-tributary dischargers between the Riverside Narrows and below Prado dam. This monitoring activity is a requirement for the Chino Basin to receive TDS and Nitrogen objectives based on maximum beneficial use. A 2010 aerial photograph of the Chino Basin will also be purchased.
7109	RECHARGE AND WELL MONITORING PROGRAM	Engineering services to review quarterly and annual reports for Chino Basin Recycled Water Groundwater Recharge Program.
7200	OBMP PROGRAM ELEMENT 2 -- COMPREHENSIVE RECHARGE PROGRAM	This budget category includes the Recharge Master Plan update required by Judge Gunn's December 21, 2008 order approving Peace II, GRCC participation and recharge basin O&M.
7300	OBMP PROGRAM ELEMENTS 3 & 5 - WATER SUPPLY PLAN - DESALTER	The expenses in this budget line item includes engineering services for the technical review of non-Watermaster consultant work products for consistency with OBMP, Basin Plan and other Watermaster interests. Work in this category also includes the design support for the proposed Chino Creek Desalter well field.

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Budget Account Number	Account Description	Comments and Information
7400	OBMP PROGRAM ELEMENT 4 - MANAGEMENT ZONE MANAGEMENT STRATEGIES	Pursuant to the OBMP and Peace Agreement, Watermaster has developed a long-term management plan for MZ1. Watermaster and the Court approved the MZ1 Subsidence Management Plan in 2007. Watermaster will be implementing the MZ1 Subsidence Management Plan in FY 2008-2009 and in years thereafter, and adapting the plan as new data and understanding dictates. Data collected and analyzed will be presented and discussed at the MZ1 Technical Group meetings. New monitoring wells were installed in MZ-3 and monitored during FY 2005-2006 and FY 2006-2007. A technical memorandum will be completed this fiscal year and a revised monitoring program will be developed. In Management Zone 3, Watermaster will conduct a thorough ground water quality survey to locate contaminant plumes which might impact appropriator wells. Plans include quarterly sampling and analyses of two new "senity" wells to provide on-going monitoring of plume management.
7500	OBMP PROGRAM ELEMENTS 6 & 7 - COOPERATIVE EFFORTS AND SALT MANAGEMENT	Pursuant to the OBMP and Peace Agreement, Watermaster will complete specific activities to improve water quality monitoring and analyze the effectiveness of the OBMP to accomplish its goals. The work in this line item includes coordinating the Water Quality committee activities, coordinating with RWQCB and DTSC on several groundwater plumes - including VOC plumes potentially emanating from the Ontario International Airport and the Chino Airport, and the Stringfellow perchlorate plume, which has now reached the Santa Ana River, the Basin Monitoring Task Force pursuant to Watermaster's Maximum Benefit obligation, and participating in the TMDL process for Santa Ana River, Chino and Mill Creeks.
7600	OBMP PROGRAM ELEMENTS 8 & 9 - STORAGE MANAGEMENT AND CONJUNCTIVE USE PROGRAMS	This budget category includes Watermaster's effort to expand the existing DYY Program and to develop new groundwater storage programs.
7700	INACTIVE WELL PROTECTION PROGRAM	Pursuant to the OBMP and Peace Agreement, Watermaster is responsible for inactive wells that have not been properly abandoned. Watermaster equips inactive wells with devices that meet the requirement of well abandonment to protect the integrity of the groundwater. These devices also allow for access to the well for monitoring purposes, if necessary. This fiscal year, approximately two or three inactive wells will need to be equipped with such devices.
7690	RECHARGE IMPROVEMENT DEBT PAYMENT	Repayment of debt as agreed to in contract with Inland Empire Utilities Agency for improvement of recharge basins within the Chino Basin. This expense is to be paid by the Appropriators.
9502	<u>ALLOCATED G&A EXPENDITURES</u>	Administrative overhead that is allocated to OBMP and Project jobs as a percentage of total Watermaster salaries.
SUPPLEMENTAL & REPLENISHMENT WATER INCOME AND EXPENSES		
4210	App Pool Replenishment Assessments	Water rights were assigned in the Judgment entered in 1978. It established the terms and conditions regarding replenishment water and how the assessments would be levied to cover the water for each pool. No amounts are budgeted in this category as Watermaster is unable to determine what the overproduction will be at year, if any. Replenishment water is a "pass-thru" expense meaning all amounts overproduced by an agency are billed to them at the rate Watermaster pays for the cost of the water, plus fees.
4211	15% Gross Assessments	Certain Appropriators under the Judgment have 15% of the cost of replenishment water required by their group and 85% of the cost is paid by the appropriator overproducing water in the prior year. Other Appropriators have the obligation to pay 100% of the costs of replacing any overproduced water.
4212	85% Gross Assessments	Costs levied against the 15%/85% group for replacing water.
4213	100% Net Assessments	Costs levied against the 15%/85% group for replacing water.
4220	Non-Aq Pool Replenishment	Costs levied against those subject to 100% assessments for replacing water.
5010	Groundwater Recharge	Non-Ag members (primarily industrial producers) are required to replace any water produced which exceeds their assigned water rights.
5011	Replenishment Water	Costs of Replenishment or Supplemental Water.
5017	IEUA Surcharges	This budget line covers the costs of purchasing replenishment water from MWD at \$233/AF. Inland Empire Utilities Agencies charges a fee for water delivered.

**CHINO BASIN WATERMASTER
ASSESSMENT CALCULATION
FISCAL YEAR 2010-2011
ESTIMATED, BASED ON PREVIOUS YEARS ASSESSMENT PACKAGE

DRAFT

PRODUCTION BASIS	FISCAL YEAR 2010-2011 BUDGET	ASSESSMENT	APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AG POOL		
						General Administration	OBMP
2008-09 Production & Exchanges in Acre-Feet (Actuals)	\$829,503	121,253.204	84,716.450	32,142.764	4,393.990	26.509%	3.624%
2009-10 Production & Exchanges in Acre-Feet (Projected Estimate)	5,110,024	121,253.204	84,716.450	32,142.764	4,393.990	26.509%	3.624%
BUDGET							
Administration, Advisory Committee & Watermaster Board (1)	\$829,503		\$579,552	\$219,891	\$30,060		
OBMP & Implementation Projects(1)	5,110,024		3,570,240	1,354,606	185,178		
General Admin & OBMP Assessments	\$5,939,527	5,939,527	3,570,240	219,891	30,060	1,354,606	185,178
TOTAL BUDGET		5,939,527	3,570,240	219,891	30,060	1,354,606	185,178
Less Budgeted Interest Income	(175,010)						
Contributions from Outside Agencies	(148,410)					(46,393)	(6,342)
CASH DEMAND		5,616,107	3,344,275	219,891	30,060	1,268,871	173,458
OPERATING RESERVE							
Administrative	0	\$0	\$0	\$0	\$0		
OBMP	0	0	0	0	0		0
Less: Funds On Hand Utilized for Assessments	0	0	0	0	0	0	0
FUNDS REQUIRED TO BE ASSESSED		\$5,616,107	\$3,344,275	\$219,891	\$30,060	\$1,268,871	\$173,458
Proposed Assessments							
General Administration Assessments	A		\$6.84	\$6.84	\$6.84	\$39.48	\$39.48
Minimum Assessments			\$5.00		\$5.00		\$5.00
Prior Year Assessments (Actuals)	B		\$7.19	\$7.19	\$7.19	\$44.02	\$44.02
A - B			(\$0.35)	(\$4.54)	(\$4.89)		

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



CHINO BASIN WATERMASTER

II. BUSINESS ITEM

C. CONDITION SUBSEQUENT NO. 8





CHINO BASIN WATERMASTER

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

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: June 10, 2010

TO: Committee Members

SUBJECT: Approval of Resolution 10-03 regarding updated Recharge Master Plan in satisfaction of December 21, 2007 Court Order Condition Subsequent Number 8.

SUMMARY

Financial Impact - Adoption of Resolution has no direct fiscal impact. Implementation of projects described in Recharge Master Plan will have impacts as described in the Plan.

Background

On December 21, 2007, the Court adopted an Order approving the Peace II Measures. This Order required Watermaster to satisfy eight conditions subsequent.¹ To date Watermaster has satisfied the first seven conditions subsequent. Condition subsequent number eight requires:

By July 1, 2010, Watermaster shall prepare and submit to the Court for approval an updated Recharge Master Plan. The updated Recharge Master Plan shall include all elements listed in the Special Referee's Final Report and Recommendations.

Throughout 2009 and 2010, Watermaster, working with IEUA and the Chino Basin Water Conservation District, developed and updated Recharge Master Plan that complies with the Court's direction. As the updated Plan was developed, numerous workshops were held to keep the parties informed of its progress. These workshops culminated in workshops held on April 21, 2010 and May 19, 2010, at which the completed update was presented to the parties.

Attached to this staff report is a table that lists all of the elements contained in the Special Referee's Final Report and Recommendations and indicates how and where they are addressed in the updated Recharge Master Plan.

¹ The Order also contains a ninth condition subsequent which is a catch-all requirement that Watermaster comply with all commitments made in the Peace II Documents.

Under the Peace II Agreement, both Watermaster and IEUA must approve the updated Recharge Master Plan. Section 8.1 of the Peace II Agreement requires that:

Update to the Recharge Master Plan. Watermaster will update and obtain Court approval of its update to the Recharge Master Plan to address how the Basin will be contemporaneously managed to secure and maintain Hydraulic Control and subsequently operated at a new equilibrium at the conclusion of the period of Re-Operation. The Recharge Master Plan will be jointly approved by IEUA and Watermaster and shall contain recharge estimations and summaries of the projected water supply availability as well as the physical means to accomplish the recharge projections. Specifically, the Plan will reflect an appropriate schedule for planning, design, and physical improvements as may be required to provide reasonable assurance that following the full beneficial use of the groundwater withdrawn in accordance with the Basin Re-Operation and authorized controlled overdraft, that sufficient Replenishment capability exists to meet the reasonable projections of Desalter Replenishment obligations. With the concurrence of IEUA and Watermaster, the Recharge Master Plan will be updated and amended as frequently as necessary with Court approval and not less than every five (5) years.

Watermaster has prepared a draft Resolution that provides context for such approval. It is Watermaster's understanding that IEUA will approve a similar Resolution. In order to coordinate between Watermaster and IEUA, the precise language of the Resolution may be amended prior to Board approval.

Due to its length, a complete copy of the updated Recharge Master Plan is not included in the agenda package, but can be found on the Watermaster's website at www.cbwm.org.

A draft pleading transmitting the updated Recharge Master Plan to the Court will be available at the Advisory Committee meeting.

Staff Recommendation: recommend that the Advisory Committee and Board adopt the draft Resolution.

Actions:

6-03-10 Appropriative Pool - Approved unanimously as follows: Recommend Watermaster approval of Resolution 10-03 subject to reconsideration if terms and conditions for purchase of water from the Non-Agricultural Pool changes as a result disposition of Paragraph 31 Motion

6-03-10 Non-Agricultural Pool – Approved by majority

6-10-10 Agricultural Pool

6-17-10 Advisory Committee

6-24-10 Watermaster Board

**Resolution Number 10-03
of the Chino Basin Watermaster
Regarding Ongoing Support for the Chino Basin Recharge Master Plan**

Whereas, in 2000, the Chino Basin Watermaster adopted a Recharge Master Plan which established the technical foundation for the development of the recharge facilities and practices in the Chino Basin.

Whereas, in 2001, Watermaster, in cooperation with the Inland Empire Utilities Agency ("IEUA"), initiated the Chino Basin Facilities Improvement Project ("CBFIP") which implemented facilities recommendations in the Recharge Master Plan.

Whereas, in 2006, Watermaster, in cooperation with IEUA, initiated Phase II of the CBFIP in order to implement additional facilities recommendations in the Recharge Master Plan.

Whereas, on December 21, 2007, the Court approved the Peace II Measures which set forth a modified approach to management of the Chino Basin known as Basin Re-Operation whose ultimate goal is the achievement of Hydraulic Control.

Whereas, as a condition of approval of Basin Re-Operation and Hydraulic Control, the Court required Watermaster to update the Recharge Master Plan to account for the new Basin management regime and to account for other changes that have occurred since the creation of the original Recharge Master Plan.

Whereas, during 2009 and 2010, Watermaster staff and technical consultants, in cooperation with IEUA and the Chino Basin Water Conservation District, have developed an updated Recharge Master Plan and have conducted numerous workshops with the Chino Basin stakeholders as the update was developed.

On the basis of the foregoing, the Chino Basin Watermaster finds and resolves that:

1. The updated Recharge Master Plan is based on sound technical analysis and adequately updates the 2000 Recharge Master Plan in light of Basin Re-Operation and Hydraulic Control and in light of changed economic and hydrologic conditions within the State of California.
2. Watermaster adopts the updated Recharge Master Plan as the guidance document for the further development of the recharge facilities for the Chino Basin.
3. Pursuant to the Peace II Agreement section 8.1, Watermaster and IEUA will update this plan not less than once every five years. In particular, the Plan will be updated following the completion of the parties' Urban Water Management Plans by June 30, 2011.

APPROVED by the Advisory Committee this 17th day of June 2010.
ADOPTED by the Watermaster Board on this 24th day of June 2010.

By: _____
Chairman, Watermaster Board

APPROVED:

Chairman, Advisory Committee

ATTEST:

Board Secretary
Chino Basin Watermaster

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN BERNARDINO)

I, Ken Manning, Secretary of the Chino Basin Watermaster, DO HEREBY CERTIFY that the foregoing Revised Resolution being No. 10-03, was adopted at a regular meeting of the Chino Basin Watermaster Board by the following vote:

AYES: 0
NOES: 0
ABSENT: 0
ABSTAIN: 0

CHINO BASIN WATERMASTER

Secretary

Table ____
Comparison of the Court's RMPU Requirements and How That Requirement is Addressed in the RMPU

Requirement		How Requirement is Met in the RMPU	
		Where in RMPU	Specific Actions
Special Referee's December 21 Report			
1	Baseline conditions must be clearly defined and supported by technical analysis. The baseline definition should encompass factors such as pumping, demand, recharge capacity, total Basin water demand, and availability of replenishment water.	Sections 4, 6 and 7	Section 4 describes total projected water demand and the associated water supply plans based on projections by IEUA and the Watermaster. Section 6 describes the supplemental water recharge capacity and the availability of supplemental water for replenishment and in particular reviews the ability to acquire water for replenishment from Metropolitan. Section 7 contains specific recommendations in the acquisition of supplemental water through the next recharge master plan update.
2	Safe Yield should be estimated annually, though it is recognized that it is not to be formally recalculated until 2011. Watermaster should develop a technically defensible approach to estimating Safe Yield annually.	Sections 3 and 7	Section 3 describes the computation of safe yield and presents a recommended method to compute safe yield during 2010-11 and subsequent years. Watermaster will likely use its discretion to determine when to recompute safe yield after 2010-11.
3	Measures should be evaluated to lessen or stop the projected Safe Yield decline. All practical measures should be evaluated in terms of their potential benefits and feasibility.	Section 3, 5 and 7	Section 3 describes the causes of a declining safe yield and suggest that the safe yield could drop from the current value of 140,000 acre-ft/yr to 129,000 acre-ft/yr by 2030. Section 3 also describes the expected increase in safe yield of 5,300 acre-ft/yr to 10,500 acre-ft/yr due to compliance with the 2010 MS4 permits. Section 5 includes descriptions of new stormwater recharge projects that could yield between 10,000 to 15,000 acre-ft/yr. Most of the projects described in Section 5 will require more detailed planning and new agreements with the Counties to determine their ultimate feasibility. Section 7 summarizes the next steps in the implementation of the MS4 and new stormwater recharge projects.
5	Total demand for groundwater should be forecast for 2015, 2020, 2025, and 2030. The availability of imported water for supply and replenishment, and the availability of recycled water should be forecast on the same schedule. The schedules should be refined in each Recharge Master Plan update. Projections should be supported by thorough technical analysis.	Sections 4 and 6	Section 4 contains the demand for groundwater forecasted for 2010, 2015, 2020, 2025, 2030 and 2035. Section 6 describes the availability of imported water for supply and replenishment is forecasted through 2030 based on the draft 2009 SWP Delivery Reliability Report (DWR, 2010).
6	The Recharge Master Plan must include a detailed technical comparison of current and projected groundwater recharge capabilities and current and projected demands for groundwater. The Recharge Master Plan should provide guidance as to what should be done if recharge capacity cannot meet or is projected not to be able to meet replenishment needs. This guidance should detail how Watermaster will provide sufficient recharge capacity or undertake alternative measures so that Basin operation in accordance with the Judgment and the Physical Solution can be resumed at any time.	Section 6	Section 6 describes the recharge capacity of existing spreading basins, existing ASR wells, future ASR wells and existing in-lieu recharge capacity. Section 6 concludes that the Watermaster, given present knowledge and agreements, will not be replenishment constrained by the capacity. That is, Watermaster has enough installed recharge capacity to meet current and future replenishment obligations.
8	Contain recharge estimations and summaries of the projected water supply availability as well as the physical means to accomplish the recharge projections.	Sections 3, 4, 5 and 6	Section 3 contains recharge projections for stormwater for existing facilities and new recharge from the 2010 MS4 permit. Section 4 contains a schedule of the future recharge requirements for Watermaster to meet its replenishment obligations. Section 5 contains descriptions of new recharge projects, recharge performance, cost and implementation issues. Section 6 describes supplemental water supplies available to Watermaster to meet is replenishment obligation and new supplemental water recharge projects that could be implemented to provide Watermaster additional recharge capacity and flexibility in meeting its replenishment obligation.
9	Reflect an appropriate schedule for planning, design, and physical improvements as may be required to provide reasonable assurance that sufficient Replenishment capacity exists to meet the reasonable projections of Desalter Replenishment obligations following the implementation of Basin Re-Operation.	Section 7	Section 7 describes the recommended recharge master plan. This section describes the means to stop abate the projected loss of safe yield, increase stormwater recharge, and acquire supplemental water for replenishment purposes. No new recharge facilities are required to meet replenishment obligations. Detailed scheduling of new stormwater recharge facilities should be deferred until additional planning information is developed to refine these projects. The decision to acquire new supplemental water sources should be deferred until updated groundwater production projections become available in late 2011. The RMPU should be updated in the second half of 2011.



CHINO BASIN WATERMASTER

IV. INFORMATION

1. Newspaper Articles



dailybulletin.com

Agency fires CEO

Rebecca U. Cho, Staff Writer

Created: 05/20/2010 07:36:25 PM PDT

The longtime head of an Inland Empire wastewater agency was ousted from his position this week.

The Inland Empire Utilities Agency board of directors voted Wednesday to terminate Richard W. Atwater as chief executive officer and general manager. He had held the position since 1999.

"The board wanted to take a different direction and decided there was a need for change," Terry Catlin, the agency's board president, said Thursday.

Catlin declined to go into further detail. He said Atwater was in the process of receiving a severance package. Catlin is the general manager of the Water Facilities Authority based in Upland.

The board, on a 3-2 vote, made the decision in closed session.

Atwater learned of his firing after the meeting, when Catlin approached him and said the board was terminating him without cause, Atwater said.

The decision left him baffled, he said.

"I had never had a discussion with [Catlin] or any of the board members about it," Atwater said. "He never explained why he did that."

The Inland Empire Utilities Agency, a municipal water district based in Chino, operates a sewage-treatment plant and is a distributor of wholesale water and recycled water. During Atwater's tenure, the agency had received several environmental awards, including twice winning the Governor's Environmental and Economic Leadership Award.

Ken Willis, chairman of the Chino Basin Watermaster and an Upland councilman,

said he was surprised to hear of Atwater's removal.

"I wasn't hearing any complaints from anybody," Willis said.

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