



# CHINO BASIN WATERMASTER



## NOTICE OF MEETINGS

**Thursday, October 14, 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, October 14, 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. – October 14, 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. Minutes of the Agricultural Pool Meeting held September 9, 2010 *(page 1)*

**B. FINANCIAL REPORTS**

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

**II. BUSINESS ITEMS**

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

Consider Approval for Proposed Chino Basin Watermaster Resolution No. 10-04 for Phase III Desalter Expansion - *Note: Attachments will go out under separate cover (page 35)*

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

Consider Approval of the Chino Basin Watermaster 2010-2011 Assessment Package *(page 95)*

**C. SAN SEVAINE CHANNEL REPAIR AGREEMENT**

Consider Approval of the Proposed Agreement between the San Bernardino County Flood Control District, the Inland Empire Utilities Agency, and the Chino Basin Watermaster Concerning the Repair of the San Sevaime Channel *(page 125)*



**D. BUDGET MODIFICATION**

Consider Approval in the Amount of \$63,333 to Be Added to the Approved 2010/2011 Fiscal Year Budget as Recommended by the Chino Basin Watermaster Outside Audit Firm of Mayer Hoffman McCann (page 137)

**III. REPORTS/UPDATES**

**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

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

**B. ENGINEERING REPORT**

1. Progress Report on Safe Yield Determination

**C. CEO/STAFF REPORT**

1. Legislative Update
2. Recharge Update
3. Strategic Planning Conference Update
4. Budget Projections
5. GRCC Recharge Improvement Activities Ahead of Recharge Improvement Implementation

**IV. INFORMATION**

1. Cash Disbursements for September 2010 (page 139)
2. Newspaper Articles (page 151)

**V. POOL MEMBER COMMENTS**

**VI. OTHER BUSINESS**

**VII. FUTURE MEETINGS**

Thursday, October 14, 2010	9:00 a.m.	Agricultural Pool Meeting @ IEUA
<b>Thursday, October 21, 2010</b>	<b>8:00 a.m.</b>	<b>Special Appropriative Pool Meeting @ CBWM</b>
** Thursday, October 21, 2010	T.B.D.	IEUA DYY Meeting @ CBWM
Thursday, October 21, 2010	9:00 a.m.	Advisory Committee Meeting @ CBWM
Thursday, October 21, 2010	11:00 a.m.	Water Quality Meeting @ CBWM
Thursday, October 28, 2010	11:00 a.m.	Watermaster Board Meeting @ CBWM
<b>* Thursday, November 4, 2010</b>	<b>9:00 a.m.</b>	<b>Agricultural Pool Meeting @ IEUA</b>
Thursday, November 4, 2010	1:00 p.m.	Appropriative Pool Meeting @ CBWM
Thursday, November 4, 2010	2:30 p.m.	Non-Agricultural Pool Conference Call Meeting
Thursday, November 18, 2010	8:00 a.m.	IEUA DYY Meeting @ CBWM
Thursday, November 18, 2010	9:00 a.m.	Advisory Committee Meeting @ CBWM
<b>* Thursday, November 18, 2010</b>	<b>11:00 a.m.</b>	<b>Watermaster Board Meeting @ CBWM</b>
Thursday, December 16, 2010	9:00 a.m.	Advisory Committee Meeting @ CBWM
<b>* Thursday, December 16, 2010</b>	<b>11:00 a.m.</b>	<b>Watermaster Board Meeting @ CBWM</b>

\* Note: Date changes due to holiday schedules

\*\* Note: Due to the Special Appropriative Pool Meeting this Meeting time is To Be Determined

Meeting Adjourn





# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### A. MINUTES

1. Agricultural Pool Meeting held on September 9, 2010



**Draft Minutes**  
**CHINO BASIN WATERMASTER**  
**AGRICULTURAL POOL MEETING**

September 9, 2010

The Agricultural Pool Meeting was held at the offices of the office of Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA, on September 9, 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
Nathan Mackamul	State of California, CIM

**Watermaster Board Members Present**

Paul Hofer	Crops
Michael Camacho	Inland Empire Utilities Agency

**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**

Scott Slater	Brownstein, Hyatt, Farber & Schreck
Joe LeClaire	Wildermuth Environmental Inc.

**Others Present Who Signed In**

Steven G. Lee	Reid & Hellyer
Dave Crosley	City of Chino
Gil Aldaco	City of Chino
Mohamed El-Amamy	City of Ontario
Anthony La	City of Upland
Tom Love	Inland Empire Utilities Agency
Lynne Preslo	Geo Eco
Marsha Westropp	Orange County Water District

Chair Feenstra called the Agricultural Pool meeting to order at 9:05 a.m.

**AGENDA - ADDITIONS/REORDER**

There were no additions or reorders made to the agenda.

**I. CONSENT CALENDAR**

**A. MINUTES**

1. Minutes of the Agricultural Pool Meeting held August 12, 2010

**B. FINANCIAL REPORTS**

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

*Motion by Koopman, second by Durrington, and by unanimous vote*

***Moved to approve Consent Calendar item A and receive and file Consent Calendar item B, as presented***

**II. BUSINESS ITEMS****A. PEACE II AGREEMENT AND PHASE III DESALTER EXPANSION**

Mr. Manning stated Scott Slater is at today's meeting to present this item and to answer questions. Mr. Manning stated the work that is being done with the desalter group and expansion is an outgrowth of the requirement to expand the desalters to 40,000 acre-feet. As the process is moving forward with developing the plan to include Western Municipal Water District (WMWD) and expand the desalters with Jurupa Community Services and the City of Ontario; it is important to understand this is a \$120 million dollar project. The parties involved have requested that Watermaster take action to reaffirm their commitments that Watermaster has made in previous documents. Watermaster has constructed a resolution which has gone to the Watermaster Board; the Board moved to send the resolution through the Watermaster process and for Watermaster to schedule a workshop. The workshop will be held on September 14, 2010 from 10:00 a.m. to 12:00 p.m. at Watermaster. Mr. Manning stated the resolution will be brought back through the process in October after the meetings and workshop which will allow changes to be made from various discussions and recommendations. Counsel Slater stated the workshop will be to receive input, and to have findings that are supported by substantial evidence prior to the Watermaster Board taking action. This will then be filed and presented to the court at a hearing. Counsel Slater stated at the workshop he will review Watermaster's control over this project and process; re-identify what the control points are, review the concepts of the desalters and the 40,000 acre-feet of desalting capacity, the OBMP goals which were later put into the OBMP Implementation Plan and Agreement. Counsel Slater stated with regard to the desalters, there was a global commitment to complete a certain level of desalting by a certain time, which was presented to the court as an agreement. Counsel Slater reviewed that agreement which is the original Peace Agreement; that was the Chino I Expansion and Chino II authorized. Counsel Slater noted the original desalter was owned by Santa Ana Watershed Project Authority (SAWPA) and Project Committee 14 which was later transferred to the present CDA members; all parties signed up for future desalters. Counsel Slater reviewed the original benefits from desalting/desalters including a commitment to do another round of desalting. Counsel Slater discussed the process and issues regarding future desalting. Counsel Slater stated the Resolution captures all issues, internal to the CDA and the Expansion Group, because they no longer have any further issues among themselves; they are now embodied in the Water Purchase Agreement. There are still smaller agreements and items that have to come along with that; however, they are workable and should not hold the process up. Counsel Slater stated while in the process of working out the other agreements/items, other additional issues were identified which involve both the CDA and Watermaster. Counsel Slater stated Watermaster's primary interest is to construct the desalters which meet the courts' obligation and all the parties have an economic and stakeholder interest as well. Counsel Slater reviewed the consequences of this matter defaulting which is a provision in the Peace II Agreement. Counsel Slater commented on Hydraulic Control, locations of wells, having no material physical injury, and the applications to avoid subsidence. Counsel Slater stated Watermaster must make legal findings in order for this project to proceed. Watermaster is going to need evidence to demonstrate what is being done to effectuate the purpose of the OBMP. Counsel Slater discussed the Chino Airport plume, how contamination will be addressed, unexpected costs, and the CEQA process including what the mitigation responsibilities are going to be. Counsel Slater stated there are a number of issues which are



embedded in the Resolution; it's a template and it has not been signed off by the Watermaster Board; however, it has worked its way through the CDA process. Counsel Slater stated once all the conclusions transpire, a pleading will be drafted which will go to the court. Counsel will ask the court for the same direction that has been requested in all other instances and Watermaster will receive an order to proceed. Counsel Slater noted there is one particular control point which needs to be presented to the Appropriative Pool, which is that counsel and staff have been very careful not to negotiate and to only facilitate and bring issues forward in a way that does not change or modify any prior agreement. Chair Feenstra inquired about the comment, "We are done", made by Counsel Slater. Counsel Slater stated that the comment, "We are done", means is that a report was presented to the court in 1999 and that report gave rise to high levels of concern about capital requirements for basin protection. These capital expectations were clearly hundreds of millions of dollars. The court ordered Watermaster to complete those desalters which were defined as, the existing desalters, the expansion, and then the future desalters. In the future desalters there was no workout on how the future desalters were going to be addressed. The Peace II Agreement solves the future desalting issues. Counsel Slater stated the hangover obligation that existed back in 2000, upon completion, was done as a basin, with regarding to the prior court order; no more desalting as an obligation of Peace II. A discussion regarding today's economy with regard to funding, grants, and payments ensued. Chair Feenstra inquired about any shortfall and if there is, who does Watermaster or the court look to. Counsel Slater stated the requirement of the Purchase and Sale Agreement Cap X is going to be fully funded in advance of construction. All of the participants are locked in and ready to fund their cap X obligation and the arrangement between the CDA and the Expansion Group. If there should be in interim shortfall on part of any one of the expansion parties, that CDA has the right to come in and take over that element, finance it, and then turn around and assess the entity for the cost of completion. Once the parties reach the go-no-go date, there is no turning back; the go-no-go date should be this calendar year. Mr. Manning offered further comment regarding financing arrangements. A discussion regarding water rates and the cap ensued. Counsel Slater offered comment on receiving monies between now and the close, and if received money could affect the driving cost; the parties are entitled to a sharing of that cost reduction. There will be a request by the Expansion Group to MWD for a local resources program subsidy regarding this matter for a reduced subsidy. Counsel Slater offered further comments on MWD rates and subsidy cost cap. Counsel Slater noted Watermaster is not entering into an agreement with the CDA. Ms. Novak commented on Watermaster having assurances from CDA to be responsible to Watermaster with regard to any material physical injury including water quality and water supply and she noted it is of concern. Ms. Novak inquired if Watermaster assumes the liabilities if one or all of those concerns occur. Counsel Slater stated the CDA is not a party to the Judgment, all of its members are, and the question if the CDA needs to be a party to the Judgment comes up frequently. Counsel Slater stated the CDA not being a party to the Judgment does not interfere with Watermaster's ability to enforce the orders of the court and the agreements that the parties have. There is a control point; the control point is the obligation that WMWD's and WMWD promised to all of the parties, the court, and Watermaster, to do something on a schedule. Counsel Slater stated there were some options associated with what WMWD chose to do. Some of those options were to bring Jurupa Community Services District (JCSD) and the City of Ontario into the project for purposes of expansion. Counsel Slater stated once WMWD adds those parties into its fold, the obligation becomes shared as partners, and there is accountability to all to meet the schedule. Counsel Slater offered further details on the shared accountability/obligations. Counsel Slater stated Watermaster needs to have a record to demonstrate no material, physical harm. The Resolution references exhibits, and shortly staff and counsel will have the basis for the exhibit to distribute at the workshop which will describe the plan; the process will be referred to in the Resolution and it would be ongoing. Counsel Slater stated with regard to the well impacts, there is a differentiation that is in the context of the Resolution between the difference between, across the basin variations and water levels that occurred historically. Counsel Slater commented on the history of the water table and historical variations; that is not an obligation of CDA. Counsel Slater stated if there was an impact today, related to the existing desalters, there was an approved contingency plan/emergency response plan that CDA prepared and was part

of the Watermaster process in 2002 when the finding of no material physical harm was completed. There is a plan related to the existing desalters. There will be a plan presented to Watermaster by the CDA forthcoming; however, it is not known if it will be the existing plan refreshed or a new plan which will go through the Watermaster process. Counsel Slater offered comment on unforeseen calamity occurring in the future and noted that sort of future occurrence, Watermaster cannot advocate its responsibility under this provision and under the Judgment; Watermaster would have a continuing role. Counsel Slater stated this would not pertain to subsidence which is clearly addressable on its own; there is a provision that states if there is a well interference problem that the parties' remedies remain a common law. Counsel Slater noted even though a process is set up, and Watermaster has made its decision, it is not issue preclusive; a party could still go out and bring action in common law if they were not satisfied with the CDA's approved process. Ms. Novak summarized the statements made regarding this item. Mr. Manning stated he has reminded the parties that Watermaster is going to at the next budgeting cycle will include a more dynamic monitoring program to be installed in the southern end of the basin to ensure Watermaster and the parties understand what is happening within the shallow and deep aquifer. Mr. Manning discussed the subsidence issues and noted Watermaster's monitoring will allow us to be able to take defensive actions and work with the parties, which is the CDA, on how to mitigate or how to eliminate potential event long before it happens.

*No motion was made.*

### **III. REPORTS/UPDATES**

#### **A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

##### **1. September 24, 2010 Hearing**

Counsel Slater stated there is a hearing scheduled for September 24, 2010 at 10:30 a.m. which is going to include two items; 1) Motion for a Judgment Amendment by the Non-Agricultural Pool, and 2) Approval of the Recharge Master Plan. Counsel Slater stated during a recent hearing with Judge Reichert, he did indicate he would be interested in an educational hearing such as one provided to previous judge and suggested the September 24<sup>th</sup> hearing would be a good time to start that process. Counsel Slater stated the intention is to present testimony in the same nature as information was presented to Judge Wade. Counsel Fife stated Andy LeClaire will give a presentation regarding recharge, how it works, what it is all about, what the Chino Basin is all about, supplemental water, and all the issues that would work into the action Judge Reichert has to take on the Recharge Master Plan.

##### **2. Non-Agricultural Pool Appeal**

Counsel Slater stated the Non-Agricultural Pool has filed their Notice of Appeal which has been followed up by the procedural items such as designating the record. Once all the procedural items have been completed and fixed, the Court of Appeals will provide a schedule which will include the opening brief by the Non-Agricultural Pool, any responses, a responsive brief from the Non-Agricultural Pool, and then the actual hearing.

#### **B. ENGINEERING REPORT**

##### **1. Basin Plan Amendment Update**

Mr. LeClaire stated he is going to provide background on information on the 2004 Basin Plan Amendment and the upcoming 2011 Basin Plan Amendment. Mr. LeClaire reviewed a map of Current Hydraulic Control Surface Water Monitoring in detail. Mr. LeClaire offered comment on the 2004 Basin Plan Amendment. Mr. LeClaire reviewed a map of Current Hydraulic Control Groundwater Monitoring in detail. Mr. LeClaire offered comment on the upcoming 2011 Basin Plan Amendment which is currently being worked on.

#### **C. CEO/STAFF REPORT**

##### **1. Legislative Update**

Mr. Manning stated legislatures are working hard to get the last few pieces of legislation through prior to the August 31<sup>st</sup> deadline. Mr. Manning reviewed some of the bills of interest

to the Chino Basin. Mr. Manning offered comment on the state budget; however, they did go through the protocol in submitting a republican and democratic budget and neither one of them felt they had enough votes to get either one of them through; they didn't. Mr. Manning stated the democrats want additional taxes and the republicans want no taxes; it appears with this being an election year, the chances of getting a budget before November is very unlikely. Having no budget means there will be a great deal of trauma in the state of California which is unfortunate.

2. Recharge Update

Mr. Manning stated staff has not been provided the most recent numbers from IEUA for staff to put together its recharge spreadsheet. Staff is anticipating having the spreadsheet by the Advisory Committee meeting.

3. GRCC Recharge Improvement Activities Prior to the Recharge Improvement Implementation

It was noted this presentation will be given at the October meeting.

4. Peace II Resolution Workshop – September 14, 2010

Mr. Manning stated the Peace II Resolution Workshop will be held on September 14, 2010 at 10:00 a.m.

5. Discussion on Closed Session Rules for Policy Manual

Mr. Manning stated this item was mentioned a few months ago and it was noted during those discussions, this item would begin to be worked on directly after the Paragraph 31 Motion was completed. Mr. Manning stated staff has reviewed portions of the Policy Manual regarding closed session rules. There are two portions in that manual that reference meetings of Pools and closed session and/or those kinds of issues; however, before the process begins to revise those rules, Watermaster staff would like to have counsels of each of the Pools meet and get their input. Mr. Manning stated how the rules are currently stated in the Policy Manual; they do not reflect what is presently taking place or what is intended to take place in the future. Staff is seeking clarification and Watermaster has tasked Michael Fife to coordinate a discussion amongst the legal counsels of the different Pools before this matter is brought back through the Watermaster process. Staff would like those discussions to have taken place so that it is correctly presented as to how the new rules will possibly be applied in the revised Policy Manual regarding closed sessions.

6. Auction Oversight Committee

Mr. Manning stated this was an action item for the Appropriative Pool and the Non-Agricultural Pool this month at their meeting; the action was to keep in place the Auction Oversight Committee.

7. Assessment for Regional Board Fine

Mr. Manning stated this item was on the Appropriative Pool agenda because that pool had asked for some options from Watermaster staff to provide them with guidance on possibly changing the Assessments are done for the Regional Board ACL fine. The options were presented to the Appropriative and the Non-Agricultural Pool members this month which included five options. Mr. Manning noted the parties of those pools will be meeting to discuss their options and will present their findings to Watermaster staff. Ms. Novak inquired about Watermaster assessing fees. Mr. Manning stated the assessment of the fine is a special assessment and because it is a special assessment amongst the Appropriators they can assess themselves a special assessment. If it was a budget modification, it would then have to go through the Watermaster process.

**IV. INFORMATION**

1. Cash Disbursements for August 2010 as of August 25, 2010

No comment was made regarding this item.



2. Newspaper Articles

No comment was made regarding this item.

**V. POOL MEMBER COMMENTS**

Chair Feenstra asked that special attention to the rules for closed session include discussion with Steve Lee and the chair so that our input is clearly heard and understood prior to them being published. Mr. Manning agreed.

**VI. OTHER BUSINESS**

No comment was made regarding this item.

The regular open Agricultural Pool meeting was convened to hold its confidential session at 10:20 a.m.

**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.

1. General Discussion on Ontario Plume of Contamination

The confidential session was convened at 11:30 a.m.

Reported Action: By Steven Lee

"The Agricultural Pool is supportive of the sharing of information possessed by the ABGL Group to Inland Empire Utilities Agency and the cities of Upland and Ontario via their joint consultant (Dr. Dennis Williams) in a "dot plot" format pursuant to the confidentiality agreement that is to be signed between the ABGL Group on the one hand and IEUA and the cities of Upland and Ontario on the other hand. The data being produced is to be sent to counsel representing the City of Ontario (Fred A. Fudacz).

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

***Moved to share information possessed by ABGL Group Inland Empire Utilities Agency and the cities of Upland and Ontario via their consultant Dr. Dennis Williams, as presented***

**VIII. FUTURE MEETINGS**

Thursday, September 9, 2010	9:00 a.m.	Agricultural Pool Meeting @ IEUA
Tuesday, September 14, 2010	10:00 a.m.	Peace II Resolution Workshop @ CBWM
Thursday, September 16, 2010	8:00 a.m.	IEUA DYY Meeting @ CBWM
Thursday, September 16, 2010	9:00 a.m.	Advisory Committee Meeting @ CBWM
Thursday, September 16, 2010	11:00 a.m.	Water Quality Meeting @ CBWM
Thursday, September 23, 2010	11:00 a.m.	Watermaster Board Meeting @ CBWM
Friday, September 24, 2010	10:30 a.m.	CBWM Hearing @ Chino Courthouse

The Agricultural Pool meeting was dismissed by Chair Feenstra at 11:30 a.m.

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

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



# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### B. FINANCIAL REPORTS

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





# CHINO BASIN WATERMASTER

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

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**KENNETH R. MANNING**  
Chief Executive Officer

## STAFF REPORT

**DATE:** October 14, 2010  
**TO:** Committee Members  
**SUBJECT:** Cash Disbursement Report – Financial Report B1

### SUMMARY

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

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

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

### BACKGROUND

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

### DISCUSSION

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

### Actions:

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



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CHINO BASIN WATERMASTER  
Cash Disbursements for the Month of  
August 2010

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

CHINO BASIN WATERMASTER  
Cash Disbursements for the Month of  
August 2010

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



CHINO BASIN WATERMASTER  
Cash Disbursements for the Month of  
August 2010

Type	Date	Nurn	Name	Memo	Account	Paid Amount
Bill	07/09/2010	7/09 CDA Meeting		7/09/10 CDA Meeting	6311 - Board Member Compensation	125.00
Bill	07/23/2010	7/23 CDA Meeting		7/23/10 CDA Meeting	6311 - Board Member Compensation	125.00
Bill	07/30/2010	7/30 CDA Meeting		7/30/10 CDA Meeting	6311 - Board Member Compensation	125.00
TOTAL						500.00
Bill Pmt -Check	08/04/2010	14404	VERIZON		1012 - Bank of America Gen'l Ckg	
Bill	07/30/2010	012519116950792103		communication services - July 2010	6022 - Telephone	438.74
Bill	08/03/2010	012581121521714508		communication services - July 2010	7405 - PE4-Other Expense	156.45
TOTAL						595.19
Bill Pmt -Check	08/04/2010	14405	WHITEHEAD, MICHAEL		1012 - Bank of America Gen'l Ckg	
Bill	07/22/2010	7/22 Board Meeting		7/22/10 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						125.00
Bill Pmt -Check	08/04/2010	14406	WILLIS, KENNETH		1012 - Bank of America Gen'l Ckg	
Bill	07/21/2010	7/21 Agenda Mtg		7/21/10 Agenda Meeting	6311 - Board Member Compensation	125.00
Bill	07/22/2010	7/22 Board Meeting		7/22/10 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						250.00
Bill Pmt -Check	08/04/2010	14407	YUKON DISPOSAL SERVICE		1012 - Bank of America Gen'l Ckg	
Bill	08/03/2010	08-K2 213849		08-K2 213849 Service for August 2010	6024 - Building Repair & Maintenance	177.88
TOTAL						177.88
Bill Pmt -Check	08/05/2010	14408	FIVE STAR CATERING		1012 - Bank of America Gen'l Ckg	
Bill	08/04/2010			deposit to caterer for Strategic Planning Conf.	6191 - Conferences - General	2,744.04
TOTAL						2,744.04
Bill Pmt -Check	08/05/2010	14409	FRONTIER PROJECT FOUNDATION		1012 - Bank of America Gen'l Ckg	
Bill	08/04/2010			Strategic Planning Conference fee for rental Strategic Planning Conference	6193.1 - Strategic Planning Conference	700.00
TOTAL						700.00
Bill Pmt -Check	08/05/2010	14410	SIERRA LAKES GOLF CLUB		1012 - Bank of America Gen'l Ckg	
Bill	08/04/2010			Strategic Planning Conference Deposit due for Oct. 3, 2010 Golf Tournament	6193.1 - Strategic Planning Conference	200.00
TOTAL						200.00
General Journal	08/07/2010	07/25/10-08/07/10	Payroll and Taxes for 07/25/10-08/07/10		1014 - Bank of America P/R Ckg	
				Payroll Taxes for 07/25/10-08/07/10	1012 - Bank of America Gen'l Ckg	7,204.70
				Direct Deposits for 07/25/10-08/07/10	1012 - Bank of America Gen'l Ckg	25,427.95
TOTAL						32,632.65

CHINO BASIN WATERMASTER  
Cash Disbursements for the Month of  
August 2010

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

CHINO BASIN WATERMASTER  
Cash Disbursements for the Month of  
August 2010

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

CHINO BASIN WATERMASTER  
Cash Disbursements for the Month of  
August 2010

Type	Date	Num	Name	Memo	Account	Paid Amount
TOTAL						1,039.24
Bill Pmt -Check	08/17/2010	14436	FIRST AMERICAN REAL ESTATE SOLUTIONS	12913434	1012 - Bank of America Gen'l Ckg	62.50
Bill	07/31/2010	12923434		12913434	7103.7 - Grdwtr Qual-Computer Svc	62.50
				12913434	7101.4 - Prod Monitor-Computer	125.00
TOTAL						255.02
Bill Pmt -Check	08/17/2010	14437	PAYGHEX	2010072900	1012 - Bank of America Gen'l Ckg	255.02
Bill	07/31/2010	2010072900		July 2010	6012 - Payroll Services	255.02
TOTAL						1,140.00
Bill Pmt -Check	08/17/2010	14438	PUMP CHECK	3902	1012 - Bank of America Gen'l Ckg	56.25
Bill	07/31/2010	3902		3902 - In-Line - Calib & Test	7102.8 - In-Line - Calib & Test	1,140.00
				3902 - In-Line Meters	7102.7 - In-line Meters	56.25
TOTAL						1,196.25
Bill Pmt -Check	08/17/2010	14439	SAFEGUARD DENTAL & VISION	3255122	1012 - Bank of America Gen'l Ckg	7.91
Bill	07/31/2010	3255122		Dental premium for August 2010	60182.2 - Dental & Vision Ins	7.91
TOTAL						64.65
Bill Pmt -Check	08/17/2010	14440	STREETWIZE	84424	1012 - Bank of America Gen'l Ckg	64.65
Bill	08/12/2010	84424		change hours of operation on front door	6031.7 - Other Office Supplies	64.65
TOTAL						313.12
Bill Pmt -Check	08/17/2010	14441	THE STANDARD INSURANCE COMPANY	160-613170-00006	1012 - Bank of America Gen'l Ckg	313.12
Bill	08/12/2010	16051317000006		Dental insurance premium - September 2010	60182.2 - Dental & Vision Ins	313.12
TOTAL						100.00
Bill Pmt -Check	08/17/2010	14442	W.C. DISCOUNT MOBILE AUTO DETAILING		1012 - Bank of America Gen'l Ckg	100.00
Bill	08/12/2010			Truck washing service	6177 - Vehicle Repairs & Maintenance	100.00
				truck washing 4 trucks		100.00
TOTAL						28.06
Bill Pmt -Check	08/17/2010	14443	WESTERN DENTAL SERVICES, INC.	002483	1012 - Bank of America Gen'l Ckg	28.06
Bill	08/12/2010	002483		Dental premium - September 2010	60182.2 - Dental & Vision Ins	28.06
TOTAL						3,913.48
Bill Pmt -Check	08/18/2010	14444	BANC OF AMERICA LEASING	011591268	1012 - Bank of America Gen'l Ckg	3,913.48
Bill	08/17/2010	011591268		Minolta lease - billing period 08/01/10-08/31/10	6043.1 - Ricoh Lease Fee	3,913.48
TOTAL						3,913.48

CHINO BASIN WATERMASTER  
Cash Disbursements for the Month of  
August 2010

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

CHINO BASIN WATERMASTER  
Cash Disbursements for the Month of  
August 2010

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	08/18/2010	14454	REID & HELLYER	170918	1012 - Bank of America Gen'l Ckg	
Bill	07/31/2010	170918		170918 - Ag Pool Legal services	8467 - Ag Legal & Technical Services	8,373.00
				170918 - Ag Pool Legal services	8467.1 - Frank B. & Associates	962.50
TOTAL						9,335.50
Bill Pmt -Check	08/18/2010	14455	STAULA, MARY L	Retiree Medical premium	1012 - Bank of America Gen'l Ckg	
Bill	08/31/2010				60182.4 - Retiree Medical	136.61
TOTAL						136.61
Bill Pmt -Check	08/18/2010	14456	UNION 76	300-732-989	1012 - Bank of America Gen'l Ckg	
Bill	07/31/2010	300732989		Fuel expense - July 2010	6175 - Vehicle Fuel	190.19
TOTAL						190.19
Bill Pmt -Check	08/18/2010	14457	UNITED PARCEL SERVICE	2x81x0	1012 - Bank of America Gen'l Ckg	
Bill	07/31/2010	2x81x0		miscellaneous correspondence	6042 - Postage - General	103.24
TOTAL						103.24
Bill Pmt -Check	08/18/2010	14458	VERIZON WIRELESS	0894094256	1012 - Bank of America Gen'l Ckg	
Bill	08/17/2010	0894094256		monthly service	6022 - Telephone	528.90
TOTAL						528.90
General Journal	08/21/2010	08/08/10-08/21/10	Payroll and Taxes for 08/08/10-08/21/10	Payroll and Taxes for 08/08/10-08/21/10	1012 - Bank of America Gen'l Ckg	
				Payroll Taxes for 08/08/10-08/21/10	1012 - Bank of America Gen'l Ckg	7,356.55
				Direct Deposits for 08/08/10-08/21/10	1012 - Bank of America Gen'l Ckg	26,179.61
TOTAL						33,536.16
Bill Pmt -Check	08/23/2010	14459	BANK OF AMERICA	4024-4200-0193-9341	1012 - Bank of America Gen'l Ckg	
Bill	07/31/2010	4024420001939341		savings club	6031.7 - Other Office Supplies	12.00
				to purchase licenses for anti virus software	6054 - Computer Software	250.00
				travel expenses for Ben Pak	8191 - Conferences - General	1,127.60
				lunch for 7/22/10 Watermaster Board Meeting	6212 - Meeting Expense	285.19
TOTAL						1,674.79
General Journal	08/24/2010	08/24/10	Wage Works Direct Debit 08/24/10	Wage Works Direct Debit 08/24/10	1012 - Bank of America Gen'l Ckg	
				Employee Flexible Spending Deduction	1012 - Bank of America Gen'l Ckg	1,400.00
TOTAL						1,400.00
Bill Pmt -Check	08/25/2010	14460	AMERICAN WATER WORKS ASSOCIATION	7000256584	1012 - Bank of America Gen'l Ckg	
TOTAL						

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CHINO BASIN WATERMASTER  
Cash Disbursements for the Month of  
August 2010

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

CHINO BASIN WATERMASTER  
Cash Disbursements for the Month of  
August 2010

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



# CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730  
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**KENNETH R. MANNING**  
Chief Executive Officer

## STAFF REPORT

**DATE:** October 14, 2010  
**TO:** Committee Members  
**SUBJECT:** VISA Check Detail Report – Financial Report B2

### SUMMARY

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

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

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

### BACKGROUND

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

### DISCUSSION

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

### Actions:

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

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CHINO BASIN WATERMASTER  
 VISA Check Detail Report  
 August 2010

Type	Num	Date	Name	Memo	Account	Paid Amount
Bill Pmt -Check	14459	08/23/2010	BANK OF AMERICA	4024-4200-0193-9341	1012 - Bank of America Gen'l Ckg	
Bill	4024420001939341	07/31/2010		savings club	6031.7 - Other Office Supplies	12.00
				purchase addit'l licenses for anti virus software	6054 - Computer Software	250.00
				travel expenses for Ben Pak to attend the Sept. 12-16/191	Conferences - General	1,127.60
				lunch for 7/22/10 Watermaster Board Meeting	6212 - Meeting Expense	285.19
						<u>1,674.79</u>

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**KENNETH R. MANNING**  
Chief Executive Officer

## STAFF REPORT

**DATE:** October 14, 2010  
**TO:** Committee Members  
**SUBJECT:** Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2010 through August 31, 2010 - Financial Report B3

### SUMMARY

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

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

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

### BACKGROUND

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

### DISCUSSION

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

### Actions:

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

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

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION & SPECIAL PROJECTS		GROUNDWATER OPERATIONS		EDUCATION FUNDS	GRAND TOTALS	BUDGET 2010-2011
			APPROPRIATIVE POOL	AG POOL	NON-AG POOL	GROUNDWATER REPLENISHMENT			
Administrative Revenues:									
Administrative Assessments									\$6,358,070
Interest Revenue									175,010
Mutual Agency Project Revenue									148,410
Grant Income									0
Miscellaneous Income									0
Total Revenues	111,000							111,000	6,681,490
	111,000							111,000	6,681,490
Administrative & Project Expenditures:									
Watermaster Administration	94,450							94,450	512,546
Watermaster Board-Advisory Committee	11,350							11,350	73,073
Pool Administration		383,351	7,132	24,728	19,251			51,111	261,523
Optimum Basin Mgmt Administration		543,835						383,351	1,350,390
OBMP Project Costs		637,198						543,835	3,772,619
Debt Service								637,198	700,964
Education Funds Use									375
Mutual Agency Project Costs									10,000
Total Administrative/OBMP Expenses	105,800	1,564,383	7,132	24,728	19,251			1,721,294	6,681,490
Net Administrative/OBMP Expenses	5,200	(1,564,383)							
Allocate Net Admin Expenses To Pools			(3,576)	(1,447)	(177)				
Allocate Net OBMP Expenses To Pools			637,580	257,959	31,646				
Allocate Debt Service to App Pool			637,198						
Agricultural Expense Transfer*			281,241	(281,241)					
Total Expenses	1,559,575				50,719			1,721,294	6,681,490
Net Administrative Income	(1,559,575)				(50,719)			(1,610,294)	
Other Income/(Expense)									
Replenishment Water Assessments									0
Interest Revenue									0
Water Purchases									0
Balance Adjustment									0
Other Water Purchases									0
Groundwater Replenishment						(732)		(732)	0
Net Other Income						(732)		(732)	0
Net Transfers To/(From) Reserves		(1,611,026)			(50,719)	(732)		(1,611,026)	
Working Capital, July 1, 2010			6,219,006	473,483	256,632	1,369,991	1,001	8,478,365	
Working Capital, End Of Period			4,659,431.23	473,483.08	205,913.11	1,369,259.68	1,000.86	6,867,338.96	6,867,339
09/10 Assessable Production			78,733,238	31,854,766	3,907,911			114,495,915	
09/10 Production Percentages			68.765%	27.822%	3.413%			100.000%	

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

NY:Administration\Meetings - Agendas & Minutes\2010\Staff Letters\2010\007 Combining Schedule B3\_Aug2010.xls\Jul2010-Aug10

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# CHINO BASIN WATERMASTER

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

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**KENNETH R. MANNING**  
Chief Executive Officer

## STAFF REPORT

**DATE:** October 14, 2010  
**TO:** Committee Members  
**SUBJECT:** Treasurer's Report of Financial Affairs for the Period August 1, 2010 through August 31, 2010 - Financial Report B4

### SUMMARY

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

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

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

### BACKGROUND

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

### DISCUSSION

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

### Actions:

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

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

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

**CHANGE IN CASH POSITION DUE TO:**

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

**SUMMARY OF FINANCIAL TRANSACTIONS:**

	Petty Cash	Gov'tl Checking Demand	Zero Balance Account Payroll	Local Agency Investment Funds	Totals
Balances as of 7/31/2010	\$ 500	\$ 346,978	\$ -	\$ 7,344,588	\$ 7,692,065
Deposits	-	117,806	-	-	117,806
Transfers	-	(66,169)	66,169	-	-
Withdrawals/Checks	-	(244,502)	(66,169)	-	(310,670)
Balances as of 8/31/2010	\$ 500	\$ 154,113	\$ -	\$ 7,344,588	\$ 7,499,201
<b>PERIOD INCREASE OR (DECREASE)</b>	\$ -	\$ (192,864)	\$ -	\$ -	\$ (192,864)





# CHINO BASIN WATERMASTER

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KENNETH R. MANNING  
Chief Executive Officer

## STAFF REPORT

**DATE:** October 14, 2010  
**TO:** Committee Members  
**SUBJECT:** Budget vs. Actual Report for the Period July 1, 2010 through August 31, 2010 - Financial Report B5

### SUMMARY

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

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

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

### BACKGROUND

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

### DISCUSSION

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

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

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

**Actions:**

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

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



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



# CHINO BASIN WATERMASTER

## II. BUSINESS ITEM

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





# CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730  
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**KENNETH R. MANNING**  
Chief Executive Officer

## STAFF REPORT

**DATE:** October 14, 2010

**TO:** Pool Committees

**SUBJECT:** Progress Report on Phase III Desalter Expansion

### SUMMARY

This is in addition to the Staff Report provided on August regarding the Watermaster's review and potential approval of conditions pertaining to future desalters. This revised Staff Report describes feedback and modifications to the Proposed Resolution 2010-04, following a Watermaster workshop, receipt of Pool comments, and further stakeholder meetings.

**Issue** – Review and potential approval of Proposed Watermaster Resolution 2010-04 regarding future desalters. If approved by Watermaster, the Proposed Resolution will be transmitted to the Court, coupled with a request for further approval and direction.

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

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

### Background

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

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

Subsequently, a new basin management strategy was unveiled by Watermaster which coupled the previously identified benefits associated with the OBMP with a more refined water quality strategy known as Hydraulic Control. This strategy relied upon Basin Re-Operation to dewater a portion of the Basin and limit outflow to the Santa Ana River. One additional significant benefit, among others, was the expanded use of recycled water.

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

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

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

Pressed by concerns arising from compliance with Regional Board permits and the prior orders of the Court, in May of 2010 the Watermaster Board requested General Counsel and Staff to support efforts among the various stakeholders to facilitate the timely completion of documentation that would allow the Expansion to proceed. Initially a set of principles were agreed upon by the stakeholders as a framework for further agreement (See Exhibit "A"). The Water Purchase and Sale Agreements include key provisions that are consistent with the approved principles and will remove the previously identified barriers to project acceptance and construction. Specifically, WMWD's obligations for buying into the project are resolved through the terms of the Water Purchase and Sale Agreements.

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

### **Workshop and Stakeholder Comments**

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

Watermaster requested the stakeholders to provide written comments, if any. Following the workshop further introductory meetings were held with each of the Pools and the Advisory Committee. In addition, meetings were held with a representative group of members of the Appropriative Pool that were not involved in the CDA or the Expansion Project. These meetings lead to the generation of further input and comments that focused on the draft resolution and requested modifications to address the following: (1) a more complete inclusion of the parties' collective Replenishment obligations for the Desalters and to include an express reference to the potential re-opener if there is a material reduction in the net cost of product water; (2) clarification that no amendment to the Judgment, the Peace Agreement and Peace II

Measures was intended; (3) the assumption of responsibility for project completion by each of the members of CDA rather than WMWD alone; and (4) a requirement that WMWD pay a sum to the Watermaster for purposes of off-setting historical contributions to the OBMP. (See Peace Agreement Section 5.5(e).)

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

### **Individual Undertaking**

The draft resolution has been amended (See Resolution paragraph 5) to account for an anticipated undertaking by each of the members of the CDA (but not CDA) to make a commitment commensurate with WMWD. That is, each of the members of CDA would agree to exercise good faith and reasonable best efforts towards completing the Expansion Project as it is approved by CDA. This would not be tantamount to a guarantee of project completion – it would only make each of the members of CDA accountable on equal footing with WMWD.

### **Make Whole for Historical Investments in the OBMP**

Based upon the total investment and risk profile assumed by WMWD (See WMWD financial profile) it will expend tens of millions of dollars in furtherance of an important OBMP function; Hydraulic Control through Basin Re-Operation. WMWD assumed the primary responsibility for implementation of the proposed Expansion Project under Article V of the Peace II Agreement and it has made substantial progress towards completion. Given the amount of expenditures made to date, the anticipated further expenditures and the risks associated with capital construction and third party grants, it is reasonable to conclude that WMWD need make no further contributions pursuant to Section 5.5(e) of the Peace II Agreement.

However, the prospect that WMWD might intervene into the Appropriative Pool, concurrent with the approval of the Expansion Project lead some parties to conclude that the total number of benefits received by WMWD would exceed those required for the Expansion Project to proceed. While WMWD did not agree or disagree with the estimations of potential value, it could not be fairly asked to complete that assessment and close on these terms now. Accordingly, the proposed resolution offers WMWD a 24 month window to elect to either negotiate terms under which it will intervene into the Appropriative Pool or assign its Production attributable to the Desalters to an Appropriator member of the CDA. The assignment is for accounting purposes only and it would have no impact on rights, obligation of any party.

### **Watermaster Findings and Determinations**

In addition to Watermaster's strong interest in a timely completion of the Expansion, it also has a keen interest in making findings and determinations regarding the consistency of the proposed Expansion with prior agreements, court orders and Regional Board permits. Moreover, on behalf of the Parties to the Judgment and in its own capacity, Watermaster desires verification that the proposed suite of actions will satisfy the outstanding obligations of the parties for Future Desalters. (Peace Agreement, Peace II Agreement). The Parties to the Judgment will all want the security of the release presumed by Peace Agreement Section 10.2.

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

Initially, it was thought that WMWD might seek to intervene into the Appropriative Pool. Under the proposed Resolution 2010-04, as amended, this decision has been decoupled from Watermaster's approval of the Project. There is a general desire for a restatement of the Desalter Replenishment

obligations for the avoidance of doubt, and this has been carried forward in the revised Proposed Resolution in a more complete fashion, as noted above.

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

### CDA

Staff and Counsel are recommending that Watermaster approve the proposed Draft Resolution in its final form prior to action by CDA. To stay within the commitments to the Court and the Regional Board, Watermaster has a reasonable belief that a November/December action by CDA is achievable. There are, however, potential impediments to closing in this time frame. They include timely completion of environmental review, a Metropolitan Water District decision as to whether to authorize a Local Resources Program stipend or subsidy, and water quality negotiations with the County of San Bernardino over the clean up of the Chino Airport contamination.

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

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

### Staff Recommendation

Staff recommends approval of the Resolution.

### **Actions:**

October 7, 2010 Appropriative Pool – Moved to Hold a Special Meeting on October 21, 2010 at 8:00 a.m.  
October 7, 2010 Non-Agricultural Pool – Moved to Authorize Bob Bowcock to Support the Motion made at the Advisory Committee and Watermaster Board meetings and Advocate any Edits Made at the Advisory Committee and Watermaster Board Meetings  
October 14, 2010 Agricultural Pool –  
October 21, 2010 Advisory Committee –  
October 28, 2010 Watermaster Board –

# Exhibit A



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

**Objectives:**

1. Provide reasonable assurances to the Expansion Group (Western Municipal Water District, the City of Ontario, and the Jurupa Community Services District.) so that it may first proceed with expenditures for the construction of two new test wells and related monitoring wells now and the further efforts to secure hydraulic control under consideration without risk that the Expansion Project will be rejected by the Chino Basin Desalter Authority (CDA a joint powers agency comprised of the cities of Chino, Chino Hills, Ontario, Norco, the Jurupa Community Services District, the Santa Ana River Water Company, the Inland Empire Utilities Agency (IEUA) as a non-voting member and the Western Municipal Water District as a non-voting member) for reasons related to the determination of projected O&M costs for the consolidated Desalter facilities (Phases I, II and III) are greater than 10 percent.
2. Provide reasonable assurances to the non-participating CDA members (the Cities of Chino, Chino Hills, Norco, Santa Ana River Water Company and IEUA) that the Expansion Project will not cause them to incur unreasonable risk and expense upon acceptance of the Expansion Project by the CDA.
3. Provide reasonable assurances to the Court and to the Regional Water Quality Control Board regarding the parties' progress of the Expansion Project and achievement of Hydraulic Control.

**Proposal:**

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

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

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

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

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

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

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

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

2. The Inter-governmental agreement will be amended to reflect that there will be "two test wells" - rather than "up to". A reference to the possibility that the wells might be converted to production wells after further compliance with CEQA is desired.
3. The CDA Board and the Expansion Group will independently approve the provisional revised schedule that is transmitted to the Regional Board by Watermaster. Watermaster will not request and the CDA and the Expansion Group do not intend through their actions to become permittees or to assume a direct or indirect relationship with the Regional Board through this acknowledgment.
4. The Expansion Parties reserve the right to address the proposed mitigation, their responsibility for the identified measures and the projected costs prior to proceeding with the Expansion Project.

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

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

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

# Exhibit B

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WATER PURCHASE AGREEMENT

Dated as of November 1, 2010

By and Between

CHINO BASIN DESALTER AUTHORITY

and

WESTERN MUNICIPAL WATER DISTRICT OF RIVERSIDE COUNTY



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## WATER PURCHASE AGREEMENT

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

### WITNESSETH:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOW THEREFORE, the parties hereto do agree as follows:

Section 1. Definitions.

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

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

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

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

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

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

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

“Contract Payments” means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 2. Purpose.

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

Section 3. Financing, Construction and Operation.

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

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

Section 4. Delivery of Water.

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

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

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

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

Section 5. Curtailment of Delivery for Maintenance Purposes.

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

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

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

Section 6. Shortage in Water Supply.

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

Section 7. Measurement of Water Delivered.

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

Section 8. Responsibility for Delivery and Distribution of Water.

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

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

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

Section 9. Rates and Charges.

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

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

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

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

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

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

(f) Allocation of Costs and Expenses.

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

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

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

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

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

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

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

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

(g) Time and Method of Payment.

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

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

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

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

Section 10. Annual Budget and Billing Statement.

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

Section 11. Obligation in the Event of Default.

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



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

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

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

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

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

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

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

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

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

Section 13. Covenants of the Purchaser.

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

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

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

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

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

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

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

(f) Accounting Records and Financial Statements.

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

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

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

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

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

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

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

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

Section 14. Covenants of the Authority.

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

(b) Accounting Records and Financial Statements.

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

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

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

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

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

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

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

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

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

#### Section 15. Term.

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

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

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

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

Section 16. Assignment.

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

Section 17. Amendments.

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

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

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

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

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

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

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

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

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

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

Section 18. Miscellaneous.

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

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

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

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

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

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

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

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

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

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

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

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



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

CHINO BASIN DESALTER AUTHORITY

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

Attest:

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

WESTERN MUNICIPAL WATER DISTRICT OF  
RIVERSIDE COUNTY

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

[SEAL]

Attest:

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

EXHIBIT A

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

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EXHIBIT B

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

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

Chino Basin Desalter Authority

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

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

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

Chino Basin Desalter Authority

The Project Participants Listed on  
Exhibit A attached hereto

Ladies and Gentlemen:

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

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

1. The Authority is a joint exercise of powers agency duly created, organized and existing under the laws of the State of California.
2. The Authority has legal right, power and authority to enter into the Agreement and to carry out and consummate all transactions reasonably contemplated thereby, and the Authority has complied with the provisions of applicable law relating to such transactions.
3. The Agreement has been duly authorized, executed and delivered by the Authority, is in full force and effect as to the Authority in accordance with its terms and, subject to the qualifications set forth in the second to the last paragraph hereof, and assuming that each City has all requisite power and authority, and has taken all necessary action, to authorize, execute and deliver such Agreement, the Agreement constitutes the valid and binding obligation of the Authority.
4. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the Authority of the Agreement.
5. The authorization, execution and delivery of the Agreement and compliance with the provisions thereof will not conflict with or constitute a breach of, or default under, any instrument

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

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

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

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

Respectfully submitted,

# Exhibit C



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**29. WHEREAS,** in reliance upon the collective commitments of the parties to the Judgment and with the concurrence of CDA, Watermaster and IEUA entered into a settlement agreement with the Regional Water Quality Control Board (Regional Board) in May of 2010 that established a revised schedule for the construction of new facilities and the completion of the Phase III Desalter Expansion (Expansion Project);

30. **WHEREAS**, a substantial fine has been paid to the Regional Board;
31. **WHEREAS**, Administrative Expenses arising under the Physical Solution must be categorized as either a General Administrative Expense or a Special Project Expense as set forth in Paragraph 54 of the Judgment;
32. **WHEREAS**, Administrative Expenses must be allocated and assessed against the respective pools and then uniformly among the members of the Appropriative Pool in accordance with their respective percentage of the year's total production. (Judgment Exhibit H, Section 6.);
33. **WHEREAS**, the Peace II Measures and specifically the Peace II Agreement obligates WMWD "acting independently or in its complete discretion with Ontario, Jurupa or both will exercise good faith and reasonable best efforts to arrange for the design, planning and construction of Future Desalters in accordance with the 2007 Supplement to the OBMP Implementation Plan, to account for Hydraulic Control, Re-Operation and Future Desalters" (Peace II Agreement Section 5.3);
34. **WHEREAS**, WMWD has exercised its discretion to join with Ontario and Jurupa to design, plan and construct the Future Desalters in accordance with the 2007 Supplement to the OBMP Implementation Plan;
35. **WHEREAS**, the intended purposes of the Future Desalters are to provide safe yield preservation, water supply for participating entities, salt management, and expanded use of recycled water and hydraulic control;
36. **WHEREAS**, the act of securing Hydraulic Control was a known and intended objective attributable to the Future Desalters that was to be achieved by causing a change in water levels within the Basin and the corresponding economic consequences related to those expected changes were fully evaluated at the time of adoption of the Peace II Measures;
37. **WHEREAS**, there are two sources of groundwater elevation changes that are projected to occur with the implementation of the Peace II Agreement: (1) groundwater elevation changes from Re-operation and (2) groundwater elevation changes from the expansion of the Chino Desalter Program, which includes the installation and operation of the new Chino Creek Well Field (CCWF) and changes in groundwater production at other wells that provide raw groundwater to the Desalters;
38. **WHEREAS**, the Court conditioned its approval of the Peace II Measures, upon the prompt development and implementation of a Recharge Master Plan that will provide long-term hydrologic balance within the Basin and within each of the

Management Zones;

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

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

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

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

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

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

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

**46. WHEREAS**, Section 5.8(a) of the Peace II Agreement, the Supplement to the OBMP and the Court Order required that the new wells for the Future Desalters be constructed in the shallow aquifer system among Desalter I wells No. 1 through 4 and

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

west of Desalter I as designated and this is where the CCWF will be located;

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

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

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

**50. WHEREAS**, subject to final review of costs and compliance with stated conditions, the Expansion Parties elected to fully and completely integrate with and carry-out their actions by and through the Chino Basin Desalter Authority (CDA) in a manner that will cause construction and operation of the designated new wells for the Future Desalters consistent with the Supplement to the OBMP, the Peace II Agreement and as approved herein by Watermaster;

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

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

**53. WHEREAS**, WMWD will make a determination pursuant to Section 5.7 of the Peace II Agreement as to whether the cost-cap has been exceeded or whether it intends to proceed with the Expansion Project notwithstanding that the cost-cap has been exceeded (inclusive of an approval or reasonable assurance by MWD that it will award a \$139 per acre-foot subsidy) upon the earlier of: (1) the date that CDA approves the Expansion Project or (2) December 31, 2010;

**54. WHEREAS**, there has been no prior express undertaking pursuant to the Peace II Measures to complete the Expansion Project by any member of CDA other than



WMWD and the members of the Appropriative Pool that are not members of CDA request that there be one by each member of CDA (but not CDA);

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

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

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

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

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

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

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

**62. WHEREAS**, to the extent grant funds, loans or other third party money are unavailable to fund operations and maintenance costs of the Recharge Master Plan, they will be funded as provided in Peace Agreement II Section 8.1(a) with IEUA's

relative share being based upon its percentage use for recycled water as compared to total recharge from all sources. Watermaster's respective share being allocated among its stakeholders in accordance with their total Production from the Basin, other than Desalter Production (Peace Agreement II Section 8.1(a));

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

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

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

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

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

**68. WHEREAS**, Watermaster expects and intends to recover all of the incremental capital and operations and maintenance expenditures from San Bernardino County and to remit such proceeds to the Parties to the Judgment comprising CDA as they may direct;

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

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

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

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

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

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

1. WMWD has elected to proceed to construct the Future Desalters jointly with Jurupa and Ontario (Expansion Parties) by and through CDA as provided in agreements between and among CDA and its members.
2. All members of CDA are parties to the Judgment and have now agreed to exert good faith and reasonable best efforts towards the timely completion of the Expansion Project as it is described in the approved PDR.
3. The cost-cap set forth in Peace II Agreement Section 5.7 has not been exceeded and WMWD shall proceed, jointly with Jurupa and Ontario through CDA to cause the completion of the Future Desalters.<sup>3</sup>
4. For the avoidance of doubt, the allocation of the cost of Replenishment Water for the Desalters under the Peace Agreement and its progeny is set forth in Exhibit "D" with acknowledgement that the provisions of Peace Agreement II Section 6.2(b)(ii) which excludes Desalter production in the calculation of an Appropriator's proportionate responsibility for Desalter Replenishment as subject to being revisited if the net cost of Desalter Water is materially reduced.
5. The Expansion Parties have proposed Future Desalter facilities that are reasonably calculated to achieve the stated objectives of Future Desalters: (a) yield preservation; (b) water supply; (c) salt management; (d) expanded use of recycled water; and (e) hydraulic control.

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

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

6. The Future Desalters have been designed and will be constructed and operated to produce water with high total dissolved solids (TDS).
7. Peace Agreement and Peace II Measures' obligations regarding the requirement of providing hydrologic balance in each Management Zone, including Management Zone Number 3 remains in full force and effect.
8. The CCWF will be located in an area that is consistent with the designations in the Supplement to the OBMP and the purposes of the OBMP Implementation Plan. (Peace Agreement 7.3(e).)
9. The location and the proposed operation of the Future Desalter wells are highly unlikely to result in inelastic subsidence that causes any physical damage to the aquifer, roads or structures.
10. Watermaster has proposed and will establish measurement and monitoring protocols that if followed, will minimize the long-term risk of inelastic subsidence that might cause physical damage to de minimus levels.
11. Prudent well operators will design, construct and operate groundwater production facilities that withstand seasonal fluctuations in water levels.
12. Water levels that fluctuate more than 35 feet from present levels and that are 20 feet lower than the groundwater level conditions that would occur in absence of the Phase II Desalter Expansion can be addressed through the proposed SEIR mitigation plan.
13. Watermaster has timely filed its Recharge Master Plan and intends to implement the Plan in a manner that creates hydrologic balance with Management Zone 3 and minimizes adverse impacts of pumping within the Management Zone as required by the Peace Agreement.
14. Within 24 months from the adoption of the Resolution, WMWD can reasonably negotiate terms for intervention into the Appropriative Pool or request Watermaster to designate a member of CDA that is also a member of the Appropriative Pool for purposes of accounting for the desalter production;
15. The designation by Watermaster must not increase the assignee Appropriator's obligations or benefits to Watermaster or under the Judgment, Peace Agreement and the Peace II Measures.
16. The requirements set forth in Section 5.5(e) of the Peace II Agreement have been satisfied by WMWD assumption of project risk, out of pocket costs and capital and operations and maintenance costs in excess of expectations.
17. The MWD is expected to approve the award of \$139 per acre-foot to Western for the benefit of the Expansion Project in November of 2010;
18. CDA is expected to take all required actions to allow the Expansion Project to proceed in November or December of 2010.

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

1. The above referenced actions in whole and in part are consistent with the Judgment, the Peace Agreement, the Peace II Measures and the December 21, 2007 Order of the Court (Collectively "Prior Directives") and in the event of any inconsistencies between this Resolution and the language of these Prior Directives, the Prior Directives shall control.
2. As approved and conditioned as set forth above, including but not limited to the location and screening of the proposed wells, the SEIR mitigation plans applicable for subsidence, water level fluctuations and the improvements identified in the Recharge Master Plan, the above referenced actions present no threat of Material Physical Injury (Peace Agreement Section 7.3(d)).
3. Unless authorized in advance by Watermaster for good cause arising from the need for testing, monitoring, or mitigation, the Parties to the Judgment comprising CDA will not produce groundwater from the deep aquifer system among Desalter wells No 1 through 4 as set forth in Peace Agreement II Section 5.8(a)(i)(ii). Watermaster reserves all rights and remedies to redress a violation of this condition, including but not limited to the right to make application to the Court to revisit the allocation of some or all of the 400,000 acre-feet of controlled overdraft, taking into account the specific causes associated with the failure. However, such an application will not require a discontinuance of Desalter operations. (See Judgment Exhibit I; Peace Agreement II, Section 5.8(a)(i)(ii).)
4. Watermaster will not otherwise suspend availability of any portion of the 400,000 acre-feet of controlled overdraft unless there is a failure to comply with the requirements to complete and implement a Recharge Master Plan as provided in Peace Agreement Section 7.3.
5. All parties to the Judgment that are members of CDA will exert good faith and reasonable best efforts towards the completion of the Expansion Project in the form of the PDR approved by CDA and conditioned by this Resolution and will file quarterly reports with Watermaster.
6. Watermaster shall assume the complete financial and management responsibility for monitoring baseline water level and groundwater extraction conditions so as to avoid inelastic, land subsidence that may cause physical damage as provided in Exhibit "E," attached hereto.
7. No economic mitigation will be required of CDA to address the physical impact of lowered water levels in the Basin, other than the agricultural wells designated in Exhibit "F," attached hereto.
8. A specific mitigation plan has been developed in the SEIR to address the agricultural wells (there are no municipal or industrial wells) which will be implemented by the Parties to the Judgment comprising CDA or in their discretion through CDA. The specific criteria for evaluating the impacts are set forth in Exhibit "F," attached hereto.

9. Watermaster will update and inform the Court of the status of implementing the OBMP and request a further order of the Court directing Watermaster to proceed as provided herein.
10. Upon the completion of the Future Desalters (the Phase III Expansion) as reflected in the approved revised Chino Desalter Phase 3 Comprehensive Pre-Design Report (CDA PDR) attached hereto as Exhibit "G," the Parties to the Judgment will be deemed to have satisfied all individual and collective obligations arising from the Peace Agreement and the OBMP Implementation Plan, Peace II Measures and all prior orders of the Court related to the requirement to construct Desalters in accordance with Peace Agreement II Section 10.2.
11. WMWD and IEUA are relieved of the funding requirements as set forth in Peace Agreement Section 10.4.
12. Localized impacts on the wells will be mitigated as provided in the mitigation plan set forth in Exhibit "H".
13. Regional impacts attributable to the lowering of the water table across the Basin have been fully analyzed in connection with the Court approval of the Peace II Measures, and fully mitigated by the suite of corresponding off-setting benefits arising under the Peace II Measures. Consequently, CDA and the members of CDA will have no obligation to off-set or mitigate any increased costs that may be incurred by Parties to the Judgment that own wells outside of the designated wells.
14. At its own expense, Watermaster will monitor water conditions to measure the effectiveness of hydraulic control and subsidence.
15. As provided in Section 6.2(b)(ii) the allocation of Replenishment is reserved and committed to off-set the Replenishment attributable to the Future Desalter expansion.
16. Agreements among the Parties, whatever they may be, for Replenishment, operations, conditions and corresponding consideration without limitations, are unaffected by this determination. However, for the avoidance of doubt, Exhibit "D" accurately summarizes and restates these obligations.
17. Watermaster will negotiate with the County of San Bernardino as the party primarily responsible for contamination and all sums obtained will be paid to CDA to off-set all of the incremental capital and operations and maintenance expenses incurred by the Parties to the Judgment comprising CDA or in their discretion through CDA.
18. Watermaster will continue to require that to the extent any of the Peace II Implementing Measures constitute "projects" within the meaning of the California Environmental Quality Act ("CEQA"), compliance with CEQA will be required as a pre-condition of Watermaster's issuance of any final, binding approvals.

19. The actions articulated above and contemplated herein to optimize the beneficial use of the groundwater and the Basin benefit the Basin and the Parties to the Judgment.
20. The members of CDA may make application for future relief and assistance from Watermaster to redress potential inequities in redressing water quality concerns only after having first obtained a recommendation for such relief from the Appropriative Pool. The Watermaster retains complete discretion in responding to any such request.
21. Within 24 months of the date of this Resolution, WMWD will make an election to either: (a) intervene into the Appropriative Pool on terms it may freely negotiate or (b) consensually assign the production for the desalted water attributable to the Expansion Project on behalf of WMWD to an Appropriative Pool member of the CDA.
22. This Resolution is subject to the express condition subsequent of CDA approving the Water Purchase Agreements and the PDR as amended following WMWD's determination that it intends to proceed with the Expansion Project pursuant to Section 5.7 of the Peace II Agreement.



# CHINO BASIN WATERMASTER

## II. BUSINESS ITEM

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







# CHINO BASIN WATERMASTER

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**KENNETH R. MANNING**  
Chief Executive Officer

## STAFF REPORT

**DATE:** October 14, 2009  
**TO:** Committee Members  
**SUBJECT:** Fiscal Year 2010-2011 Assessment Package

### SUMMARY

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

### BACKGROUND

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

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

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

**Actions:**

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

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

October 14, 2010 Agricultural Pool –

October 21, 2010 Advisory Committee –

October 28, 2010 Watermaster Board –



**CHINO BASIN WATERMASTER**

**DRAFT 2010/2011 ASSESSMENT PACKAGE**

**OCTOBER 1, 2010**

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## Assessment Package References and Definitions

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

## Assessment Package References and Definitions

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

## Assessment Package References and Definitions

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

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## Assessment Package References and Definitions

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



## Assessment Package References and Definitions

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

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

## Assessment Package References and Definitions

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

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

## Assessment Package References and Definitions

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

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

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

# Pool 3 Excess Carry Over Storage Account

		Excess Carry Over Account (ECO)					
		Beginning Balance	2% Storage Loss	Transfers To / (From)	From Supplemental Storage	From Under-Production	Ending Balance
Arrowhead Mtn Spring Water Co		0.000	0.000	0.000	0.000	0.000	0.000
Chino Hills, City Of		3,611.239	(72.224)	0.000	0.000	3,152.415	6,691.430
Chino, City Of		15,761.955	(315.239)	0.000	0.000	7,406.232	22,852.948
Cucamonga Valley Water District	A	38,228.278	(764.565)	(2,560.011)	0.000	7,955.889	42,859.591
Desalter Authority	B	314,359.706	0.000	(314,359.706)	0.000	0.000	0.000
Fontana Union Water Company		0.000	0.000	0.000	0.000	0.000	0.000
Fontana Water Company		0.000	0.000	0.000	0.000	0.000	0.000
Fontana, City Of		0.000	0.000	0.000	0.000	0.000	0.000
Golden State Water Company		802.225	(16.044)	0.000	0.000	98.642	884.823
Jurupa Community Services District		4,393.191	(87.863)	0.000	0.000	93.990	4,399.318
Marygold Mutual Water Company		(244.030)	0.000	0.000	244.030	670.293	670.293
Metropolitan Water District		0.000	0.000	0.000	0.000	0.000	0.000
Monte Vista Irrigation Company		1,952.826	(39.056)	(290.102)	0.000	0.000	1,623.668
Monte Vista Water District		1,199.079	(23.981)	0.000	0.000	0.000	1,175.098
Niagara Water Company		0.000	0.000	0.000	0.000	0.000	0.000
Nicholson Trust		0.000	0.000	0.000	0.000	0.000	0.000
Norco, City Of		1,667.559	(33.351)	0.000	0.000	307.830	1,942.038
Ontario, City Of		8,673.819	(173.476)	0.000	0.000	2,033.630	10,533.973
Pomona, City Of		2,886.970	(57.739)	0.000	0.000	5,481.331	8,310.562
San Antonio Water Company		7,887.440	(157.748)	0.000	0.000	544.860	8,274.552
San Bernardino County Shtg Prk		0.000	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company		218.371	(4.367)	0.000	0.000	0.000	214.004
Upland, City Of		6,200.694	(124.013)	0.000	0.000	0.000	6,076.681
West End Consolidated Water Comp		5,598.524	(111.970)	(4,105.524)	0.000	0.000	1,381.030
West Valley Water District		3,069.398	(61.387)	(1,000.000)	0.000	998.660	3,006.671
		416,267.244	(2,043.023)	(322,315.343)	244.030	28,743.772	120,896.680

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

## 2010-2011 Pool 3 Other Storage Accounts Summary

**Desalter Authority:**

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

**Storage and Recovery:**

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

**Chino Basin Watermaster:**

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



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

# Pool 3 Water Transaction Summary

**Water Transactions**

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

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

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

To:	From:	Date of Submittal	Quantity	\$ / Acre Feet	Total \$	85%	15%	WM Pays
Chino Basin Watermaster	Aqua Capital Management Annual Account <i>To offset Non-Ag Parties replenishment obligation/CURO for FY 08-09 (previous Assessment Package).</i>	9/18/2009	21.215	321.76	\$6,826.14			
	Chino, City Of Annual Account <i>To offset FWC's replenishment obligation/CURO.</i>	3/18/2010	5,085.000	366.00	\$1,861,110.00			
	Cucamonga Valley Water District Storage Account <i>To offset FWC's replenishment obligation/CURO.</i>	3/18/2010	5,000.000	400.00	\$2,000,000.00			
	Santa Ana River Water Company Annual Account <i>To offset general replenishment obligation/CURO.</i>	3/3/2010	1,000.000	366.00	\$366,000.00			
	West Valley Water District Storage Account <i>To offset general replenishment obligation/CURO.</i>	6/30/2010	500.000	366.00	\$183,000.00			
Cucamonga Valley Water District	Pomona, City Of Annual Account <i>The transfer does not qualify for 85/15 consideration because CVWD had water placed in storage.</i>	3/3/2010	2,500.000	366.00	\$915,000.00			
	West Valley Water District Storage Account <i>The transfer does not qualify for 85/15 consideration because CVWD had water placed in storage.</i>	5/10/2010	500.000	311.11	\$155,555.00			
Fontana Water Company	Nicholson Trust Annual Account	6/23/2010	6.082	400.00	\$2,432.80	\$2,067.88	\$364.92	Fontana Water Company
	Upland, City Of Annual Account	6/29/2010	10,000.000	400.00	\$4,000,000.00	\$3,400,000.00	\$600,000.00	Fontana Water Company
Jurupa Community Services District	Santa Ana River Water Company Annual Account	3/25/2010	1,200.000	304.00	\$364,800.00			

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

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

To:	From:	Date of Submittal	Quantity	\$ / Acre Feet	Total \$	85%	15%	WM Pays
Monte Vista Water District	Monte Vista Irrigation Company Annual Account	4/5/2010	2,000.000	390.00	\$780,000.00	\$663,000.00	\$117,000.00	Monte Vista Irrigation Company
	San Antonio Water Company Annual Account	4/5/2010	19.245	182.95	\$3,520.87			
	<i>85/15 Rules does not apply--method of utilizing SAWCO shares.</i>							
	San Antonio Water Company Annual Account	10/14/2009	5.188	184.00	\$954.59			
	<i>85/15 Rules does not apply--method of utilizing SAWCO shares.</i>							
	Upland, City Of Annual Account	6/15/2010	1,000.000	390.00	\$390,000.00	\$331,500.00	\$58,500.00	Upland, City Of
Ontario, City Of	San Antonio Water Company Annual Account	6/16/2010	765.000	183.00	\$139,995.00			
	<i>85/15 Rules does not apply--method of utilizing SAWCO shares.</i>							
Upland, City Of	West End Consolidated Water Company Annual Account	11/9/2009	6,500.000	49.00	\$318,500.00			
			36,101.730		\$11,487,694.40	\$4,396,567.88	\$775,864.92	
					Total Credits	\$775,864.92		



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

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

## Applied Recurring Transactions:

From:	To:	Quantity	\$ / Acre Feet	
Fontana Union Water Company Annual Account - 32,800 AF Early Transfer	Cucamonga Valley Water District Annual Account - Lease / Assigned Rights	All	0.00	Transfer FUWC Ag Pool Reallocation Early Transfer to CVWD.
Fontana Union Water Company Annual Account - Difference - Potential vs. Net	Cucamonga Valley Water District Annual Account - Lease / Assigned Rights	All	0.00	Transfer FUWC Ag Pool Reallocation Difference (Potential vs. Net) to CVWD.
Fontana Union Water Company Annual Account - New Yield	Cucamonga Valley Water District Annual Account - Lease / Assigned Rights	All	0.00	Transfer FUWC New Yield to CVWD.
Fontana Union Water Company Annual Account - Assigned Share of Safe Yield	Cucamonga Valley Water District Annual Account - Lease / Assigned Rights	All	0.00	Transfer FUWC Share of Safe Yield to CVWD.





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

# Watermaster Replenishment Calculation

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

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

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

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

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

<b>107,249.969</b>	<b>67,353.721</b>	<b>**</b>	<b>\$227,549.96</b>	<b>\$775,864.92</b>
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Assessment Year 2010-2011 (Production Year 2009-2010)

# Watermaster Cumulative Unmet Replenishment Obligation

**Remaining Replenishment Obligation:**

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

Company	Outstanding Obligation (AF)	Fund Balance (\$)	Outstanding Obligation (\$)	Replenishment Rate		AF Production and Exchanges	85/15 Producers	Percent	15%	85%	100%	Total
				2010 Rate	2009 Rate							
<b>Pool 3 Appropriative</b>												
Arrowhead Mtn Spring Water Co	248,385	\$62,907.27	\$71,469.02	373,665		973,554	973,554	1.445%	\$1,871.54	\$0.00	\$71,469.02	\$71,469.02
Chino Hills, City Of	0.000	\$0.00	\$0.00	973,554		-424,265	-424,265	-0.630%	(\$815.60)	\$0.00		(\$815.60)
Chino, City Of	0.000	\$0.00	\$0.00	8,002,959		8,002,959	8,002,959	11.882%	\$15,384.72	\$0.00		\$15,384.72
Cucamonga Valley Water District	0.000	\$0.00	\$0.00	28,516,731		0.000	0.000	0.000%	\$0.00	\$0.00		\$0.00
Desalter Authority	0.000	\$0.00	\$0.00	0.000		13,557,470	13,557,470	20.129%	\$26,062.59	\$560,063.34		\$586,125.94
Fontana Water Company	2,570,808	\$731,309.08	\$668,898.05	0.000		0.000	0.000	0.000%	\$0.00	\$0.00		\$0.00
Fontana, City Of	0.000	\$0.00	\$0.00	359,382		13,728,325	13,728,325	20.382%	\$26,391.04	\$170,262.54		\$690.87
Golden State Water Company	0.000	\$0.00	\$0.00	13,728,325		346,141	346,141	0.000%	\$0.00	\$0.00		\$0.00
Jurupa Community Services District	696,147	\$176,306.66	\$200,308.87	0.000		11,653,266	11,653,266	17.302%	\$22,401.99	\$0.00		\$22,401.99
Marygold Mutual Water Company	0.000	\$0.00	\$0.00	1,298,352		0.000	0.000	0.000%	\$0.00	\$0.00		\$0.00
Monte Vista Irrigation Company	0.000	\$0.00	\$0.00	0.000		17,478,191	17,478,191	25.950%	\$33,599.71	\$0.00		\$33,599.71
Monte Vista Water District	0.000	\$0.00	\$0.00	0.000		9,361,359	9,361,359	1.435%	\$1,857.44	\$0.00		\$1,857.44
Niagara Water Company	827,957	\$209,692.13	\$238,232.61	0.000		966,222	966,222	0.024%	\$31.71	\$3,390.60		\$3,422.31
Nicholson Trust	0.000	\$0.00	\$0.00	0.000		0.000	0.000	0.000%	\$0.00	\$0.00		\$0.00
Norco, City Of	0.000	\$0.00	\$0.00	0.000		16,494	16,494	0.000%	\$0.00	\$0.00		\$0.00
Ontario, City Of	0.000	\$0.00	\$0.00	17,478,191		1,042,123	1,042,123	1.547%	\$2,003.36	\$0.00		\$2,003.36
Pomona, City Of	0.000	\$0.00	\$0.00	0.000		0.000	0.000	0.000%	\$0.00	\$0.00		\$0.00
San Antonio Water Company	0.000	\$0.00	\$0.00	0.000		0.000	0.000	0.000%	\$0.00	\$0.00		\$0.00
San Bernardino County Shtg Prk	13,863	\$3,510.94	\$3,988.94	0.000		0.000	0.000	0.000%	\$0.00	\$0.00		\$0.00
Santa Ana River Water Company	0.000	\$0.00	\$0.00	0.000		0.000	0.000	0.000%	\$0.00	\$0.00		\$0.00
Upland, City Of	0.000	\$0.00	\$0.00	1,042,123		0.000	0.000	0.000%	\$0.00	\$0.00		\$0.00
West End Consolidated Water Company	0.000	\$0.00	\$0.00	0.000		0.000	0.000	0.000%	\$0.00	\$0.00		\$0.00
West Valley Water District	0.000	\$0.00	\$0.00	0.000		0.000	0.000	0.000%	\$0.00	\$0.00		\$0.00
<b>Pool 3 Appropriative Total</b>	<b>4,357,160</b>	<b>\$1,184,326.08</b>	<b>\$1,172,897.48</b>	<b>107,249,969</b>		<b>67,353,721</b>	<b>67,353,721</b>		<b>\$129,479.38</b>	<b>\$733,716.48</b>	<b>\$309,701.62</b>	<b>\$1,172,897.48</b>



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

# Watermaster Cumulative Unmet Replenishment Obligation

Remaining Replenishment Obligation:		AF	Replenishment Rate	
Company	Outstanding Obligation (AF)	Fund Balance (\$)	2010 Rate	2009 Rate
Appropriative - 100	1,076.342		\$541.00	
Appropriative - 15/85	3,280.818		\$380.00	
Non-Agricultural - 100	10.524			
	<b>4,367.684</b>			
<b>Pool 2 Non-Agricultural</b>				
Company	Outstanding Obligation (AF)	Fund Balance (\$)	Outstanding Obligation (\$)	
Ameron Inc	0.000	\$0.00	\$0.00	
Angelica Textile Service	5.949	\$1,506.59	\$1,711.82	
Aqua Capital Management	0.000	\$0.00	\$0.00	
Auto Club Speedway	0.000	\$0.00	\$0.00	
California Steel Industries Inc	0.000	\$0.00	\$0.00	
Ccg Ontario, Llc	0.000	\$0.00	\$0.00	
General Electric Company	4.354	\$1,102.74	\$1,252.77	
Kaiser Ventures Inc	0.000	\$0.00	\$0.00	
KCO, LLC / The Koil Company	0.000	\$0.00	\$0.00	
Loving Savior Of The Hills	0.000	\$0.00	\$0.00	
Ontario City Non-Ag	0.000	\$0.00	\$0.00	
Praxair Inc	0.000	\$0.00	\$0.00	
RRI Energy West, Inc.	0.000	\$0.00	\$0.00	
San Antonio Winery	0.221	\$55.88	\$63.68	
San Bernardino Cty (Chino Airport)	0.000	\$0.00	\$0.00	
Southern California Edison Company	0.000	\$0.00	\$0.00	
Space Center Mira Loma Inc.	0.000	\$0.00	\$0.00	
Sunkist Growers Inc	0.000	\$0.00	\$0.00	
Swan Lake Mobile Home Park	0.000	\$0.00	\$0.00	
Vulcan Materials Company	0.000	\$0.00	\$0.00	
West Venture Development	0.000	\$0.00	\$0.00	
<b>Pool 2 Non-Agricultural Total</b>	<b>10.524</b>	<b>\$2,665.21</b>	<b>\$3,028.27</b>	

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# Chino Basin Watermaster Assessment Breakdown

## 2010-2011 Land Use Conversion Summary

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

	AGRICULTURAL POOL SUMMARY IN ACRE FEET				Total Prior to Peace Agrmt Converted AF	Total Land Use Conversations Acre-Feet
	Prior Converted	Acres	Acres Converted @ 1.3 af/ac	Acres Converted @ 2.0 af/ac		
Agricultural Pool Safe Yield			82,800,000			
Agricultural Total Pool Production			(31,854,766)			
Early Transfer			(32,800,000)			
Total Land Use Conversions			(22,943,024)			
Under(Over) Production:			(4,797,790)			
Chino Hills, City Of	0.000	670.266	871.346	871.346	58.000	116.000
Chino, City Of	196.235	1,454.750	1,891.175	2,087.410	2,188.701	4,377.402
Cucamonga Valley Water District	0.000	460.280	598.364	598.364	0.000	0.000
Fontana Water Company	0.000	0.000	0.000	0.000	417.000	834.000
Jurupa Community Services District	0.000	2,756.920	3,583.996	3,583.996	4,497.040	8,994.080
Monte Vista Water District	0.000	28.150	36.595	36.595	9.240	18.480
Ontario, City Of	209.400	527.044	685.157	894.557	265.397	530.794
<b>TOTAL</b>	<b>405.635</b>	<b>5,897.410</b>	<b>7,666.633</b>	<b>8,072.268</b>	<b>7,435.378</b>	<b>14,870.756</b>



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

# Pool 3 Agricultural Pool Reallocation Summary

	% Share of Operating Safe Yield	Reallocation of Agricultural Pool Safe Yield				Net Ag Pool Reallocation
		32,800 AF Early Transfer	Land Use Conversions	Potential for Reallocation (AF)	Difference: Potential vs. Net	
Arrowhead Mtn Spring Water Co	0.000%	0.000	0.000	0.000	0.000	0.000
Chino Hills, City Of	3.851%	1,263.128	987.346	2,250.473	(193.698)	2,056.775
Chino, City Of	7.357%	2,413.096	6,464.812	8,877.908	(764.120)	8,113.788
Cucamonga Valley Water District	6.601%	2,165.128	598.364	2,763.492	(237.853)	2,525.639
Desalter Authority	0.000%	0.000	0.000	0.000	0.000	0.000
Fontana Union Water Company	11.657%	3,823.496	0.000	3,823.496	(329.087)	3,494.409
Fontana Water Company	0.002%	0.656	834.000	834.656	(71.839)	762.817
Fontana, City Of	0.000%	0.000	0.000	0.000	0.000	0.000
Golden State Water Company	0.750%	246.000	0.000	246.000	(21.173)	224.827
Jurupa Community Services District	3.759%	1,232.952	12,578.076	13,811.028	(1,188.712)	12,622.316
Marygold Mutual Water Company	1.195%	391.960	0.000	391.960	(33.736)	358.224
Monte Vista Irrigation Company	1.234%	404.752	0.000	404.752	(34.837)	369.915
Monte Vista Water District	8.797%	2,885.416	55.075	2,940.491	(253.087)	2,687.404
Niagara Water Company	0.000%	0.000	0.000	0.000	0.000	0.000
Nicholson Trust	0.007%	2.296	0.000	2.296	(0.198)	2.098
Norco, City Of	0.368%	120.704	0.000	120.704	(10.389)	110.315
Ontario, City Of	20.742%	6,803.376	1,425.351	8,228.727	(708.245)	7,520.482
Pomona, City Of	20.454%	6,708.912	0.000	6,708.912	(577.435)	6,131.477
San Antonio Water Company	2.748%	901.344	0.000	901.344	(77.578)	823.766
San Bernardino County Shfg Prk	0.000%	0.000	0.000	0.000	0.000	0.000
Santa Ana River Water Company	2.373%	778.344	0.000	778.344	(66.992)	711.352
Upland, City Of	5.202%	1,706.256	0.000	1,706.256	(146.857)	1,559.399
West End Consolidated Water Company	1.728%	566.784	0.000	566.784	(48.783)	518.001
West Valley Water District	1.175%	385.400	0.000	385.400	(33.171)	352.229
	<b>100.000%</b>	<b>32,800.000</b>	<b>22,943.024</b>	<b>55,743.023</b>	<b>(4,797.790)</b>	<b>50,945.233</b>
	<b>11A</b>	<b>11B</b>	<b>11C</b>	<b>11D</b>	<b>11E</b>	<b>11F</b>



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

	Non-Agricultural Pool		Replenishment Assessments		CURO Adjustment	Other Adjustments	Total Assessments Due
	AF Production	AF/Admin	\$42.01 AF/OBMP	AF Exceeding Safe Yield			
Ameron Inc	4.548	33.66	191.06	0.000	0.00	0.00	224.72
Angelica Textile Service	40.897	302.64	1,718.08	23.987	1,711.82	0.00	16,733.49
Aqua Capital Management	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Auto Club Speedway	495.942	3,669.97	20,834.52	0.000	0.00	0.00	24,504.49
California Steel Industries Inc	1,059.223	7,838.25	44,497.96	0.000	0.00	0.00	52,336.21
CCG Ontario, Lic	0.000	0.00	0.00	0.000	0.00	0.00	0.00
General Electric Company	8.615	63.75	361.92	8.615	1,252.77	0.00	6,347.77
Kaiser Ventures Inc	0.000	0.00	0.00	0.000	0.00	0.00	0.00
KCB LLC / The Koll Company	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Lowag Savior Of The Hills	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Ontario City Non-Ag	1,682.150	12,447.91	70,667.12	0.000	0.00	0.00	83,115.03
Praxair Inc	0.000	0.00	0.00	0.000	0.00	0.00	0.00
RRI Energy West, Inc.	(17.428)	(128.97)	(732.15)	0.000	0.00	0.00	(861.12)
San Antonio Winery	12.717	94.11	534.24	12.717	63.68	0.00	7,584.64
San Bernardino Cty (Chino Airport)	146.522	1,084.26	6,155.39	0.000	0.00	0.00	7,239.65
Southern California Edison Company	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Space Center Mira Loma Inc.	93.707	693.43	3,936.63	0.000	0.00	0.00	4,630.06
Sunkist Growers Inc	0.000	0.00	0.00	0.000	0.00	0.00	0.00
Swan Lake Mobile Home Park	380.711	2,817.26	15,993.67	0.000	0.00	0.00	18,810.93
Vulcan Materials Company	0.307	2.27	12.90	0.000	0.00	0.00	15.17
West Venture Development	0.000	0.00	0.00	0.000	0.00	0.00	0.00
<b>TOTAL</b>	<b>3,907.911</b>	<b>28,918.54</b>	<b>164,171.34</b>	<b>45.379</b>	<b>3,028.27</b>	<b>0.00</b>	<b>220,681.05</b>



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

Pool 2 Water Production Summary

	Carryover Beginning Balance	Prior Year Adjustments	2% Storage Loss	Assigned Share of Operating Safe Yield (AF)	Water Transaction Activity	Annual Production Right	Actual Fiscal Year Production	Net Over Production	Total Under-Produced	Under Production Balances	
										Next Year Begin Bal	To Local Storage Account
Ameron Inc	97,858	0.000	(1,957)	97,858	(9,786)	183,973	4,548	0.000	179,425	97,858	81,567
Angelica Textile Service	0.000	0.000	0.000	18,789	(1,879)	16,910	40,897	23,987	0.000	0.000	0.000
Aqua Capital Management	948,118	0.000	(18,962)	948,118	(94,814)	1,782,463	0.000	0.000	1,782,463	948,118	834,345
Auto Club Speedway	1,000,000	0.000	(20,000)	1,000,000	(100,000)	1,880,000	495,942	0.000	1,384,058	1,000,000	384,058
California Steel Industries Inc	1,000,234	0.000	(20,004)	1,300,000	(130,000)	2,150,230	1,059,223	0.000	1,091,007	1,091,007	0.000
CCG Ontario, Llc	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
General Electric Company	0.000	0.000	0.000	0.000	0.000	0.000	8,615	8,615	0.000	0.000	0.000
Kaiser Ventures Inc	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
KEO, LLC / The Koll Company	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Loving Savior Of The Hills	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Ontario City Non-Ag	2,101,659	0.000	(42,033)	2,299,846	(229,985)	4,129,488	1,682,150	0.000	2,447,338	2,299,848	147,490
Praxair Inc	0.000	0.000	0.000	1,000	(0.100)	0.900	0.000	0.000	0.900	0.900	0.000
RRI Energy West, Inc.	954,540	0.000	(19,090)	954,540	(95,454)	1,794,536	(17,428)	0.000	1,811,964	954,540	857,424
San Antonio Winery	0.000	0.000	0.000	0.000	0.000	0.000	12,717	12,717	0.000	0.000	0.000
San Bernardino Cty (Chino Airport)	77,397	0.000	(1,547)	133,870	(13,387)	196,333	146,522	0.000	49,811	49,811	0.000
Southern California Edison Company	27,959	0.000	(0,559)	27,959	(2,796)	52,563	0.000	0.000	52,563	27,959	24,604
Space Center Mira Loma Inc.	0.000	0.000	0.000	104,121	(10,412)	93,709	93,707	0.000	0.002	0.002	0.000
Sunkist Growers Inc	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Swan Lake Mobile Home Park	464,240	0.000	(9,284)	464,240	(46,424)	872,772	380,711	0.000	492,061	464,240	27,821
Vulcan Materials Company	0.000	0.000	0.000	0.000	0.307	0.307	0.307	0.000	0.000	0.000	0.000
West Venture Development	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>TOTAL</b>	<b>6,672,005</b>	<b>0.000</b>	<b>(133,436)</b>	<b>7,350,343</b>	<b>(734,727)</b>	<b>13,154,184</b>	<b>3,907,911</b>	<b>45,319</b>	<b>9,291,592</b>	<b>6,934,283</b>	<b>2,357,309</b>

13A 13B 13C 13D 13E 13F 13G 13H 13I 13J 13K



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

Pool 2 Storage Account Summary

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

C: The Peace II Vulcan over-transfer has been corrected by removing 292,989 AF from Vulcan's Storage account & 560,011 AF from CVWD's ECO account.



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

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

DRAFT



# CHINO BASIN WATERMASTER

## II. BUSINESS ITEM

### C. SAN SEVAINE CHANNEL REPAIR AGREEMENT







# CHINO BASIN WATERMASTER

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

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KENNETH R. MANNING  
Chief Executive Officer

## STAFF REPORT

**DATE:** October 14, 2010  
**TO:** Committee Members  
**SUBJECT:** Agreement with San Bernardino County Flood Control District and Inland Empire Utilities Agency regarding repairs to San Sevaine Channel

### SUMMARY

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

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

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

### Background and Description of the Agreement

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

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

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

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

### Recommendation

Staff recommends approval of the agreement.



**Actions:**

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



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

*FOR OFFICIAL USE ONLY*

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

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

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

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

**IT IS HEREBY AGREED AS FOLLOWS:**

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

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

**Auditor/Controller-Recorder Use Only**

<input type="checkbox"/> Contract Database	<input type="checkbox"/> FAS
Input Date	Keyed By

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

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

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

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

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

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

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

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

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

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

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

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

## **SECTION I**

1.0 **IEUA** agrees to:

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

## **SECTION II**

2.0 **CBWM** agrees to:

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

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

### SECTION III

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

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

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

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

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

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

#### **SECTION IV**

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

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

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

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

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

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

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

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

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

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

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

4.5 Indemnification and Insurance.

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

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

4.7 **Reserved**.

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

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



**SAN SEVAINE CHANNEL RECONSTRUCTION**

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

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

**SAN BERNARDINO COUNTY  
FLOOD CONTROL DISTRICT**

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

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

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

Laura H. Welch, Secretary

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

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

**SAN SEVAINE CHANNEL RECONSTRUCTION**

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

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

**INLAND EMPIRE UTILITY AGENCY**

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

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

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

Title General Manager  
*(Print or Type)*

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

Address 6075 Kimball Avenue  
Chino CA 91710

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

**SAN SEVAINE CHANNEL RECONSTRUCTION**

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

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

**CHINO BASIN WATERMASTER**

CHINO BASIN WATERMASTER

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

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

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

Title Chief Executive Officer  
*(Print or Type)*

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

Address 9641 San Bernardino Road  
Rancho Cucamonga CA

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



# CHINO BASIN WATERMASTER

## II. BUSINESS ITEM

### D. BUDGET MODIFICATION





# CHINO BASIN WATERMASTER

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

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KENNETH R. MANNING  
Chief Executive Officer

## STAFF REPORT

**DATE:** October 14, 2010  
**TO:** Committee Members  
**SUBJECT:** Carryover of Appropriative Pool's Special Assessment of \$100,000 for Legal Services from Fiscal Year 2009/2010 Budget

### SUMMARY

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

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

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

### DISCUSSION

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

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

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

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

**Actions:**

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





# CHINO BASIN WATERMASTER

## IV. INFORMATION

1. Cash Disbursements for September 2010



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



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

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	09/01/2010			Sponsorship of Oct. 14, 2010 Luncheon	8191 - Conferences + General	1,500.00
<b>TOTAL</b>						<b>1,500.00</b>
Bill Pmt-Check	09/01/2010	14477	HAUGHEY, TOM	8/26/10 Board Meeting	1012 - Bank of America Gen'l Ckg	125.00
Bill	09/26/2010	8/26 Board Meeting		8/26/10 Board Meeting	6311 - Board Member Compensation	125.00
<b>TOTAL</b>						<b>250.00</b>
Bill Pmt-Check	09/01/2010	14478	JAMES JOHNSTON	208	1012 - Bank of America Gen'l Ckg	885.00
Bill	09/31/2010	208		August 2010 Website Services	6053 - Internet Expense	885.00
<b>TOTAL</b>						<b>1,770.00</b>
Bill Pmt-Check	09/01/2010	14479	KUHN, BOB	8/26/10 Board Meeting	1012 - Bank of America Gen'l Ckg	125.00
Bill	09/26/2010	8/26 Board Meeting		8/26/10 Board Meeting	6311 - Board Member Compensation	125.00
<b>TOTAL</b>						<b>250.00</b>
Bill Pmt-Check	09/01/2010	14480	MWH LABORATORIES	L0034726 - Laboratory Services	1012 - Bank of America Gen'l Ckg	2,065.00
Bill	07/31/2010	L0034726		L0034728 - Laboratory Services	7108.4 - Hydraulic Control-Lab Svcs	615.00
Bill	07/31/2010	L0034728		L0035403 - Laboratory Services	7108.4 - Hydraulic Control-Lab Svcs	2,065.00
Bill	07/31/2010	L0035403		L0034079 - Laboratory Services	7108.4 - Hydraulic Control-Lab Svcs	1,532.00
Bill	07/31/2010	L0034079		L0034214 - Laboratory Services	7108.4 - Hydraulic Control-Lab Svcs	2,065.00
Bill	07/31/2010	L0034214		L0033837 - Laboratory Services	7108.4 - Hydraulic Control-Lab Svcs	615.00
Bill	07/31/2010	L0033837		L0033836 - Laboratory Services	7108.4 - Hydraulic Control-Lab Svcs	2,065.00
Bill	07/31/2010	L0033836				11,022.00
<b>TOTAL</b>						<b>25,000.00</b>
Bill Pmt-Check	09/01/2010	14481	PARK PLACE COMPUTER SOLUTIONS, INC.	442	1012 - Bank of America Gen'l Ckg	4,200.00
Bill	09/30/2010	442		IT Services for August 2010	6052.1 - Park Place Comp Solutn	4,200.00
<b>TOTAL</b>						<b>8,400.00</b>
Bill Pmt-Check	09/01/2010	14482	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	Payor #3493	1012 - Bank of America Gen'l Ckg	6,948.89
General Journal	09/21/2010	08/09/10-09/21/10		CallPERS for 08/08/10-08/21/10	2000 - Accounts Payable	6,948.89
<b>TOTAL</b>						<b>13,897.78</b>
Bill Pmt-Check	09/01/2010	14483	VANDEN HEUVEL, GEOFFREY	6311	1012 - Bank of America Gen'l Ckg	125.00
Bill	09/06/2010	8/06 CDA Ad Hoc Comm		8/06/10 CDA Ad Hoc Committee Meeting	6311 - Board Member Compensation	125.00
Bill	09/13/2010	8/13 CDA Ad Hoc Comm		8/13/10 CDA Ad Hoc Committee Meeting	6311 - Board Member Compensation	125.00
Bill	09/20/2010	8/20 CDA Ad Hoc Comm		8/20/10 CDA Ad Hoc Committee Meeting	6311 - Board Member Compensation	125.00
Bill	09/25/2010	8/25 CDA Ad Hoc Comm		8/25/10 CDA Ad Hoc Committee Meeting	6311 - Board Member Compensation	125.00
Bill	09/29/2010	8/29 Board Meeting		8/29/10 Board Meeting	6311 - Board Member Compensation	125.00
<b>TOTAL</b>						<b>625.00</b>

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

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	09/01/2010	14484	WHITEHEAD, MICHAEL	8/26/10 Board Meeting	1012 - Bank of America Gen'l Ckg	125.00
Bill	08/26/2010	8/26 Board Meeting		8/26/10 Board Meeting	6311 - Board Member Compensation	125.00
<b>TOTAL</b>						
Bill Pmt -Check	09/01/2010	14485	WILDERMUTH ENVIRONMENTAL INC		1012 - Bank of America Gen'l Ckg	4,468.75
Bill	07/31/2010	2010358		2010358 - OBMP Engineering Services	6906 - OBMP Engineering Services	4,468.75
Bill	07/31/2010	2010362		2010362 - OBMP Engineering Services	6906 - OBMP Engineering Services	14,812.25
Bill	07/31/2010	2010363		2010363 - OBMP Engineering Services	6906 - OBMP Engineering Services	300.00
Bill	07/31/2010	2010364		2010364 - OBMP Engineering Services	6906 - OBMP Engineering Services	5,422.50
Bill	07/31/2010	2010365		2010365 - OBMP Engineering Services	6906 - OBMP Engineering Services	1,717.25
Bill	07/31/2010	2010368		2010368 - Grdwtr Qual-Engineering	6906 - OBMP Engineering Services	675.00
Bill	07/31/2010	2010372		2010372 - Grdwtr Qual-Engineering	7103.3 - Grdwtr Qual-Engineering	375.00
Bill	07/31/2010	2010375		2010375 - Grdwtr Qual-Engineering	7103.3 - Grdwtr Qual-Engineering	450.00
Bill	07/31/2010	2010377		2010377 - Grdwtr Qual-Engineering	7104.3 - Grdwtr Level - Engineering	2,744.80
Bill	07/31/2010	2010378		2010378 - Grdwtr Qual-Engineering	7104.3 - Grdwtr Level - Engineering	1,156.25
Bill	07/31/2010	2010379		2010379 - Grdwtr Qual-Engineering	7104.3 - Grdwtr Level - Engineering	575.00
Bill	07/31/2010	2010387		2010387 - Grd Level-Engineering	7107.2 - Grd Level-Engineering	17,474.27
Bill	07/31/2010	2010390		2010390 - Grd Level-Engineering	7107.6 - Grd Level-Contract Svcs	247.50
Bill	07/31/2010	2010391		2010391 - Grd Level-Engineering	7107.2 - Grd Level-Engineering	25,645.70
Bill	07/31/2010	2010393		2010393 - Grd Level-Engineering	7107.2 - Grd Level-Engineering	300.00
Bill	07/31/2010	2010395		2010395 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	625.00
Bill	07/31/2010	2010396		2010396 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	5,030.95
Bill	07/31/2010	2010397		2010397 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	988.75
Bill	07/31/2010	2010398		2010398 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	750.00
Bill	07/31/2010	2010399		2010399 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	656.25
Bill	07/31/2010	2010401		2010401 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	137.50
Bill	07/31/2010	2010402		2010402 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	1,046.55
Bill	07/31/2010	2010403		2010403 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	125.00
Bill	07/31/2010	2010404		2010404 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	62.50
Bill	07/31/2010	2010408		2010408 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	1,012.50
Bill	07/31/2010	2010411		2010411 - Recharge & Well - Engineering	7109.3 - Recharge & Well - Engineering	4,192.50
Bill	07/31/2010	2010414		2010414 - PE3&5-Engineering	7303 - PE3&5-Engineering	11,788.75
Bill	07/31/2010	2010419		2010419 - PE6&7-Engineering	7502 - PE6&7-Engineering	3,440.00
Bill	07/31/2010	2010420		2010420 - PE6&7-Engineering	7502 - PE6&7-Engineering	1,758.75
Bill	07/31/2010	2010421		2010421 - PE6&7-Engineering	7502 - PE6&7-Engineering	2,391.00
<b>TOTAL</b>						
Bill Pmt -Check	09/01/2010	14486	WILLIS, KENNETH		1012 - Bank of America Gen'l Ckg	125.00
Bill	08/20/2010	8/20 CDA Ad Hoc Comm		8/20/10 CDA Ad Hoc Committees Meeting	6311 - Board Member Compensation	125.00
Bill	08/25/2010	8/25 CDA Ad Hoc Comm		8/25/10 CDA Ad Hoc Committees Meeting	6311 - Board Member Compensation	125.00
Bill	08/26/2010	8/26 Board Meeting		8/26/10 Board Meeting	6311 - Board Member Compensation	125.00

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

Type	Date	Num	Name	Memo	Account	Paid Amount
TOTAL						375.00
Bill Pmt -Check	09/01/2010	14487	CUCAMONGA VALLEY WATER DISTRICT	Registration Fee for Oct. 13-15, 2010 Conf.	1012 - Bank of America Gen'l Ckg	
Bill	09/01/2010			Registration Fee for Ken Manning	6191 - Conferences - General	275.00
TOTAL						275.00
Bill Pmt -Check	09/02/2010	14488	PAYCHEX	2010082600	1012 - Bank of America Gen'l Ckg	
Bill	08/31/2010	2010082600		August 2010 Payroll Services	6012 - Payroll Services	250.90
TOTAL						250.90
Bill Pmt -Check	09/02/2010	14489	PETTY CASH	2277-2299	1012 - Bank of America Gen'l Ckg	
Bill	09/02/2010			supplies for admin mtgs - booklet overview	6141.3 - Admin Meetings	45.33
				purchase flex tubing for cords	6031.7 - Other Office Supplies	2.99
				mileage reimbursement to S. Molino	6173 - Mileage Reimbursements	31.79
				purchase supplies for 7/15 & 8/19 Ad Meetings	6212 - Meeting Expense	32.51
				purchase lunch for 7/01 Intervention/Judgment	6909.1 - OBMP Meetings	54.46
				purchase supplies for 8/26 Ad Hoc Litigation	6909.5 - Ad Hoc Litigation Committee	20.79
				to purchase supplies for 7/27 GRCC Meeting	7204 - Comp Recharge-Supplies	23.51
				purchase supplies for 7/07, 7/14, 7/21, 8/04, 8/12, 8/ 7305 : PE3&5-Supplies	7604 : PE3&9-Supplies	107.37
				purchase supplies for 7/15 and 8/19 DYY Meetings	7404 : PE4-Supplies	32.50
				purchase supplies for 6/30 MZ1 Meeting	7404 : PE4-Supplies	20.48
				purchase supplies for 7/01, 8/05 & 9/02 Approp. Pool 8312 : Meeting Expenses	60191 - Life & Disab.ins Benefits	25.95
				purchase supplies for 8/05 & 9/02 Non Ag Pool Meeti 8512 : Meeting Expense		12.49
TOTAL						411.17
General Journal	09/04/2010	09/04/10	Payroll and Taxes for 08/22/10-09/04/10	Payroll and Taxes for 08/22/10-09/04/10	1012 - Bank of America Gen'l Ckg	
				Payroll Taxes for 08/22/10-09/04/10	1012 - Bank of America Gen'l Ckg	7,680.94
				Direct Deposits for 08/22/10-09/04/10	1012 - Bank of America Gen'l Ckg	27,826.55
TOTAL						35,507.49
Bill Pmt -Check	09/13/2010	14490	ACWA SERVICES CORPORATION	ID #000000643 Account 00198	1012 - Bank of America Gen'l Ckg	
Bill	09/09/2010	00198		Prepayment - October 2010	1409 - Prepaid Life, BAD&D & LTD	130.90
				July Premium	60191 - Life & Disab.ins Benefits	111.17
TOTAL						241.97
Bill Pmt -Check	09/13/2010	14491	ARROWHEAD MOUNTAIN SPRING WATER	0023230253	1012 - Bank of America Gen'l Ckg	
Bill	08/31/2010	0023230253		Office Water Bottle - August 2010	6031.7 - Other Office Supplies	55.97
TOTAL						55.97
Bill Pmt -Check	09/13/2010	14492	GREAT AMERICA LEASING CORP.	10032925	1012 - Bank of America Gen'l Ckg	
Bill	09/09/2010	10032925		Invoice for Ricoh copiers	6043.1 - Ricoh Lease Fee	593.37

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Type	Date	Num	Name	Memo	Account	Paid Amount
TOTAL						593.37
Bill Pmt -Check	09/13/2010	14493	HSBC BUSINESS SOLUTIONS	7003-7309-1000-2744	1012 - Bank of America Gen'l Ckg	
Bill	08/31/2010	7003730910002744		misc. office supplies - drinks, coffee, paper goods	6031.7 - Other Office Supplies	722.48
TOTAL						722.48
Bill Pmt -Check	09/13/2010	14494	MUJAC ALARM	287935	1012 - Bank of America Gen'l Ckg	
Bill	09/09/2010	287935		building monitoring 9/01/10-11/30/10	6026 - Security services	396.00
TOTAL						396.00
Bill Pmt -Check	09/13/2010	14495	PURCHASE POWER	8000909000168851	1012 - Bank of America Gen'l Ckg	
Bill	08/31/2010	8000909000168851		4 FedEx shipments: Audit paperwork to auditors and	6042 - Postage + General	76.66
TOTAL						76.66
Bill Pmt -Check	09/13/2010	14496	REID & HELLNER	171414	1012 - Bank of America Gen'l Ckg	
Bill	08/31/2010	171414		171414 - Ag Pool Legal Services	8467 - Ag Legal & Technical Services	10,658.50
				171414 - Ag Pool Legal Services	8467.1 - Frank B. & Associates	825.00
TOTAL						11,483.50
Bill Pmt -Check	09/13/2010	14497	SAFEGUARD DENTAL & VISION	3302618	1012 - Bank of America Gen'l Ckg	
Bill	09/09/2010	3302618		September 2010 Premium	60182.2 - Dental & Vision Ins	7.91
TOTAL						7.91
Bill Pmt -Check	09/13/2010	14498	STAPLES BUSINESS ADVANTAGE	8016353467	1012 - Bank of America Gen'l Ckg	
Bill	08/31/2010	8016353467		miscellaneous office supplies - batteries, binder clips,	6031.7 - Other Office Supplies	455.39
TOTAL						455.39
Bill Pmt -Check	09/13/2010	14499	UNION 76	300-732-989	1012 - Bank of America Gen'l Ckg	
Bill	09/09/2010	300732989		Fuel for August 2010	6175 - Vehicle Fuel	94.63
TOTAL						94.63
Bill Pmt -Check	09/13/2010	14500	VERIZON		1012 - Bank of America Gen'l Ckg	
Bill	08/31/2010	012561121521714508		August 2010 services	7405 - PE4+Other Expense	155.99
Bill	09/09/2010	012519116950792103		August 2010 services	6022 - Telephone	424.89
TOTAL						580.88
Bill Pmt -Check	09/13/2010	14501	WESTERN DENTAL SERVICES, INC.	002483	1012 - Bank of America Gen'l Ckg	
Bill	09/09/2010	002483		October 2010 Dental Premium	60182.2 - Dental & Vision Ins	28.06
TOTAL						28.06
Bill Pmt -Check	09/13/2010	14502	YUKON DISPOSAL SERVICE	08-K2 213849	1012 - Bank of America Gen'l Ckg	

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Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	09/09/2010	08-k2 213849		Service for Sept 2010	6024 - Building Repair & Maintenance	142.88
TOTAL						142.88
Bill Pmt -Check	09/15/2010	14503	BANC OF AMERICA LEASING	011624576	1012 - Bank of America Gen'l Ckg	
Bill	09/13/2010	011624576		Minolta lease - billing period 09/01/10-09/30/10	6043.1 - Ricoh Lease Fee	3,215.74
TOTAL						3,215.74
Bill Pmt -Check	09/15/2010	14504	BANK OF AMERICA	4024-4200-0193-9341	1012 - Bank of America Gen'l Ckg	
Bill	08/31/2010	4024420001939341		foot controls for new digital system	6055 - Computer Hardware	76.79
				lunch for ACL Method of Assessment Meeting	6909.1 - OBMP Meetings	99.14
				lunch for 8/26 WM Board Meeting	6312 - Meeting Expenses	530.70
TOTAL						706.63
Bill Pmt -Check	09/15/2010	14505	BROWNSTEIN HYATT FARBER SCHRECK		1012 - Bank of America Gen'l Ckg	
Bill	09/31/2010	436016		436016 - WM Legal Counsel	6907.3 - WM Legal Counsel	298.78
Bill	09/31/2010	436017		436017 - Santa Ana River	6907.34 - Santa Ana River	2,468.89
Bill	09/31/2010	436018		436018 - Ontario Airport Plume	6907.31 - Ontario Airport Plume	126.90
Bill	09/31/2010	436019		436019 - Chino Airport Plume	6907.32 - Chino Airport Plume	16,079.25
Bill	09/31/2010	436020		436020 - Desalter Negotiations	6907.33 - Desalter Negotiations	30,775.05
Bill	09/31/2010	436021		436021 - Purchase & Sale Agreement NOI	6907.35 - Purchase & Sale Agreement NOI	3,453.30
Bill	09/31/2010	436022		436022 - Santa Ana Sucker	6907.36 - Santa Ana Sucker	1,305.31
Bill	09/31/2010	436015		436015 - WM Legal Counsel	6907.3 - WM Legal Counsel	15,705.93
				436015 - Purchase & Sale Agreement NOI	6907.35 - Purchase & Sale Agreement NOI	4,294.50
				436015 - Santa Ana Sucker	6907.36 - Santa Ana Sucker	444.60
				436015 - Desalter Negotiations	6907.33 - Desalter Negotiations	1,710.20
				436015 - Reg. Water Quality Cntrl Board	6907.38 - Reg. Water Quality Cntrl Board	3,591.00
				436015 - Recharge Master Plan	6907.39 - Recharge Master Plan	2,462.40
				436015 - Peace II - CEQA	6907.30 - Peace II - CEQA	786.60
TOTAL						83,500.71
Bill Pmt -Check	09/15/2010	14506	CALIFORNIA DEPARTMENT OF WATER RESOURCES		1012 - Bank of America Gen'l Ckg	
Bill	09/15/2010			well completion reports-Desalter, Ill Chino Creek	7305 - PE3&5-Supplies	174.15
TOTAL						174.15
Bill Pmt -Check	09/15/2010	14507	CUCAMONGA VALLEY WATER DISTRICT		1012 - Bank of America Gen'l Ckg	
Bill	09/15/2010			Lease Due Oct 1, 2010	6021 - Office lease	5,844.00
				Lease Due October 1, 2010 - adjustment made		5,844.00
TOTAL						11,688.00
Bill Pmt -Check	09/15/2010	14508	CUCAMONGA VALLEY IAAP		1012 - Bank of America Gen'l Ckg	
Bill	09/14/2010			Sept. 22, 2010 Cucamonga Valley IAAP Chapter # 1012 - Bank of America Gen'l Ckg	6192 - Training & Seminars	77.00
				Fee for J. Wilson, S. Molino and A. Camp		77.00
TOTAL						154.00

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Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	09/15/2010	14509	GUARANTEED JANITORIAL SERVICE, INC.	28134	1012 - Bank of America Gen'l Ckg	865.00
Bill	09/13/2010	28134		Service -September 2010	6024 - Building Repair & Maintenance	865.00
TOTAL						865.00
Bill Pmt -Check	09/15/2010	14510	JOHN J. SCHATZ		1012 - Bank of America Gen'l Ckg	4,098.32
Bill	09/31/2010			Appropriative Pool Legal Services	8367 - Legal Service	4,098.32
TOTAL						4,098.32
Bill Pmt -Check	09/15/2010	14511	LIATTI & ASSOCIATES	405	1012 - Bank of America Gen'l Ckg	256.00
Bill	09/15/2010	405		Position Bond Insurance	6088 - Position Bond Insurance	256.00
TOTAL						256.00
Bill Pmt -Check	09/15/2010	14512	MCI	VOID		
Bill Pmt -Check	09/15/2010	14513	PREMIERE GLOBAL SERVICES	03693719	1012 - Bank of America Gen'l Ckg	2,064.67
Bill	09/31/2010	03693719		CDA calls on 7/28, 7/30, 8/04, 8/06, 8/12, 8/13, 8/16, 7305 - PE3&5-Supplies	6909.1 - OBMP Meetings	165.77
				Peace II calls on 7/29, 8/03 and 8/16	8512 - Meeting Expense	168.85
				Non AG Pool Mtg on 8/05	8312 - Meeting Expenses	25.94
				calls on Appropriative Pool agenda on 7/28 and 8/25	8412 - Meeting Expenses	25.94
				calls on AG Pool Agenda on 7/28 and 8/25	8512 - Meeting Expense	25.94
				calls on Non AG Pool Agenda on 7/28 and 8/25	7104.6 - Grdwtr Level - Supplies	30.80
				call on water level	6909.1 - OBMP Meetings	165.43
				call on water purchase	7405 - PE4-Other Expense	37.19
				call on subsidence mitigation		2,710.53
TOTAL						2,710.53
Bill Pmt -Check	09/15/2010	14514	STAPLES BUSINESS ADVANTAGE	8016426456	1012 - Bank of America Gen'l Ckg	496.44
Bill	09/13/2010	8016426456		miscellaneous office supplies - end table for conferen	6031.7 - Other Office Supplies	496.44
TOTAL						496.44
Bill Pmt -Check	09/15/2010	14515	STAULA, MARY L		1012 - Bank of America Gen'l Ckg	136.61
Bill	09/30/2010				60182.4 - Retiree Medical	136.61
TOTAL						136.61
Bill Pmt -Check	09/15/2010	14516	THE STANDARD INSURANCE COMPANY	160-513170-00006	1012 - Bank of America Gen'l Ckg	313.12
Bill	09/09/2010	16051317000006		October 2010 Premium	60182.2 - Dental & Vision Ins	313.12
TOTAL						313.12
Bill Pmt -Check	09/15/2010	14517	UNITED PARCEL SERVICE	2x81x0	1012 - Bank of America Gen'l Ckg	28.76
Bill	08/31/2010	2x81x0		booklets to Mathis, info. sent to City of Ontario	6042 - Postage - General	28.76

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Cash Disbursements For The Month of  
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Type	Date	Num	Name	Memo	Account	Paid Amount
TOTAL						28.76
Bill Pmt -Check	09/15/2010	14518	VERIZON WIRELESS	0903039481	1012 - Bank of America Gen'l Ckg	570.89
Bill	09/13/2010	0903039481		monthly service	6022 - Telephone	570.89
TOTAL						570.89
Bill Pmt -Check	09/15/2010	14519	W.C. DISCOUNT MOBILE AUTO DETAILING	Truck washing service	1012 - Bank of America Gen'l Ckg	75.00
Bill	09/14/2010			truck washing 3 trucks	6177 - Vehicle Repairs & Maintenance	75.00
TOTAL						75.00
Bill Pmt -Check	09/15/2010	14520	MCI	VOID		
Bill Pmt -Check	09/15/2010	14521	MCI	74553444	1012 - Bank of America Gen'l Ckg	1,255.75
Bill	09/15/2010	74553444		74553444 - Monthly Website and Internet Service	6053 - Internet Expense	1,255.75
TOTAL						1,255.75
General Journal	09/18/2010	09/18/10	Payroll and Taxes for 09/05/10-09/18/10	Payroll and Taxes for 09/05/10-09/18/10	1012 - Bank of America Gen'l Ckg	7,756.86
				Payroll Taxes for 09/05/10-09/18/10	1012 - Bank of America Gen'l Ckg	26,780.29
				Direct Deposits for 09/05/10-09/18/10	1012 - Bank of America Gen'l Ckg	34,537.15
TOTAL						7,756.86
Bill Pmt -Check	09/20/2010	14522	CITISTREET	Payroll and Taxes for 08/22/10-09/04/10	1012 - Bank of America Gen'l Ckg	1,845.34
General Journal	09/04/2010	08/22/10-09/04/10	CITISTREET	Staff's 457 Retirement for 08/22/10-09/04/10	2000 - Accounts Payable	1,845.34
TOTAL						1,845.34
Bill Pmt -Check	09/20/2010	14523	PAK, BEN	Sept. 12-15, 2010 Water Reuse Symposium Reimnt	1012 - Bank of America Gen'l Ckg	903.13
Bill	09/16/2010			Sept. 12-15, 2010 Water Reuse Symposium	6191 - Conferences - General	903.13
TOTAL						903.13
Bill Pmt -Check	09/20/2010	14524	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	Payor #3493	1012 - Bank of America Gen'l Ckg	6,946.89
General Journal	09/04/2010	08/22/10-09/04/10	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	Staff's CalPERS for 08/22/10-09/04/10	2000 - Accounts Payable	6,946.89
TOTAL						6,946.89
Bill Pmt -Check	09/22/2010	14525	CALPERS	1741	1012 - Bank of America Gen'l Ckg	3,758.46
Bill	09/17/2010	1741		October 2010 Medical Premiums	60182.1 - Medical Insurance	3,758.46
TOTAL						3,758.46
Bill Pmt -Check	09/22/2010	14526	COMPUTER NETWORK	79427	1012 - Bank of America Gen'l Ckg	179.13
Bill	09/17/2010	79427		to replace monitor in board room	6055 - Computer Hardware	179.13
TOTAL						179.13

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Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	09/22/2010	14527	HOGAN LOVELLS		1012 - Bank of America Gen'l Ckg	
Bill	09/31/2010	1918389		1918389 - Non-Ag Legal Services	8567 - Non-Ag Legal Service	8,319.34
Bill	09/31/2010	1910725		1910725 - Non-Ag Legal Services	8567 - Non-Ag Legal Service	7,914.25
TOTAL						16,233.59
Bill Pmt -Check	09/22/2010	14528	INLAND EMPIRE UTILITIES AGENCY		1012 - Bank of America Gen'l Ckg	
Bill	09/31/2010	90006265		90006265	8456 - IEUA Readyness To Serve	400.98
TOTAL						400.98
Bill Pmt -Check	09/22/2010	14529	PRE-PAID LEGAL SERVICES, INC.		1012 - Bank of America Gen'l Ckg	
Bill	09/21/2010	111802		111802 September 2010	80194 - Other Employee Insurance	77.70
TOTAL						77.70
Bill Pmt -Check	09/22/2010	14530	RAUCH COMMUNICATION CONSULTANTS, LLC	Sep-091006	1012 - Bank of America Gen'l Ckg	
Bill	09/17/2010	Sep-091006		Downpayment for annual report	8081.3 - Rauch	2,767.50
TOTAL						2,767.50
Bill Pmt -Check	09/22/2010	14531	SANTA ANA WATERSHED PROJECT AUTHORITY	8031	1012 - Bank of America Gen'l Ckg	
Bill	09/21/2010	8031		8031 - SARW Group	6903 - SARW Group	25,778.00
TOTAL						25,778.00
Bill Pmt -Check	09/22/2010	14532	STANDARD INSURANCE CO.		1012 - Bank of America Gen'l Ckg	
Bill	09/17/2010	640888-0009		Policy # 00-640888-0009 Policy # 00-640888-0009	60191 - Life & Disab.Ins Benefits	509.05
TOTAL						509.05
Bill Pmt -Check	09/22/2010	14533	W.C. DISCOUNT MOBILE AUTO DETAILING		1012 - Bank of America Gen'l Ckg	
Bill	09/22/2010			Truck washing service truck washing 4 trucks	6177 - Vehicle Repairs & Maintenance	100.00
TOTAL						100.00
Bill Pmt -Check	09/28/2010	14534	COMPUTER NETWORK		1012 - Bank of America Gen'l Ckg	
Bill	09/23/2010	78696		workstation repair for office specialist	6055 - Computer Hardware	141.31
Bill	09/23/2010	78902		cd burning software	6054 - Computer Software	277.31
Bill	09/23/2010	79034		replacement batteries	6055 - Computer Hardware	195.75
Bill	09/23/2010	78877		maintenance and parts for Hp 9500 copier	6055 - Computer Hardware	125.00
Bill	09/23/2010	78656		laptop for Senior Engineer	6055 - Computer Hardware	886.00
TOTAL						1,625.37
Bill Pmt -Check	09/28/2010	14535	HOGAN LOVELLS		1012 - Bank of America Gen'l Ckg	
Bill	09/28/2010	1922830		1922830 - Non-Ag Legal Services	8567 - Non-Ag Legal Service	14,835.95
TOTAL						14,835.95

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Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	09/29/2010	14536	ARROWHEAD MOUNTAIN SPRING WATER	0023230253	1012 - Bank of America Gen'l Ckg	17.48
Bill	09/27/2010	0023230253		Office Water Bottle -September 2010	6031.7 - Other Office Supplies	17.48
TOTAL						
Bill Pmt -Check	09/29/2010	14537	BLACK & VEATCH CORPORATION	1100130	1012 - Bank of America Gen'l Ckg	7,496.25
Bill	07/31/2010	1100130			7202 - Comp Recharge-Engineering	7,496.25
TOTAL						
Bill Pmt -Check	09/29/2010	14538	DIRECTV	019447404	1012 - Bank of America Gen'l Ckg	83.99
Bill	09/27/2010	019447404		Services for 9/19/10-10/18/10	6031.7 - Other Office Supplies	83.99
TOTAL						
Bill Pmt -Check	09/29/2010	14539	EQUIPCO	S43625	1012 - Bank of America Gen'l Ckg	3,826.81
Bill	09/16/2010	S43625		to purchase Flow Meter for gw quality	7103.6 - Grdwtr Qual - Supplies	3,826.81
TOTAL						
Bill Pmt -Check	09/29/2010	14540	FIVE STAR CATERING		1012 - Bank of America Gen'l Ckg	2,744.03
Bill	09/29/2010			balance due-caterer - Strategic Planning Conf	6193.1 - Strategic Planning Conference	2,744.03
TOTAL						
Bill Pmt -Check	09/29/2010	14541	GRAINGER		1012 - Bank of America Gen'l Ckg	60.72
Bill	09/21/2010	9353052054		9353052054 - Grdwtr Qual - Supplies	7103.6 - Grdwtr Qual - Supplies	60.72
Bill	09/23/2010	9355267809		9355267809 - Grdwtr Qual - Supplies	7103.6 - Grdwtr Qual - Supplies	150.98
Bill	09/23/2010	9355267817		9355267817 - Grdwtr Qual - Supplies	7103.6 - Grdwtr Qual - Supplies	3.21
Bill	09/23/2010	9355267833		9355267833 - Grdwtr Qual - Supplies	7103.6 - Grdwtr Qual - Supplies	10.85
Bill	09/23/2010	9355267825		9355267825 - Grdwtr Qual - Supplies	7103.6 - Grdwtr Qual - Supplies	27.15
Bill	09/23/2010	9354245962		9354245962 - Grdwtr Qual - Supplies	7103.6 - Grdwtr Qual - Supplies	6.52
Bill	09/23/2010	9354245954		9354245954 - Grdwtr Qual - Supplies	7103.6 - Grdwtr Qual - Supplies	20.24
Bill	09/23/2010	9354245970		9354245970 - Grdwtr Qual - Supplies	7103.6 - Grdwtr Qual - Supplies	77.42
TOTAL						357.09
Bill Pmt -Check	09/29/2010	14542	IAAP MULTI-CHAPTER SYMPOSIUM		1012 - Bank of America Gen'l Ckg	190.00
Bill	09/27/2010			October 2, 2010 IAAP Multi Chapter Symposium fee for S. Mollino and J. Wilson to attend	6191 - Conferences - General	190.00
TOTAL						
Bill Pmt -Check	09/29/2010	14543	OFFICE DEPOT		1012 - Bank of America Gen'l Ckg	46.99
Bill	09/16/2010	53405699001		53405699001 copy paper desk calendars 2011	6031.1 - Copy Paper 6031.7 - Other Office Supplies	46.99 60.62
TOTAL						107.61
Bill Pmt -Check	09/29/2010	14544	STAPLES BUSINESS ADVANTAGE		1012 - Bank of America Gen'l Ckg	
Bill	09/29/2010			8016533293		

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For Informational Purposes Only

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	09/18/2010	8016533293		misc. office supplies - index dividers for filings	6031.7 - Other Office Supplies	298.64
<b>TOTAL</b>						298.64
Bill Pmt -Check	09/29/2010	14545	STATE COMPENSATION INSURANCE FUND	1615535-10	1012 - Bank of America Gen'l Ckg	1,069.20
Bill	09/23/2010	1615535-10		Workers Comp Premium 1615535-10	60183 - Worker's Comp Insurance	1,069.20
<b>TOTAL</b>						150.89
Bill Pmt -Check	09/29/2010	14546	VERIZON	012561121521714508	1012 - Bank of America Gen'l Ckg	150.89
Bill	09/28/2010	012561121521714508		September 2010	7405 - PE4-Other Expense	150.89
<b>TOTAL</b>						64.98
Bill Pmt -Check	09/29/2010	14547	VISION SERVICE PLAN	06-101789-0001	1012 - Bank of America Gen'l Ckg	64.98
Bill	09/27/2010	001017890001		October 2010	60182.2 - Dental & Vision Ins	64.98
<b>TOTAL</b>						183,000.00
Bill Pmt -Check	09/29/2010	14548	WEST VALLEY WATER DISTRICT	payment for FY 09-10 replenishment water	1012 - Bank of America Gen'l Ckg	183,000.00
Bill	09/29/2010			\$366 x 500 AF	5011 - Replenishment Water	183,000.00
<b>TOTAL</b>						4,207.50
Bill Pmt -Check	09/29/2010	14549	WILDERMUTH ENVIRONMENTAL INC	2010516 m-OBMP Engineering Services	1012 - Bank of America Gen'l Ckg	4,207.50
Bill	09/31/2010	2010516		201057 - OBMP Engineering Services	6906 - OBMP Engineering Services	1,300.00
Bill	09/31/2010	2010517		2010518 - OBMP Engineering Services	6906 - OBMP Engineering Services	5,502.50
Bill	09/31/2010	2010518		2010519 - OBMP Engineering Services	6906 - OBMP Engineering Services	28,068.75
Bill	09/31/2010	2010519		2010520 - OBMP Engineering Services	6906 - OBMP Engineering Services	3,846.25
Bill	09/31/2010	2010520		2010521 - OBMP Engineering Services	6906 - OBMP Engineering Services	1,075.00
Bill	09/31/2010	2010521		2010522 - Grdwtr Qual-Engineering	7103.3 - Grdwtr Qual-Engineering	10,429.55
Bill	09/31/2010	2010522		2010523 - Grdwtr Qual-Engineering	7103.3 - Grdwtr Qual-Engineering	406.25
Bill	09/31/2010	2010523		2010524 - Grdwtr Qual-Engineering	7103.3 - Grdwtr Qual-Engineering	3,137.50
Bill	09/31/2010	2010524		2010525 - Grdwtr Level - Engineering	7104.3 - Grdwtr Level - Engineering	287.50
Bill	09/31/2010	2010525		2010526 - Grdwtr Level - Engineering	7104.3 - Grdwtr Level - Engineering	787.50
Bill	09/31/2010	2010526		2010527 - Grdwtr Level - Engineering	7104.3 - Grdwtr Level - Engineering	5,371.80
Bill	09/31/2010	2010527		2010528 - Grdwtr Level - Engineering	7104.3 - Grdwtr Level - Engineering	468.75
Bill	09/31/2010	2010528		2010529 - Grdwtr Level - Contracted Serv	7104.8 - Grdwtr Level - Contracted Serv	2,075.00
Bill	09/31/2010	2010529		2010530 - Grd Level-SAR Imagery	7107.9 - Grd Level-SAR Imagery	12,400.00
Bill	09/31/2010	2010530		2010531 - Grd Level-Engineering	7107.2 - Grd Level-Engineering	3,147.29
Bill	09/31/2010	2010531		2010532 - Grd Level-Cap Equip Exle	7107.9 - Grd Level-Cap Equip Exle	2,933.39
Bill	09/31/2010	2010532		2010533 - Grd Level-Contract Svcs	7107.9 - Grd Level-Contract Svcs	10,512.55
Bill	09/31/2010	2010533		2010534 - Grd Level-Engineering	7107.2 - Grd Level-Engineering	12,455.20
Bill	09/31/2010	2010534		2010535 - Grd Level-Contract Svcs	7107.9 - Grd Level-Contract Svcs	10,512.55
Bill	09/31/2010	2010535		2010536 - Grd Level-Contract Svcs	7107.9 - Grd Level-Contract Svcs	9,000.00
Bill	09/31/2010	2010536				

**P149**

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	06/31/2010	2010537		2010537 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	300.00
Bill	06/31/2010	2010538		2010538 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	5,039.60
Bill	06/31/2010	2010539		2010539 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	466.75
Bill	06/31/2010	2010540		2010540 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	93.75
Bill	06/31/2010	2010541		2010541 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	112.50
Bill	06/31/2010	2010542		2010542 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	962.70
Bill	06/31/2010	2010543		2010543 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	93.75
Bill	06/31/2010	2010544		2010544 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	31.25
Bill	06/31/2010	2010545		2010545 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	500.00
Bill	06/31/2010	2010546		2010546 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	15.88
Bill	06/31/2010	2010547		2010547 - Recharge & Well - Engineering	7109.3 - Recharge & Well - Engineering	1,065.00
Bill	06/31/2010	2010548		2010548 - PE3&5-Engineering	7303 - PE3&5-Engineering	17,537.50
Bill	06/31/2010	2010549		2010549 - PE6&7-Engineering	7502 - PE6&7-Engineering	1,825.00
Bill	06/31/2010	2010550		2010550 - PE6&7-Engineering	7502 - PE6&7-Engineering	1,561.25
Bill	06/31/2010	2010551		2010550 - PE6&7-Engineering	7502 - PE6&7-Engineering	4,718.05
TOTAL						162,183.81
<b>P150</b>						
Bill Pmt -Check	09/30/2010	14550	MWH LABORATORIES		1012 - Bank of America Gen'l Ckg	
Bill	08/31/2010	L0036084		L0036084 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	2,065.00
Bill	08/31/2010	L0036085		L0036085 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	615.00
Bill	08/31/2010	L0036914		L0036914 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	2,065.00
Bill	08/31/2010	L0036915		L0036915 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	1,532.00
Bill	08/31/2010	L0037162		L0037162 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	2,065.00
Bill	08/31/2010	L0036922		L0036922 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	615.00
Bill	08/31/2010	L0036382		L0036382 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	2,065.00
TOTAL						11,022.00
Bill Pmt -Check	09/30/2010	14551	CITISTREET	Payroll and Taxes for 09/05/10-09/18/10	1012 - Bank of America Gen'l Ckg	
General Journal	09/18/2010	09/05/10-09/18/10	CITISTREET	Staff's 457 Retirement for 09/05/10-09/18/10	2000 - Accounts Payable	1,715.67
TOTAL						1,715.67
Bill Pmt -Check	09/30/2010	14552	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	Payor #3493	1012 - Bank of America Gen'l Ckg	
General Journal	09/18/2010	09/05/10-09/18/10	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	CalPERS for 09/05/10-09/18/10	2000 - Accounts Payable	6,946.89
TOTAL						6,946.89
<b>Total Disbursements:</b>						<b>792,422.30</b>



# CHINO BASIN WATERMASTER

## IV. INFORMATION

### 2. Newspaper Articles



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

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

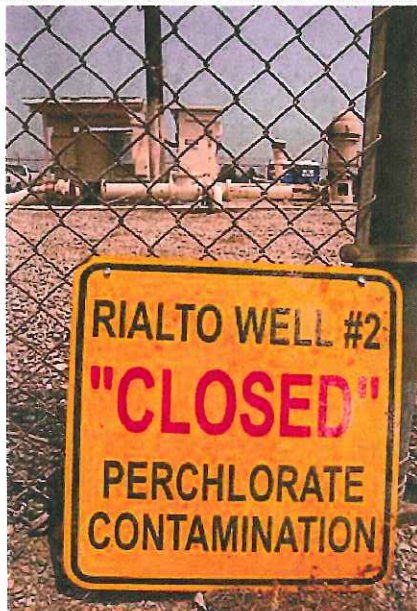
By JANET ZIMMERMAN  
The Press-Enterprise

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

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

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

Story continues below



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

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

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

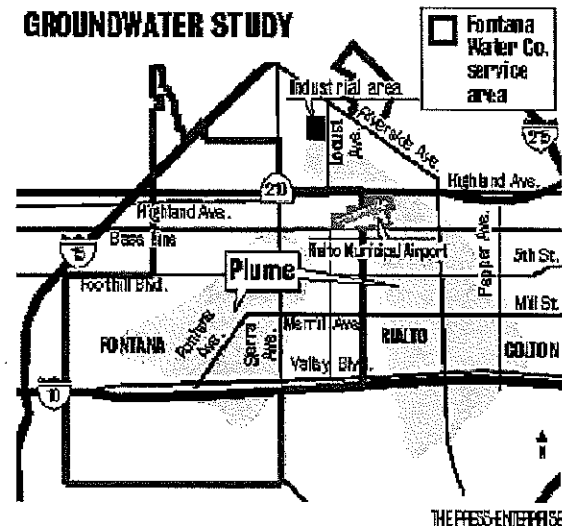


## RIVERSIDE-BOUND

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

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

[Story continues below](#)



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

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

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

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

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

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

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

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



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

Sandra Emerson, Staff Writer

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

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

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

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

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

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

utilities agency will provide the rest of the funding.

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

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

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

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

to Arrow Highway and east to Grove Avenue.

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

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

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

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

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agency.

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

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

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

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

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THE SACRAMENTO BEE [sacbee.com](http://sacbee.com)

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

Special to The Bee

Published Sunday, Sep. 12, 2010

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

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

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

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

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

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

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

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

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

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

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


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

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

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

 The North County Times - Californian

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

Dropping water levels imperil power flowing to Southern California

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

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

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

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

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

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

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

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

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

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

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

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

Each megawatt could power 650 homes.

### Megawatts per foot

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

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

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

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

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

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



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

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

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

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

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

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

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

### **Wet century past**

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

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

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

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

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

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

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

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

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

Government agencies aren't sitting around doing nothing.

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

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

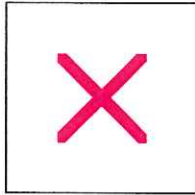
Metropolitan initiated a new energy policy last month that includes more efficiency and construction of 10 megawatts of solar panels, to offset loss of power from the dam.


Still, Barnett and Pierce are worried.

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

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

# Pechanga chairman says tribe is close to water deal



 Download story podcast

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

By BEN GOAD  
Washington Bureau

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SACRAMENTO

September 20, 2010 9:00pm



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

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

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

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

"It includes many, many specifics that are in the form of a proposal. And perhaps this was a slip-up, but in the first appendix included with the document ... it's actually entitled 'state proposal.'" says Mr. Minton. "Although they're saying that this is just an issue paper, it certainly comes across as more than that."

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

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

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

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

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

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

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

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

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

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

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

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

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

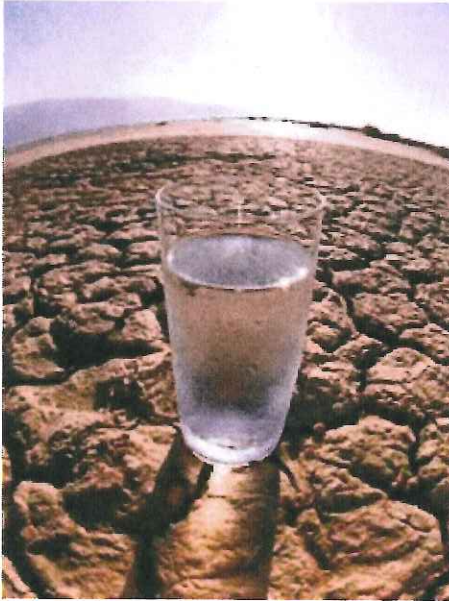


## [Water war truce would hike some bills, lower others](#)

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

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*Orange County Register*



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

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

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

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



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

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

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

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

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

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

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

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

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

**latimes.com**

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

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

By Martha Groves, Los Angeles Times

September 21, 2010

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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## REDLANDS: Zanja trail progressing but still a dream

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

By JAN SEARS  
The Press-Enterprise

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

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

Sherli Leonard, executive director of the Redlands Conservancy, updated the City Council last week on the progress of the organization's Save the Zanja committee, which proposes to construct a trail along the eastern end of the channel.

[Story continues below](#)



2008 / The Press-Enterprise  
The Zanja project already has received grants to help it along, including \$10,000 from the [History Channel](#) and \$30,000 from the San Manuel Band of Mission Indians.

She vowed to use the term Sankey during her council presentation, in deference to Councilman Jon Harrison, who prefers it, but found the Zanja habit hard to break. Zanja is Spanish for ditch.

The trail and greenway would run along the channel from 9th Street near downtown Redlands east to Sapphire Avenue in Mentone, she said.

It will provide walkers and bike riders access to the planned Orange Blossom Trail, which would traverse Redlands along former rail lines and flood control facilities, and to the Santa Ana River trail, which will run north of Redlands and eventually link the city with the sea.

The Mill Creek Zanja trail would provide [University of Redlands](#) students pedestrian and bike access to downtown shops, restaurants and farmers markets.

"Like other community trails and greenways, the Zanja Trail and Greenway will attract cultural and heritage tourists, will contribute to a healthful environment and will provide opportunities for healthful activities for all Redlands residents," Leonard told the council.

Trails near residential housing are a plus to potential homebuyers and can help the city attract businesses whose employees like to use them, she said.

The Zanja committee still has considerable work ahead, including gaining permission to use city, county and private land, designing the trail to meet Americans with Disabilities

Act requirements and determining how it will be maintained over the long term, she said.

She vowed that all those obstacles, including maintenance, will be overcome.

The project already has received grants to help it along, including \$10,000 from the History Channel and \$30,000 from the San Manuel Band of Mission Indians.

The History Channel grant helped develop a fourth-grade enrichment lesson, text for historical markers and a guide/history booklet. The San Manuel grant will help pay for the manufacture and installation of the markers, Leonard said.

On Nov. 15, the committee will conduct a public workshop to hear concerns and identify sites for trail amenities, such as small parks, she said.

By late spring next year, the committee plans to have a draft master plan for the council to consider.

Redlands residents have fought for decades to protect the Zanja, which is better preserved on the city's east side than on the west. The channel is almost pristine as it passes through Sylvan Park near the university, but dusty and debris-clogged elsewhere.

Leonard said the conservancy hopes that the trail's creation will end the preservation struggle for the channel's eastern end.

"This is not the first time passionate Redlanders have banded together to protect the Mill Creek Zanja from development or demolition," she said, "but we hope it will be the last."



## Smart Yard water controllers saving customers money

10:00 PM PDT on Sunday, September 26, 2010

By JANET ZIMMERMAN  
The Press-Enterprise

Not only has Riverside-area resident [Chris Lawrence](#) gotten his best-looking fall garden ever, he's done it for less money.

The secret? Switching to more efficient sprinkler heads and a weather-based irrigation controller that reduces over-watering.

"I'm convinced it's the way to go. Most of the ways we water our yards are archaic," said Lawrence, who lives on 1½ acres in the Mockingbird Canyon area near Riverside. "It clears my conscience a little and helps me get a good yard for less money."

Lawrence is participating in the Smart Yard program sponsored by his water provider, Western Municipal Water District. The agency covers half the cost of the controllers and installation for its retail customers in Riverside and Murrieta, then finances the remainder interest-free for five years; the loan is paid with the water bill.

The WeatherTRAK controllers range from \$599 to \$1,139, depending on the model. The "smart controllers" use weather station data, transmitted wirelessly to the device, and information on the types of plants, soil and sprinklers, the slope and other characteristics for each landscape zone.

Smart Yard is expected to save more than 1 billion gallons of water over 10 years among Western customers, said Tim Barr, the district's water use efficiency manager.

*Story continues below*



Kurt Miller / The Press-Enterprise  
Chris Lawrence walks past one of his water-saving sprinklers in the front yard at his Mockingbird Canyon home. Lawrence took advantage of the Western Municipal Water District's Smart Yard program that pays half the installation cost of the weather-based irrigation controller and finances the rest with zero percent interest.

So far, the water savings have exceeded the expected 15 percent. Of 165 controllers installed since May, customers have seen an average 25 percent reduction in water use, he said.

Last year, Western Municipal joined other agencies statewide and imposed mandatory reductions that limit outdoor watering to three days a week. It was a response to a third year of drought and ongoing restrictions of exports from the Sacramento-San Joaquin Delta because of environmental concerns.

While this year's water picture improved, the state's reservoirs remain low. Western's Stage 2 water restrictions remain in place. Residents can water three days a week before 8 a.m. and after 8 p.m. They must promptly repair leaks and are not allowed to hose down driveways or sidewalks. Violators can be fined and have their service turned off.

The drop in residential water use overall in the district has been 17 percent to 22

percent, depending on the month, Barr said.

Western is focusing on landscapes because nearly 70 percent of the region's water supply is used outside. Most yards are over-watered, some by as much as 300 percent, Barr said.

A free outdoor water audit is included in the Smart Yard program.

So far, Lawrence said he is pleased with his savings and the look of his yard since his system was installed in July. His most recent bill, for August, showed that he used 140 units of water, down from 189 units last October, the earliest bill he could find. One unit is 748 gallons.

Lawrence is in the process of converting his front yard to a smart controller, which he expects will save more water. Under a separate program, he got a \$420 rebate for converting his sprinklers to rotating nozzles that apply water more slowly and uniformly and use 20 percent less.

"You've got to look at your whole system. I found I was doing a lot of things wrong -- under watering in some areas and over water in others," Lawrence said.

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### **Smart Yard**

**What:** Helps consumers with the cost of water-conserving irrigation systems.

**Who:** Open to retail customers of Western Municipal Water District in parts of Riverside and Murrieta.

**Information:** Call 888-799-6167, or go online, [www.westernsmartyard.com](http://www.westernsmartyard.com)

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## Utility hikes, fiscal waste top Jurupa election issues

10:00 PM PDT on Sunday, September 26, 2010

By SANDRA STOKLEY  
The Press-Enterprise

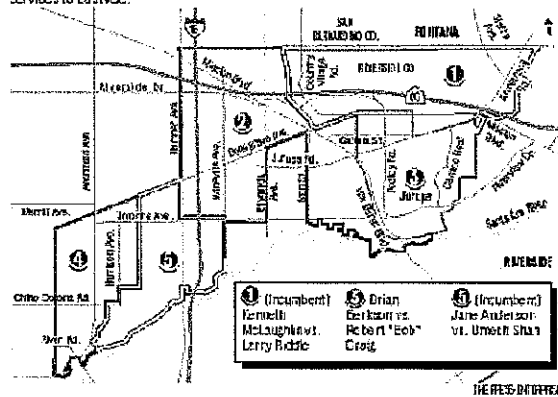
Water quality, increased water and sewer rates, customer service and financial waste are some of the issues that are in play in the campaign for the Jurupa Community Services District board of directors.

"They are wasting a lot of taxpayer money," said civil engineer Umesh Shah, who is challenging board member Jane Anderson for her Division 5 seat on the board. "That board approves things like a rubber stamp."

"I don't feel that the customer service (that) people expect from that district is adequate," said Brian Berkson, who is a candidate for the Division 3 seat.

[Story continues below](#)

**JURUPA COMMUNITY SERVICES DISTRICT:** Directors are elected to four-year terms and earn \$100 per meeting, up to a maximum of \$600 per month for board and committee meetings. The district provides water and sewer service and graffiti removal to the unincorporated Riverside County communities of San Juan, Peckley, Sunnyslope and parts of Mira Loma and the section of Eastvale. It is also developing and manages parks and provides recreation services to Eastvale.



Opposing Berkson is Robert "Bob" Craig.

"People are saying the water rates are too high. We should look at that and do what we can do," Craig said. "The board needs to be more accessible and approachable."

Three seats on the five-member board are up for election Nov. 2. Candidates run from the division they seek to represent but are elected by all voters in the district's service area.

In the Division 1 race, board veteran Ken McLaughlin is running against Larry Riddle.

McLaughlin and his fellow incumbent Jane Anderson are carrying the baggage of their votes in 2007 to increase water rates and in 2009 to restructure sewer rates.

The decision on sewer rates -- which factors water consumption into computing monthly bills -- has proven so controversial that the board is poised to commission a study that looks at alternative billing methods.

McLaughlin did not return calls or e-mails seeking comment.

He was appointed to the board in 2000, elected in 2001 and re-elected in 2005.

The board's decision to shift election to even-numbered years, added a year to all board member's terms of office.

Riddle, 54, who serves on the board of the Jurupa Area Recreation and Park District, owns an appliance repair company.

In 2008, the Jurupa park district filed a lawsuit against the community services district over the disputed sale of property to a partnership that includes Rep. **Ken Calvert**, R-Corona.

The two agencies are involved in settlement negotiations.

Riddle said trying to speed up a settlement is not the reason he is running.

"I hope I can help resolve the lawsuit as well as any other issues that come before the board," he said.

The Division 3 race guarantees there will be at least one new face on the Jurupa district board. The seat has been vacant since April when board member R.M. "Cook" Barela died.

Brian Berkson, 41, has lived in Glen Avon for six years and works as a project manager for Far West Industries, a **real estate** investment and development firm.

Berkson said if he is elected, he will make customer service a priority -- something that he says is not being done at the district now.

"I've watched people who have gone to the board and they are getting the brush off," he said.

Bob Craig, 57, a retired firefighter/paramedic, has lived in the Pedley area for 25 years. He is co-director with his wife, Lynne, at Eddie Dee Smith Senior Center in Rubidoux.

Craig said that as co-director of the senior center, he has had the opportunity to discuss issues with seniors. The increased utility rates have been weighing heavily on them, Craig said.

"A lot of the seniors are on fixed incomes," Craig said. "We need to look at how we can alleviate the impact on them and on the rest of the community."

Jane Anderson, 66, who was elected to the board in 2007 to a short term while the board changed over to divisions, is running in Division 5. She has lived in Eastvale since 1999.

Anderson said she can understand people's concern about paying higher utility rates at a time of economic distress. But she said the board had no choice.

"There were periods of time where no rates had been raised for years," Anderson said. "There are sewer lines and water lines in the older parts of the district that are 40-plus years old. They need to be replaced. You have to raise rates to pay for this."

As for the sewer rate restructuring, Anderson said the board has heard the community and is looking at restructuring the rates "so they are more understandable and fair."

Umesh Shah, a former engineer with the Jurupa district, is challenging Anderson for her Division 5 seat. He has lived in Eastvale for four years. He is a civil engineer and works for Ear Engineering Construction and Support in Riverside.

Shah said he is running as a district "insider" who knows the workings of the district and knows how to rein in costs to benefit customers.

He said the board did not need to raise rates because it is sitting on healthy reserves and wastes money by hiring highly paid managers and consultants.

"I know how the district works," he said. "I can make it better. I can make it user-friendly."

Reach Sandra Stokley at 951-368-9647 or [sstokley@PE.com](mailto:sstokley@PE.com)

# The Miami Herald

Posted on Fri, Oct. 01, 2010

## California Democrats battle over water subsidies for farmers

Michael Doyle  
McClatchy Newspapers

WASHINGTON — California congressional Democrats are engaged in another of their periodic intramural fights over the state's water, this time involving the giant Westlands Water District.

Illustrating once more that regional loyalty trumps party labels when it comes to water, Rep. Jim Costa, D-Fresno, on Friday pledged "the fight of a lifetime" if some of his Democratic colleagues continued to criticize a proposed Westlands water deal.

In particular, Costa targeted Rep. George Miller, D-Concord. For years, Miller has criticized subsidized water deliveries to San Joaquin Valley farms.

"If he wants to pick a fight with an entire Valley population whose economy hinges on a fair share of water, we'll give him one," Costa declared.

Miller, in turn, is raising pointed questions about a Westlands proposal for a water swap with the Metropolitan Water District of Southern California. Joined by three other California Democrats, Miller last month wondered whether Westlands' proposed water exchange is inconsistent with the district's earlier dire warnings of a water shortage.

"Following Westlands' claims of significant hardship, many stakeholders and policymakers in California and Washington spent considerable time and energy this spring identifying additional water supplies for Westlands," Miller noted in a Sept. 15 letter.

Reps. John Garamendi, D-Walnut Creek, Mike Thompson, D-Napa, and Grace Napolitano, D-Santa Fe Springs, joined Miller's letter. It's a potent lineup. Miller and Thompson are particularly close allies of House Speaker Nancy Pelosi, and Napolitano chairs the House water and power subcommittee.

It's Miller, though, whose reputation resonates most among Costa's farm constituents. They still associate the Bay Area liberal with his co-authorship of the 1992 Central Valley Project Improvement Act, which diverted more water from farms to environmental protection.

This means publicly sparring with Miller could be politically advantageous for Costa, whose Republican opponent, Andy Vidak, argues that Valley Democrats "were not willing to stand up to their own party" on defending the region's water interests.

Miller, in turn, answers to urban Bay Area constituents who are skeptical of irrigation subsidies and what he termed Westlands' "political advocacy, press releases and court filings."

Though it builds on past conflicts, the latest water fight is rooted in this year's water allocations. The Interior Department initially announced Westlands would only get 5 percent of its contracted water supply. Following intense political pressure and other developments, that has since increased to 45 percent.

Westlands' farmers say they want to send the Metropolitan Water District about 80,000 acre-feet of water currently stored in San Luis Reservoir. In turn, the farmers will get access to a comparable amount of Southern California-owned water next year. Farmers have practiced such "rescheduling" of water for a number of years.

"It is often a necessity for obtaining financing from agricultural lenders," Los Banos-area farmer and Westlands board president Jean P. Sagouspe advised Miller. "One of the first questions a farmer on the Westside of the San Joaquin Valley will be asked by a banker is, 'What is your water supply?'"

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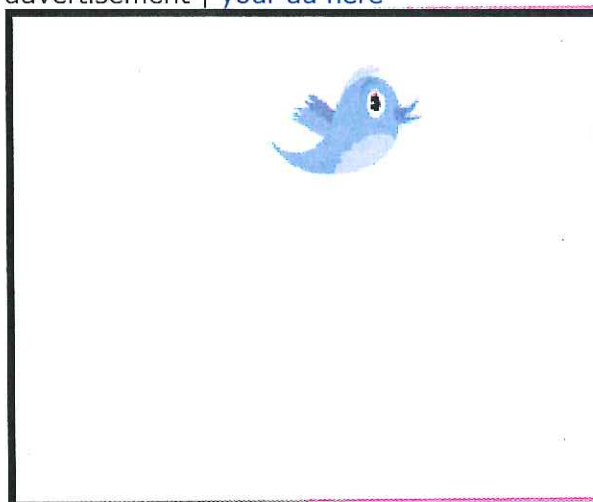
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SFGate.com

## Cities key source of toxics in bay, study finds

Kelly Zito, Chronicle Staff Writer

Tuesday, October 5, 2010

Rainwater runoff from downtown sidewalks and suburban gardens dumps more toxic chemicals into San Francisco Bay than the large rivers that drain vast tracts of farmland in the Central Valley, according to a new study.



City dwellers are also responsible for one of the newest scourges in the bay - the ubiquitous plastic shopping bag.

In its annual report card on the bay, the San Francisco Estuary Institute found that heavy loads of mercury and PCBs are flowing into San Francisco, San Pablo and Suisun bays through the web of culverts and creeks that carry storm water from residential and industrial areas around the nine-county region.

Ten years ago, scientists believed that California's two largest rivers, the Sacramento and San Joaquin - which funnel most agricultural runoff from the Central Valley to the delta and San Francisco Bay - were the primary culprits.

But more advanced testing techniques show cities are the key source, according to Jay Davis, senior environmental scientist at the San Francisco Estuary Institute in Oakland. The volume of mercury flushed from the Central Valley may be half what had been estimated a decade ago.

"Historically, we thought (the Sacramento and San Joaquin) were the dominant inputs of contaminants in the bay, but our thinking has shifted," Davis said. "The tributaries from the urban landscapes are contributing more."

Higher levels of mercury are of particular concern, because when ingested by people and animals the heavy metal can cause a host of physical problems, including neurological damage. Tests of striped bass from the bay, a so-called "indicator species," show mercury levels at an average of 0.4 parts per million in 2009, Davis said, well above the 0.2 parts per million level considered safe for moderate consumption.

One of most mercury-laden waterways in the region remains the Guadalupe River, which flows from the Santa Cruz Mountains and the site of the now-defunct New Almaden Quicksilver Mining District, one of the largest historic mercury mining operations in North America. Various local agencies have partnered with one another with the intention of cutting mercury levels in the

Guadalupe, from controlling erosion along river banks to adding oxygen to local reservoirs. That process helps prevent mercury from converting to methylmercury, the chemical form most frequently eaten by and concentrated in fish.

Efforts are also under way to slash the most visible types of contamination: cigarette butts, Styrofoam packaging and plastic bags. Last year, the San Francisco Bay Regional Water Quality Control Board approved a measure requiring municipalities in Alameda, Contra Costa, San Mateo and Santa Clara and Solano counties to reduce the amount of trash in storm water runoff 40 percent by 2014.

"Without a question, trash has become one of our highest priority water quality concerns," said Tom Mumley, assistant executive officer at the water board. "It affects the creeks, the shoreline and contributes to ocean pollution. The public simply has to create less trash, and cities need to capture more of it."

E-mail Kelly Zito at [kzito@sfnchronicle.com](mailto:kzito@sfnchronicle.com).

<http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2010/10/05/BAPC1FO6QP.DTL>

This article appeared on page **C - 1** of the San Francisco Chronicle

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