



# CHINO BASIN WATERMASTER



## NOTICE OF MEETING

**Thursday, February 23, 2012**

11:00 a.m. – Watermaster Board Meeting

*Lunch Will Be Served*

**AT THE CHINO BASIN WATERMASTER OFFICES**  
9641 San Bernardino Road  
Rancho Cucamonga, CA 91730  
(909) 484-3888



# **CHINO BASIN WATERMASTER**

**Thursday, February 23, 2012**

11:00 a.m. – Watermaster Board Meeting

## **AGENDA PACKAGE**



**CHINO BASIN WATERMASTER  
WATERMASTER BOARD MEETING  
11:00 a.m. – February 23, 2012**

**WITH**

*Mr. Bob Kuhn, Chair  
Mr. Jim Curatalo, Vice-Chair*  
**At The Offices Of  
Chino Basin Watermaster  
9641 San Bernardino Road  
Rancho Cucamonga, CA 91730**

**AGENDA**

**CALL TO ORDER**

**PLEDGE OF ALLEGIANCE**

**AGENDA - ADDITIONS/REORDER**

**I. CONSENT CALENDAR**

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

**A. MINUTES**

1. Minutes of the Annual Watermaster Board Meeting held January 26, 2012 (*Page 1*)

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of December 2011 (*Page 9*)
2. Watermaster VISA Check Detail for the month of December 2011 (*Page 19*)
3. Combining Schedule for the Period July 1, 2011 through December 31, 2011 (*Page 23*)
4. Treasurer's Report of Financial Affairs for the Period December 1, 2011 through December 31, 2011 (*Page 27*)
5. Budget vs. Actual Report for the Current Month, Year-To-Date, and Projected Fiscal Year (*Page 31*)

**C. INTERVENTION INTO THE AGRICULTURAL POOL**

Consider Approval for the Intervention of Tad Nakase (TDN Land Company) into the Agricultural Pool (*Page 39*)

**II. BUSINESS ITEMS**

**A. WATERMASTER ANNUAL AUDIT FISCAL YEAR 2010/2011**

Consider to receive and file the Watermaster Annual Audit performed by Charles Z. Fedak & Company (*Page 43*)

**B. WATERMASTER MID-YEAR REVIEW, BUDGET TRANSFERS AND BUDGET AMENDMENTS**

Consider (1) Staff recommends the Mid-Year Review Report for the Period July 1, 2011 through December 31, 2011 be received and filed as presented and (2) Staff recommends approval of the Budget Transfer Form T-12-02-01 and the Budget Amendment Form A-12-02-01 as presented (*Page 97*)

**C. CHINO CREEK WELL FIELD EXTENSOMETER CONSTRUCTION CHANGE ORDER REIMBURSEMENT AGREEMENT**

Consider Approval to Authorize the Watermaster Interim Chief Executive Officer to Finalize and then Enter into the Draft Reimbursement Agreement (Page 125)

**D. CHINO CREEK WELL FIELD EXTENSOMETER LAND LEASE AGREEMENT**

Consider Approval to Authorize the Watermaster Interim Chief Executive Officer to Finalize and then Enter into the Land Lease Agreement With San Bernardino County (Page 129)

**E. APPLICATIONS FOR RECHARGE**

- 1. **Consider Approval for Application for Recharge** - The City of Upland has submitted an application for recharge for 9,500,000 acre-feet to be placed into a Local Supplemental Storage Account. Date of Application: November 29, 2011. Consider Approval of the City of Upland's Application for Recharge, exclusive of recycled water, and direct Watermaster to account for this supplemental water recharged in the City of Upland's existing local supplemental storage account. (Page 153)
- 2. **Consider Approval for Application for Recharge** - San Antonio Water Company has submitted an application for recharge for 2,000,000 acre-feet to be placed into a Local Supplemental Storage Account. Date of Application: December 1, 2011. Consider Approval of SAWCO's Application for Recharge and direct Watermaster to account for this supplemental water recharged in SAWCO's existing local supplemental storage account. (Page 163)

**III. REPORTS/UPDATES**

**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

- 1. Paragraph 31 Appeal Tentative Opinion

**B. CEO/STAFF REPORT**

- 1. Recharge Master Plan Update/Storage Issues Review Process
- 2. WEI Analysis of Well Design for CDA Well I-20 & I-21
- 3. Data Release Procedures
- 4. Basin Plan Amendment

**IV. INFORMATION**

- 1. Cash Disbursements for January 2012 (Page 177)
- 2. Newspaper Articles – Direction Needed (Page 189)

**V. BOARD MEMBER COMMENTS**

**VI. OTHER BUSINESS**

**VII. CONFIDENTIAL SESSION - POSSIBLE ACTION**

Pursuant to Article 2.6 of the Watermaster Rules & Regulations, a Confidential Session may be held during the Watermaster committee meeting for the purpose of discussion and possible action.

- 1. CEO Search
- 2. Paragraph 31 Appeal

**VIII. FUTURE MEETINGS AT WATERMASTER**

Thursday, February 23, 2012	11:00 a.m.	Watermaster Board Meeting
Thursday, March 1, 2012	10:00 a.m.	CB RMPU Steering Committee Mtg.
Thursday, March 8, 2012	9:00 a.m.	Appropriative Pool Meeting
Thursday, March 8, 2012	11:00 a.m.	Non-Agricultural Pool Conference Call Mtg.
Thursday, March 8, 2012	2:00 p.m.	Agricultural Pool Meeting

(PLEASE NOTE: NEW AGRICULTURAL POOL PERMANENT MEETING TIME CHANGE)



Thursday, March 15, 2012	8:00 a.m.	IEUA DYY Meeting
Thursday, March 15, 2012	9:00 a.m.	Advisory Committee Meeting
Thursday, March 15, 2012	10:00 a.m.	CB RMPU Steering Committee Mtg.
Thursday, March 22, 2012	9:00 a.m.	Land Subsidence Committee Meeting
Thursday, March 22, 2012	11:00 a.m.	Watermaster Board Meeting

**The Chino Basin Recharge Master Plan Update Steering Committee will now be meeting on a regular basis on the 1<sup>st</sup> and 3<sup>rd</sup> Thursday of every month at 10:00 a.m. starting in March until further notice.**

**Meeting Adjourn**

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# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### A. MINUTES

1. Annual Watermaster Board Meeting held on January 26, 2012



***Draft Minutes***  
**CHINO BASIN WATERMASTER**  
**ANNUAL WATERMASTER BOARD MEETING**  
*January 26, 2012*

The Annual Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on January 26, 2012 at 11:00 a.m.

**WATERMASTER BOARD MEMBERS PRESENT**

Bob Kuhn, Chair	Three Valleys Municipal Water District
Steve Elie	Inland Empire Utilities Agency
Bob Bowcock	Vulcan Materials Company (Calmat Division)
Charles Field	Western Municipal Water District
Paula Lantz	City of Pomona
Bill Kruger	City of Chino Hills
Jim Curatalo	Fontana Union Water Company
Paul Hofer	Agricultural Pool
Geoffrey Vanden Heuvel	Agricultural Pool

**Watermaster Staff Present**

Ken Jeske	Interim CEO
Danielle Maurizio	Senior Engineer
Joseph Joswiak	Chief Financial Officer
Gerald Greene	Senior Environmental Engineer
Sherri Molino	Recording Secretary

**Watermaster Consultants Present**

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

**Others Present Who Signed In**

Jeff Pierson	Ag Pool – Crops
Bob Feenstra	Ag Pool – Dairy
Pete Hall	Ag Pool – State of California – CIM
Jennifer Novak	State of California – Department of Justice
Ron La Brucherie	Farmer
Al Lopez	Western Municipal Water District
Mark Kinsey	Monte Vista Water District
Sandra Rose	Monte Vista Water District
Art Kidman	McCormick, Kidman & Behrens
Rick Hansen	Three Valleys Municipal Water District
David DeJesus	Three Valleys Municipal Water District
Jill Willis	Best Best & Krieger
Marty Zvirbulis	Cucamonga Valley Water District
Jo Lynne Russo-Pereyra	Cucamonga Valley Water District
Hank Stoy	Cucamonga Valley Water District
Raul Garibay	City of Pomona
Dave Crosley	City of Chino
Rosemary Hoerning	City of Upland
Scott Burton	City of Ontario
Bob Gluck	City of Ontario
Ron Craig	City of Chino Hills
Mike Maestas	City of Chino Hills



Sheri Rojo  
 Karen Johnson  
 Tom Love  
 Craig Miller  
 Terry Catlin  
 Ryan Shaw  
 Curtis Paxton  
 Eunice Ulloa  
 Jack Safely  
 Ben Lewis  
 Teri Layton

Fontana Water Company  
 Water Resources Planning  
 Inland Empire Utilities Agency  
 Inland Empire Utilities Agency  
 Inland Empire Utilities Agency  
 Inland Empire Utilities Agency  
 Chino Desalter Authority  
 Chino Basin Conservation District  
 Western Municipal Water District  
 Golden State Water Company  
 Santa Antonio Water Company

Chair Kuhn called the Annual Watermaster Board meeting to order at 11:00 a.m.

**PLEDGE OF ALLEGIANCE**

**PUBLIC COMMENTS**

There were no public comments made.

**AGENDA - ADDITIONS/REORDER**

Chair Kuhn noted there will be two confidential sessions for this meeting. The first will be taken directly after the elections to discuss the Confidential Session Item 2. Personnel Matters.

**INTRODUCTIONS - CALENDAR YEAR 2012 WATERMASTER BOARD MEMBERS**

Bob Bowcock	Non-Agricultural Pool
Jim Curatalo	Fontana Union Water Company
Charles Field	Western Municipal Water District
Paul Hofer	Agricultural Pool (Crops)
Steve Elie	Inland Empire Utilities Agency
Bill Kruger	City of Chino Hills
Bob Kuhn	Three Valleys Municipal Water District
Paula Lantz	City of Pomona
Geoffrey Vanden Heuvel	Agricultural Pool (Dairy)

It was asked that Counsel Slater conduct the 2012 election of officers.

Mr. Vanden Heuvel offered comment on Watermaster's 2011 Chair and Vice-Chair positions and stated he wants to make a motion to propose an entire slate for the 2012 Watermaster Officers.

**I. CALENDAR YEAR 2012 OFFICERS – Action**

**A. ELECTION OF OFFICERS**

1. Nominations were heard for Watermaster Board Chair – Mr. Bob Kuhn
2. Nominations were heard for Watermaster Board Vice-Chair – Mr. Jim Curatalo
3. Nominations were heard for Watermaster Board Secretary/Treasurer – Ms. Paula Lantz

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

***Moved to approve as a slate rather than making individual motions for the nominated officer positions, as presented***

Counsel Slater noted the new 2012 official Watermaster Officers and turned the annual meeting over to Chair Kuhn.

Chair Kuhn offered opening comments for his new Chair position.

The regular open Annual Watermaster Board meeting was convened to hold its first confidential session at 11:09 a.m. on personnel matters

The confidential session concluded at 11:40 a.m.

Chair Kuhn reported the action from the first confidential session as follows:

Counsel Slater stated the Watermaster Board in closed session decided to retain Ken Jeske as interim part-time CEO, and instructed counsel to prepare a conforming contract consistent with their direction.

**II. CONSENT CALENDAR**

**A. MINUTES**

1. Minutes of the Watermaster Board Meeting held December 15, 2011

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of November 2011
2. Watermaster VISA Check Detail for the month of November 2011
3. Combining Schedule for the Period July 1, 2011 through November 30, 2011
4. Treasurer's Report of Financial Affairs for the Period November 1, 2011 through November 30, 2011
5. Budget vs. Actual Current Month, Year-To-Date, and Fiscal Year-End

**C. NOTICE OF INTENT**

Annual Filing of Notice of Intent Regarding the Determination of Operating Safe Yield

**D. CHINO BASIN WATERMASTER INVESTMENT POLICY**

Resolution 12-01 – Resolution of the Chino Basin Watermaster, San Bernardino County, California, Re-Authorizing the Watermaster's Investment Policy

**E. LOCAL AGENCY INVESTMENT FUND**

Resolution 12-02 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF)

*Motion by Elie second by Vanden Heuvel, and by unanimous vote – Kruger and Curatalo abstained from Item A. Minutes*

***Moved to approve Consent Calendar items A through E, as presented***

**III. BUSINESS ITEMS**

**A. WATERMASTER 2011/2012 ASSESSMENT PACKAGE**

Mr. Jeske stated this item is for the 2011/2012 Assessment Package and following this item is the approval for the levying of the assessments. Ms. Maurizio gave the Watermaster 2011/2012 Assessment Package presentation in detail. Ms. Maurizio reviewed the change requested from the Non-Agricultural Pool. Ms. Maurizio reviewed the Non-Agricultural Pool foot note changes on pages 13A, 14A, and 15A in detail. Ms. Maurizio stated this item has been approved by the three Pools and the Advisory Committee earlier this month with the noted change made by the Non-Agricultural Pool. Chair Kuhn called for the motion.

Mr. Bowcock referenced a letter written by Monte Vista Water District (MVWD) on January 6, 2012, which is included in the meeting package. Mr. Bowcock reviewed the MVWD letter which discussed having Watermaster staff look into the 2% losses on carryover water. Mr. Bowcock acknowledged to MVWD that they have lodged that concern and that staff/parties will be looking at this matter. Mr. Bowcock stated he wanted some direction to provide to staff on carryover losses at this time. A discussion regarding this matter ensued. Chair Kuhn stated the 2% losses can be discussed after the vote is taken on the Assessment Package. Chair Kuhn asked Mr. Bowcock if he had a suggestion on this. Mr. Bowcock stated he would like to direct staff if possible. Mr. Bowcock stated Watermaster has this four year look back rule and the 2% losses

have only been assessed on "stored water" in the Chino Basin since 2004/2005, and his suggestion is to go back from when assessing losses first started and remove it from carryover. Mr. Bowcock stated he does not believe it should have been done on carryover, and was clearly called out for stored water. Mr. Bowcock offered further comment on this matter. Chair Kuhn inquired to Watermaster staff about the mechanics of going back to the beginning. Ms. Maurizio stated the longer staff goes back the more losses there will be because it is accumulative. Mr. Maurizio stated if we want to keep it simple, Watermaster just gives the losses back into their storage account. There is a possibility it could play into such things as the 85/15 Rule, which would really complicate the issue. Ms. Maurizio stated it is not a huge difference to do it for just the four years or to go back all the way. Mr. Vanden Heuvel stated he agrees with Mr. Bowcock on this matter and noted MVWD has brought up a valid point. Mr. Vanden Heuvel stated if this was just a Watermaster call, and there was no obligation to do it this way, then the Board can send this back to the Pools with a suggestion the Pools come forward with a recommendation on how to handle this. Chair Kuhn inquired to legal counsel if there are any implications on this matter. Counsel Slater stated he would like the opportunity to confer with MVWD's counsel, members of the Appropriative Pool, and the Non-Agricultural Pool. Counsel Slater stated the Peace Agreement is clear that carryover is storage and Storage Agreements have been issued, and if there is exclusion for carryover he is not aware of it. Mr. Jeske stated he met with a few parties this morning and has been given some tasks in his contract which was just approved, and this was one of the items. Mr. Jeske stated this matter folds into a larger issue of storage, and this was going to be reported under the CEO section of the agenda. Mr. Jeske noted recently working groups have been formed to start the process, including a legal review. Mr. Jeske stated an inclusive process working with people from all three Pools to bring forward recommendations through the Pool process, the Advisory Committee, and ultimately the Watermaster Board is needed to resolve those issues. Chair Kuhn asked that this be kept on future agendas. Mr. Vanden Heuvel offered final comments on this matter and noted he does not think this needs to be agendized every month since this is part of a larger project that will be brought through the Watermaster process. Mr. Elie offered comments on this matter and noted the whole storage loss issue needs to be put on the table for the entire Watermaster family to discuss on a future agenda; this is going to take a few months to resolve. Mr. Kinsey stated MVWD submitted the letter based in part on the discussions that have been taking place on storage, and in hopes this would prompt Watermaster to complete an evaluation on this matter. Mr. Kinsey stated he believes this is an accounting oversight; however, a distinction needs to be made between carryover water and excess carryover water which is storage and clear in the Judgment. Chair Kuhn stated staff and legal understand the direction of the Board.

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

***Moved to the Watermaster 2011/2012 Assessment Package, as presented***

#### **B. LEVYING REPLENISHMENT AND ADMINISTRATIVE ASSESSMENTS**

Mr. Jeske stated this is the resolution to levy the assessments. No further comments were made or received on this item.

*Motion by Elie second by Bowcock, and by unanimous vote*

***Moved Resolution 12-03 Levying Replenishment and Administrative Assessments, as presented***

#### **C. MATERIAL PHYSICAL INJURY ANALYSIS**

Mr. Jeske introduced this item and offered comment on the process which has just started to move forward on addressing all storage issues; a specific meeting workshop on storage does not need to be scheduled and direction to proceed has been given by this Board. Mr. Jeske noted this item only pertains to the Material Physical Injury Analysis. Mr. Jeske stated the Recharge Applications have to wait until next month before they go to the Watermaster Board because there is a mandatory 30 day waiting period. Mr. Wildermuth reviewed the history of this matter, which applications were included in his analysis which equal 81,500 acre-feet of water, reviewed the impacts, and reviewed a depth to groundwater map in detail. Mr. Wildermuth stated, with

regard to the letter report in the meeting package, there is a support graphic that was used to show what the depth to water was in the areas of these recharge sites and wells, which indicate we would not have any issues from high groundwater. Mr. Wildermuth reviewed the map in detail and noted the larger version of this map is available on the back table. Chair Kuhn inquired if this analysis is just to receive and file. Mr. Vanden Heuvel stated this same report was given at the Agricultural Pool meeting, at which he was present, and it stimulated a robust discussion. Mr. Vanden Heuvel stated there have been numerous discussions all around this whole storage matter and, as Mr. Jeske stated earlier, this is one piece of the issue and is a technical piece that has to be accomplished for us to even consider new storage agreements. Mr. Vanden Heuvel stated the Material Physical Injury Analysis is what we are considering to approve today; however, that does not address the bigger policy questions of how we allocate storage within this basin, and how we deal with a large amount of water that is sitting in the basin which appears to be in limbo. Mr. Vanden Heuvel stated it is good to remind ourselves, as a Board, that all of our Storage Agreements have expired; this needs to be cleaned up. Mr. Jeske stated a motion needs to be made to receive and file this item.

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

***Moved to receive and file the Wildermuth Material Physical Injury Analysis, as presented***

#### **IV. REPORTS/UPDATES**

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

###### **1. December 16, 2011 Hearing Report**

Counsel Slater stated at the December 16, 2011 hearing it was presented to the judge to extend for six months the report related to the Recharge Master Plan. Counsel Slater stated the court granted that extension and Watermaster has been moved off until June 14, 2012 – which is now the target date.

###### **2. January 17, 2012 RMP Meeting**

Counsel Slater stated, as the Board directed in proceeding into the new year, that it was hoped that we would gain a strong consensus and resolve a multitude of issues that Mr. Jeske has just referenced, and in time for updating the court by June 14, 2012. Counsel Slater stated Mr. Jeske convened the meeting on January 17<sup>th</sup> and participated by laying out a structure and an outline wherein the parties could contribute, meet frequently, and have a proposal to this Board through the process in the May time frame for ultimate approval by the court as scheduled on June 14, 2012. Counsel Slater stated as counsel for the Board and mindful of your obligations and representations to the court, close attention needs to be watched on the progress that is being made, and Watermaster intends to carry this forward as a report on each Board agenda item.

##### **B. CEO/STAFF REPORT**

###### **1. Recharge Master Plan Update**

Mr. Jeske stated a phone in conference meeting is scheduled for February 1<sup>st</sup> to set forth a scope of work plan, and the next meeting is scheduled as is an in-house meeting for February 14<sup>th</sup> at 9:00 a.m. Mr. Jeske stated our intention is in to talk about the Recharge Master Plan Update separately from all the storage issues, even though staff knows there will be some interrelation because of the mandates to get the time-lines, the revisions, and the process to court as directed at the last hearing.

###### **2. Recharge Update**

Mr. Jeske stated the most recent Recharge Update Spreadsheet is available on the back table. Mr. Jeske reviewed the spreadsheet in detail. Mr. Jeske noted this has not been a very wet year and that will cause problems going into the future.



3. Notice of Availability - Non-Agricultural Water

Mr. Jeske stated the Notice of Availability pertains to stored water that the Non-Agricultural Pool may determine to offer up and that process is now in the works. Mr. Jeske stated mailings have gone out, and Appropriators have a time-line to get responses back and they are in the process of doing that. Mr. Jeske stated it does not appear that all appropriators are going to purchase; however, it does appear that all of the water being offered is going to be purchased.
4. WEI Analysis of Well Design for CDA Well I-20

Mr. Jeske stated this item is regarding Wildermuth's analysis of well design for CDA well I-20. Mr. Jeske stated engineering has reviewed the design and they found the well is in the location that Watermaster desired for hydraulic control and that the pumping will be from the shallow zone as intended. Mr. Jeske stated there was an issue raised at the Agricultural Pool and the Advisory Committee meetings regarding some specific design detail. Mr. Jeske stated it was discussed they were ultimately requesting that there be annular seal placed in the gravel pack to segregate the two zones. Mr. Jeske stated he has met with the project manager from Western Municipal Water District on this matter and he is here today for comment. Mr. Safely stated at the time we commented on I-20, the well had already been cased; the seal is within the casing but not in the annular filter pack. Mr. Safely offered further comment on the seal for well I-20 and the quality of its water. Mr. Safely stated he has spoken to the driller and GSI to move forward with the modification for well I-19 to install the annular seal on this well in the filter pack because this well is not yet completed.
5. Chino Basin Watermaster Excess Reserves Update

Mr. Jeske stated staff has reported to the Pools and the Advisory Committee on the excess reserves that were determined to be returned to parties, and that will be shown as a credit on the Assessment Package.
6. Vertical Extensometer Update

Mr. Jeske stated with regard to the vertical extensometer, the issue that has come up has been on the acquisition of actual property. Mr. Jeske stated there are two potential sites, one is privately owned and one belongs to the County of San Bernardino Dept. of Airports. Mr. Jeske stated an offer was recently received from the County for the lease of the property, and that is currently being worked on with the County and also with the private owner because the County's proposal seemed high for such a small lot of undeveloped land. Mr. Jeske stated he will keep the parties apprised of this matter at future meetings and the actual lease will go through the entire Watermaster process once it is complete.
7. Basin Plan Amendment Update

Mr. Jeske stated this item is regarding the Basin Plan Amendment that is being presented to the RWQCB to change the monitoring requirements and save Watermaster approximately \$200,000 a year. Mr. Jeske stated this item is on the RWQCB agenda and he is planning on attending that meeting. A brief discussion regarding this matter ensued.
8. Archibald South Plume Sampling Result Update

Ms. Maurizio stated it was requested last month by the Board that the sampling results for the Archibald South Plume be brought back. Ms. Maurizio noted the sampling results were a result of split sampling with Watermaster and the ABGL Group. Ms. Maurizio showed a map with those results and discussed them in detail. Mr. Elie inquired about the map presented and offered comment. Mr. Elie requested that a different map showing raw data and locations be provided to him via email. A lengthy discussion regarding this matter ensued. Mr. Feenstra stated discussions have taken place at several of the meetings regarding potable water to the areas that have high levels of contamination and concern. Mr. Feenstra asked if people have been working in the areas of concern, and inquired about the water they could be drinking on the farm or property. Ms. Maurizio stated it is her understanding the ABGL Group talked to all the residents and that is where the green tanks came in.

Ms. Maurizio stated the ABGL Group offered either green tanks and/or bottled water for anybody who had high results; there were people who declined this offer and stated they already had their own bottled water source. Ms. Maurizio stated now that all the results are in Watermaster has a commitment to the Agricultural Pool to send out letters to the owners and users with their water quality report of what was tested in their water. A lengthy discussion regarding water quality, contamination notification, and this matter ensued.

#### V. INFORMATION

##### 1. Cash Disbursements for December 2011

No comment was made.

##### 2. Newspaper Articles

Mr. Hofer offered comment on the article in the meeting package pertaining to the Santa Ana Sucker and noted how extremely important this is to the Chino Basin.

#### VI. BOARD MEMBER COMMENTS

Mr. Curatalo stated it is good to be back as a director on the Watermaster Board.

Chair Kuhn stated the Board agreed as part of Mr. Jeske's contract that the Watermaster CEO recruitment process would start in February and asked for suggestions on this matter, including when to begin and end the flying of this position. Mr. Elie stated March 1, 2012. Mr. Vanden Heuvel offered comment on this matter and noted this important process needs to first be discussed at the February Board meeting, and then, maybe starting at the Pool level, have this put on the agendas under closed session to get some feedback first.

#### VII. OTHER BUSINESS

The regular open Annual Watermaster Board meeting was convened to hold its second confidential session at 12:27 p.m.

#### VIII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to Article 2.6 of the Watermaster Rules & Regulations, a Confidential Session may be held during the Watermaster committee meeting for the purpose of discussion and possible action.

1. Aqua Capital Management versus California Steel Industries
2. Personnel Matters (*This item was discussed during the first confidential session*)
3. Appellate Court Tentative Opinion

The confidential session concluded at 2:04 p.m.

There was no reportable action from the second confidential session.

#### IX. FUTURE MEETINGS AT WATERMASTER

Thursday, January 26, 2012	11:00 a.m.	Annual & Election Watermaster Board Meeting
Wednesday, February 1, 2012	1:30 p.m.	* CB RMPU Steering Committee Conference Call Meeting
Thursday, February 9, 2012	9:00 a.m.	Appropriative Pool Meeting
Thursday, February 9, 2012	11:00 a.m.	Non-Agricultural Pool Conference Call Meeting
Thursday, February 9, 2012	1:00 p.m.	Agricultural Pool Meeting
Tuesday, February 14, 2012	9:00 a.m.	* CB RMPU Steering Committee Meeting
Thursday, February 16, 2012	8:00 a.m.	IEUA DYY Meeting
Thursday, February 16, 2012	9:00 a.m.	Advisory Committee Meeting

Thursday, February 16, 2012	11:00 a.m.	Land Subsidence Committee Meeting
Thursday, February 23, 2012	11:00 a.m.	Watermaster Board Meeting

\* Chino Basin Recharge Master Plan Update Steering Committee

Chair Kuhn adjourned the Annual Watermaster Board meeting at 2:05 p.m. in memory of Ruben Ayala

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

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



# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### **B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of December 2011
2. Watermaster VISA Check Detail for the month of December 2011
3. Combining Schedule for the Period July 1, 2011 through December 31, 2011
4. Treasurer's Report of Financial Affairs for the Period December 1, 2011 through December 31, 2011
5. Budget vs. Actual Report for the Current Month, Year-To-Date, and Projected Fiscal Year







# CHINO BASIN WATERMASTER

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

## STAFF REPORT

**DATE:** February 23, 2012  
**TO:** Board Members  
**SUBJECT:** Cash Disbursement Report – Financial Report B1

### SUMMARY

**Issue** – Record of cash disbursements for the month of December 2011.

**Recommendation** – Staff recommends the Cash Disbursements for December 2011 be received and filed as presented.

**Fiscal Impact** – Funds disbursed were included in the FY 2011-2012 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 December 2011 were \$165,474.07. The most significant expenditures during the month were the Watermaster payrolls in the amounts of \$35,648.80 and \$36,959.50 (direct bank debits dated December 10, 2011 and December 24, 2011) and Hogan Lovells in the amount of \$27,060.61 (check number 15633 dated December 5, 2011).

### Actions:

February 9, 2012 Appropriative Pool – Approved Unanimously  
February 9, 2012 Non-Agricultural Pool – Moved to Receive and File, Without Approval  
February 9, 2012 Agricultural Pool – Approved Unanimously  
February 16, 2012 Advisory Committee – Approved Unanimously  
February 23, 2012 Watermaster Board –

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CHINO BASIN WATERMASTER  
 Cash Disbursements For The Month of  
 December 2011

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt - Check	12/05/2011	15625	DE BOOM, NATHAN	AG Pool Member Meeting Compensation	1012 - Bank of America Gen'l Ckg	
Bill	11/10/2011	11/10 Ag Pool Mtg		11/10/11 Ag Pool Meeting	8411 - Compensation	25.00
				AG Pool Member Meeting Compensation	8470 - Ag Meeting Attend -Special	100.00
TOTAL						125.00
Bill Pmt - Check	12/05/2011	15626	DURRINGTON, GLEN	AG Pool Member Meeting Compensation	1012 - Bank of America Gen'l Ckg	
Bill	11/10/2011	11/10 Ag Pool Mtg		11/10/11 Ag Pool Meeting	8411 - Compensation	25.00
				AG Pool Member Meeting Compensation	8470 - Ag Meeting Attend -Special	100.00
TOTAL						125.00
Bill Pmt - Check	12/05/2011	15627	FEENSTRA, BOB	11/07/11 Personnel Committee	1012 - Bank of America Gen'l Ckg	
Bill	11/07/2011	11/07 Personnel Comm		11/07/11 Special Board Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	11/08/2011	11/08 Board Meeting		11/08/11 Special Board Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	11/10/2011	11/10 Ag Pool Mtg		11/10/11 Ag Pool Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	11/17/2011	11/17 Advisory Comm		11/17/11 Advisory Committee Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	11/17/2011	11/17 Board Mtg		11/17/11 Board Meeting	8470 - Ag Meeting Attend -Special	125.00
TOTAL						625.00
Bill Pmt - Check	12/05/2011	15628	HALL, PETE*	11/17/11 Advisory Committee Meeting	1012 - Bank of America Gen'l Ckg	
Bill	11/17/2011	11/17 Advisory Comm		11/17/11 Advisory Committee Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	11/17/2011	11/17 Board Mtg		11/17/11 Board Meeting	8470 - Ag Meeting Attend -Special	125.00
TOTAL						250.00
Bill Pmt - Check	12/05/2011	15629	HUITSING, JOHN	AG Pool Member Compensation	1012 - Bank of America Gen'l Ckg	
Bill	11/10/2011	11/10 Ag Pool Mtg		11/10/11 Ag Pool Meeting	8470 - Ag Meeting Attend -Special	125.00
TOTAL						125.00
Bill Pmt - Check	12/05/2011	15630	KOOPMAN, GENE	AG Pool Member Meeting Compensation	1012 - Bank of America Gen'l Ckg	
Bill	11/10/2011	11/10 Ag Pool Mtg		11/10/11 Ag Pool Meeting	8411 - Compensation	25.00
				AG Pool Member Meeting Compensation	8470 - Ag Meeting Attend -Special	100.00
TOTAL						125.00
Bill Pmt - Check	12/05/2011	15631	PIERSON, JEFFREY	11/10/11 Ag Pool Meeting	1012 - Bank of America Gen'l Ckg	
Bill	11/10/2011	11/10 Ag Pool Mtg		11/10/11 Ag Pool Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	11/17/2011	11/17 Advisory Comm		11/17/11 Advisory Committee Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	11/17/2011	11/17 Board Mtg		11/17/11 Board Meeting	8470 - Ag Meeting Attend -Special	125.00
TOTAL						375.00
Bill Pmt - Check	12/05/2011	15632	GRAINGER	9687071523	1012 - Bank of America Gen'l Ckg	
Bill	11/15/2011	9687071523		9687071523	7103.6 - Grdwtr Qual-Supplies	29.42
Bill	11/15/2011	9688063725		9688063725	7103.6 - Grdwtr Qual-Supplies	191.75
Bill	11/18/2011	9690356895		9690356895	7103.6 - Grdwtr Qual-Supplies	4.54

**CHINO BASIN WATERMASTER**  
Cash Disbursements For The Month of  
December 2011

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	11/18/2011	9690356887		9690356887	7103.6 - Growtr Quat-Supplies	8.82
TOTAL						294.53
Bill Pmt -Check	12/05/2011	15633	HOGAN LOVELLS	2626846	1012 - Bank of America Gen'l Ckg	
Bill	11/30/2011	2626846		Non-Ag Legal Services - October2011	8567 - Non-Ag Legal Service	27,060.61
TOTAL						27,060.61
Bill Pmt -Check	12/05/2011	15634	PARK PLACE COMPUTER SOLUTIONS, INC.	457	1012 - Bank of America Gen'l Ckg	
Bill	11/30/2011	457		IT Services - November 2011	6052.1 - Park Place Comp Solutn	2,550.00
TOTAL						2,550.00
Bill Pmt -Check	12/05/2011	15635	PUMP CHECK	4447	1012 - Bank of America Gen'l Ckg	
Bill	11/30/2011	4447			7102.B - In-line Meter-Calib & Test	2,280.00
TOTAL						2,280.00
Bill Pmt -Check	12/05/2011	15636	YUKON DISPOSAL SERVICE	08-K2 213849	1012 - Bank of America Gen'l Ckg	
Bill	12/01/2011	08-K2 213849		Disposal Service - December 2011	6024 - Building Repair & Maintenance	106.53
TOTAL						106.53
Bill Pmt -Check	12/05/2011	15637	BOWCOCK, ROBERT	11/07/11 Personnel Comm	1012 - Bank of America Gen'l Ckg	
Bill	11/07/2011	11/07 Personnel Comm		11/07/11 Personnel Committee Meeting	6311 - Board Member Compensation	125.00
Bill	11/17/2011	11/17 Board Mtg		11/17/11 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						250.00
Bill Pmt -Check	12/05/2011	15638	ELIE, STEVEN	11/08/11 Special Board Meeting	1012 - Bank of America Gen'l Ckg	
Bill	11/08/2011	11/08 Board Mtg		11/08/11 Special Board Meeting	6311 - Board Member Compensation	125.00
Bill	11/17/2011	11/17 Board Mtg		11/17/11 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						250.00
Bill Pmt -Check	12/05/2011	15639	HAUGHEY, TOM	11/07/11 Personnel Committee Meeting	1012 - Bank of America Gen'l Ckg	
Bill	11/07/2011	11/07 Personnel Comm		11/07/11 Personnel Committee Meeting	6311 - Board Member Compensation	125.00
Bill	11/08/2011	11/08 Board Mtg		11/08/11 Special Board Meeting	6311 - Board Member Compensation	125.00
Bill	11/17/2011	11/17 Board Mtg		11/17/11 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						375.00
Bill Pmt -Check	12/05/2011	15640	KUHN, BOB	11/07/11 Personnel Committee Meeting	1012 - Bank of America Gen'l Ckg	
Bill	11/07/2011	11/07 Personnel Comm		11/07/11 Personnel Committee Meeting	6311 - Board Member Compensation	125.00
Bill	11/08/2011	11/08 Board Mtg		11/08/11 Special Board Meeting	6311 - Board Member Compensation	125.00
Bill	11/10/2011	11/10 Appro Pool		11/10/11 Appropriative Pool Meeting	6311 - Board Member Compensation	125.00
Bill	11/17/2011	11/17 Board Mtg		11/17/11 Board Meeting	6311 - Board Member Compensation	125.00
Bill	11/23/2011	11/23 Admin Mtg		11/23/11 Administrative Meeting	6311 - Board Member Compensation	125.00
TOTAL						625.00

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CHINO BASIN WATERMASTER  
 Cash Disbursements For The Month of  
 December 2011

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	12/05/2011	15641	LANTZ, PAULA		1012 - Bank of America Gen'l Ckg	
Bill	11/08/2011	11/08 Board Mtg		11/08/11 Special Board Meeting	6311 - Board Member Compensation	125.00
Bill	11/17/2011	11/17 Board Mtg		11/17/11 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						250.00
Bill Pmt -Check	12/05/2011	15642	VANDEN HEUVEL, GEOFFREY		1012 - Bank of America Gen'l Ckg	
Bill	11/08/2011	11/08 Board Mtg		11/08/11 Special Board Meeting	6311 - Board Member Compensation	125.00
Bill	11/10/2011	11/10 Ag Pool Mtg		11/10/11 Ag Pool Meeting	6311 - Board Member Compensation	125.00
Bill	11/17/2011	11/17 Board Mtg		11/17/11 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						375.00
Bill Pmt -Check	12/05/2011	15643	WILLIS, KENNETH		1012 - Bank of America Gen'l Ckg	
Bill	11/07/2011	11/07 Personnel Comm		11/07/11 Personnel Committee Meeting	6311 - Board Member Compensation	125.00
Bill	11/08/2011	11/08 Board Mtg		11/08/11 Special Board Meeting	6311 - Board Member Compensation	125.00
Bill	11/17/2011	11/17 Board Mtg		11/17/11 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						375.00
General Journal	12/10/2011	12/10/2011	Payroll and Taxes for 11/27/11-12/10/11	Payroll and Taxes for 11/27/11-12/10/11	1012 - Bank of America Gen'l Ckg	
Bill Pmt -Check	12/12/2011	15644	APPLIED COMPUTER TECHNOLOGIES	2033	1012 - Bank of America Gen'l Ckg	8,800.15
Bill	11/30/2011	2033		Database Services - November 2011	6052.2 - Applied Computer Technol	2,366.60
TOTAL						2,366.60
Bill Pmt -Check	12/12/2011	15645	CALPERS 457 PLAN	Payroll and Taxes for 11/13/11-11/26/11	1012 - Bank of America Gen'l Ckg	2,805.62
General Journal	11/26/2011	11/26/2011	CALPERS 457 PLAN	457 Employee deductions for 11/13/11-11/26/11	2000 - Accounts Payable	2,805.62
TOTAL						2,805.62
Bill Pmt -Check	12/12/2011	15646	CHARLES Z. FEDAK & COMPANY	Progress Billing - November 2011	1012 - Bank of America Gen'l Ckg	1,000.00
Bill	11/30/2011				6062 - Audit Services	1,000.00
TOTAL						1,000.00
Bill Pmt -Check	12/12/2011	15647	DC LAW	15668	1012 - Bank of America Gen'l Ckg	130.00
Bill	11/30/2011	15668		Ag Pool Legal Services - 15668	8467 - Ag Legal & Technical Services	130.00
TOTAL						130.00
Bill Pmt -Check	12/12/2011	15648	DGO AUTO DETAILING	Wash 3 trucks 11/02/11, 3 trucks 11/30/11	1012 - Bank of America Gen'l Ckg	150.00
Bill	11/30/2011				6177 - Vehicle Repairs & Maintenance	150.00
TOTAL						150.00
Bill Pmt -Check	12/12/2011	15649	GRAINGER		1012 - Bank of America Gen'l Ckg	

CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of  
December 2011

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	11/30/2011	9697287788		9697287788	7103.6 · Grdwtr Qual-Supplies	9.69
Bill	11/30/2011	9697287770		9697287770	7103.6 · Grdwtr Qual-Supplies	34.61
<b>TOTAL</b>						<b>44.30</b>
Bill Pmt -Check	12/12/2011	15650	GREAT AMERICA LEASING CORP.	11634411 Lease invoice	1012 · Bank of America Gen'l Ckg 6043.1 · Ricoh Lease Fee	2,788.53
Bill	11/30/2011	11634411		Usage for Bleck Copies Usage for Color Copies	6043.2 · Ricoh Usage & Maintenance Fee 6043.2 · Ricoh Usage & Maintenance Fee	243.05 278.67
<b>TOTAL</b>						<b>3,310.25</b>
Bill Pmt -Check	12/12/2011	15651	HSBC BUSINESS SOLUTIONS	7003730910002744 Miscellaneous office supplies	1012 · Bank of America Gen'l Ckg 6031.7 · Other Office Supplies	560.11
Bill	11/30/2011	7003730910002744				560.11
<b>TOTAL</b>						<b>1,120.22</b>
Bill Pmt -Check	12/12/2011	15652	JAMES JOHNSTON	248 Website Consulting - November 2011	1012 · Bank of America Gen'l Ckg 6052.3 · Website Consulting	810.00
Bill	11/30/2011	248				810.00
<b>TOTAL</b>						<b>1,620.00</b>
Bill Pmt -Check	12/12/2011	15653	MIJAC ALARM	309996 Fire District Annual Permit 2011-2012	1012 · Bank of America Gen'l Ckg 6028 · Security Services	417.00
Bill	12/01/2011	309996				417.00
<b>TOTAL</b>						<b>834.00</b>
Bill Pmt -Check	12/12/2011	15654	MWH LABORATORIES	L0073587 L0073594	1012 · Bank of America Gen'l Ckg 7503 · PE6&7-Contract Svcs (Plume) 7503 · PE6&7-Contract Svcs (Plume)	1,456.00 1,456.00
Bill	11/30/2011	L0073587				1,456.00
Bill	11/30/2011	L0073594				2,912.00
<b>TOTAL</b>						<b>5,824.00</b>
Bill Pmt -Check	12/12/2011	15655	PAYCHEX	2011120100 November 2011	1012 · Bank of America Gen'l Ckg 6012 · Payroll Services	479.26
Bill	11/30/2011	2011120100				479.26
<b>TOTAL</b>						<b>958.52</b>
Bill Pmt -Check	12/12/2011	15656	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	Payor #3493	1012 · Bank of America Gen'l Ckg	8,357.23
General Journal	11/26/2011	11/26/2011	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	CalPERS Retirement for 11/13/11-11/26/11	2000 · Accounts Payable	8,357.23
<b>TOTAL</b>						<b>16,714.46</b>
Bill Pmt -Check	12/12/2011	15657	PURCHASE POWER	8000909000168851 Checks to IEUA, SCE, and return to WM	1012 · Bank of America Gen'l Ckg 6042 · Postage - General	69.53
Bill	11/30/2011	8000909000168851				69.53
<b>TOTAL</b>						<b>138.06</b>
Bill Pmt -Check	12/12/2011	15658	RAUCH COMMUNICATION CONSULTANTS, LLC	Dec-1205 Annual report - progress payment	1012 · Bank of America Gen'l Ckg 6061.3 · Rauch	870.00
Bill	11/30/2011	Dec-1205				870.00
<b>TOTAL</b>						<b>1,748.06</b>

CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of  
December 2011

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	12/12/2011	15659	THE LAWTON GROUP	6017	1012 - Bank of America Gen'l Ckg	494.40
Bill	11/27/2011	1VC070000017859		Week ending 11/27/11	6017 - Temporary Services	494.40
TOTAL						
Bill Pmt -Check	12/12/2011	15660	UNION 76	300-732-989	1012 - Bank of America Gen'l Ckg	290.09
Bill	11/30/2011	300732989		November 2011	6175 - Vehicle Fuel	290.09
TOTAL						
Bill Pmt -Check	12/12/2011	15661	VERIZON	012519116950792103	1012 - Bank of America Gen'l Ckg	541.88
Bill	11/27/2011	012519116950792103			6022 - Telephone	167.27
Bill	11/29/2011	012561121521714508		012561121521714508	7405 - PE4-Other Expense	709.15
TOTAL						
Bill Pmt -Check	12/20/2011	15662	ACWA SERVICES CORPORATION	00198	1012 - Bank of America Gen'l Ckg	129.07
Bill	12/13/2011	00198		Prepayment - January 2012	1409 - Prepaid Life, BAD&D & LTD	129.08
Bill	12/13/2011	00198		December 2011	60191 - Life & Disab.Ins Benefits	258.13
TOTAL						
Bill Pmt -Check	12/20/2011	15663	CALPERS 457 PLAN	Payroll and Taxes for 11/27/11-12/10/11	1012 - Bank of America Gen'l Ckg	2,805.62
General Journal	12/10/2011	12/10/2011	CALPERS 457 PLAN	457 Employee deductions 11/27/11-12/10/11	2000 - Accounts Payable	2,805.62
TOTAL						
Bill Pmt -Check	12/20/2011	15664	COMPUTER NETWORK	Replace motherboard and power supply	1012 - Bank of America Gen'l Ckg	281.24
Bill	11/30/2011	82674		Service/labor HDMI Adapter	6055 - Computer Hardware	626.72
Bill	11/30/2011	82675			6055 - Computer Hardware	907.96
TOTAL						
Bill Pmt -Check	12/20/2011	15665	CORELOGIC INFORMATION SOLUTIONS	80369041	1012 - Bank of America Gen'l Ckg	62.50
Bill	11/30/2011	80369041		80369041	7103.7 - Grdwtr Qual-Computer Svc	62.50
Bill	11/30/2011	80369041		80369041	7101.4 - Prod Monitor-Computer	125.00
TOTAL						
Bill Pmt -Check	12/20/2011	15666	CUCAMONGA VALLEY WATER DISTRICT	Lease Due January 1, 2012	1012 - Bank of America Gen'l Ckg	5,984.00
Bill	12/14/2011			Lease Due January 1, 2012	1422 - Prepaid Rent	5,984.00
TOTAL						
Bill Pmt -Check	12/20/2011	15667	GRAINGER	9695216789	1012 - Bank of America Gen'l Ckg	17.60
Bill	12/13/2011	9695216789		9703230289	7103.6 - Grdwtr Qual-Supplies	53.73
Bill	12/14/2011	9703230289			7103.6 - Grdwtr Qual-Supplies	71.33
TOTAL						
Bill Pmt -Check	12/20/2011	15668	GROOMAN'S PUMP & WELL DRILLING, INC.	12919	1012 - Bank of America Gen'l Ckg	373.65
Bill	12/07/2011	12919			7102.8 - In-line Meter-Callib & Test	

**CHINO BASIN WATERMASTER**  
**Cash Disbursements For The Month of**  
**December 2011**

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	12/07/2011	12915		12915	7102.7 - In-line Meter	576.90
<b>TOTAL</b>						<b>950.55</b>
Bill Pmt -Check	12/20/2011	15669	GUARANTEED JANITORIAL SERVICE, INC.	28804	1012 - Bank of America Gen'l Ckg	865.00
Bill	12/13/2011	28804		Janitorial service - December 2011	6024 - Building Repair & Maintenance	865.00
<b>TOTAL</b>						<b>1730.00</b>
Bill Pmt -Check	12/20/2011	15670	MCCALL'S METER SALES & SERVICE	21714	1012 - Bank of America Gen'l Ckg	400.19
Bill	11/30/2011	21714		21714	7102.5 - In-line Meter-Computer	675.00
Bill	11/30/2011	21748		21748	7102.8 - In-line Meter-Callib & Test	800.38
Bill	11/30/2011	21748		21748	7102.5 - In-line Meter-Computer	675.00
Bill	11/30/2011	21748		21748	7102.8 - In-line Meter-Callib & Test	675.00
<b>TOTAL</b>						<b>2,550.57</b>
Bill Pmt -Check	12/20/2011	15671	PREMIERE GLOBAL SERVICES	10078133	1012 - Bank of America Gen'l Ckg	24.96
Bill	11/30/2011	10078133		Monthly and service fees	6022 - Telephone	11.59
Bill	11/30/2011	10078133		11/02 Appropriative Pool Agenda call	8312 - Meeting Expenses	11.59
Bill	11/30/2011	10078133		11/02 Ag Pool Agenda call	8412 - Meeting Expenses	11.59
Bill	11/30/2011	10078133		11/02 Non Ag Pool Agenda call	8512 - Meeting Expense	11.59
Bill	11/30/2011	10078133		Storage call	7604 - PE&S-Supplies	7.90
Bill	11/30/2011	10078133		11/10 Non Ag Pool mtg call	8512 - Meeting Expense	132.98
Bill	11/30/2011	10078133		11/10 Non Ag Pool mtg call	8512 - Meeting Expense	1.07
Bill	11/30/2011	10078133		11/15 CGC meeting call	6909.1 - OBMP Meetings	247.72
<b>TOTAL</b>						<b>449.40</b>
Bill Pmt -Check	12/20/2011	15672	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	Payor #3493	1012 - Bank of America Gen'l Ckg	8,321.12
General Journal	12/10/2011	12/10/2011		CalPERS Retirement for 11/27/11-12/10/11	2000 - Accounts Payable	8,321.12
<b>TOTAL</b>						<b>16,642.24</b>
Bill Pmt -Check	12/20/2011	15673	SAFEGUARD DENTAL & VISION	4081215	1012 - Bank of America Gen'l Ckg	7.91
Bill	12/13/2011	4081215		Dental premium - December 2011	60182.2 - Dental & Vision Ins	7.91
<b>TOTAL</b>						<b>15.82</b>
Bill Pmt -Check	12/20/2011	15674	SAN BERNARDINO COUNTY FLOOD CONTROL	Permit P-11998284	1012 - Bank of America Gen'l Ckg	1,977.00
Bill	12/13/2011	Permit P-11998284		Permit Annual Inspection/Time Extension fees	6909.3 - Other OBMP Expenses	1,977.00
<b>TOTAL</b>						<b>3,954.00</b>
Bill Pmt -Check	12/20/2011	15675	STAPLES BUSINESS ADVANTAGE		1012 - Bank of America Gen'l Ckg	501.21
Bill	11/30/2011	8020388919		Miscellaneous office supplies	6031.7 - Other Office Supplies	501.21
Bill	12/10/2011	8020451934		Miscellaneous office supplies	6031.7 - Other Office Supplies	212.68
<b>TOTAL</b>						<b>713.89</b>
Bill Pmt -Check	12/20/2011	15676	STAULA, MARY L	Retiree Medical	1012 - Bank of America Gen'l Ckg	



CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of  
December 2011

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	12/14/2011				60182.4 - Retiree Medical	136.61
TOTAL						136.61
Bill Pmt -Check	12/20/2011	15677	THE LAWTON GROUP	6017	1012 - Bank of America Gen'l Ckg	824.00
Bill	11/30/2011	1VC0700000178991		Week ending 12/04/11	6017 - Temporary Services	824.00
TOTAL						824.00
Bill Pmt -Check	12/20/2011	15678	VERIZON BUSINESS	62349871	1012 - Bank of America Gen'l Ckg	1,545.23
Bill	12/14/2011	62349871		62349871	6053 - Internet Expense	1,545.23
TOTAL						1,545.23
Bill Pmt -Check	12/20/2011	15679	VERIZON WIRELESS	1036508753	1012 - Bank of America Gen'l Ckg	280.51
Bill	12/14/2011	1036508753		Monthly service	6022 - Telephone	280.51
TOTAL						280.51
Bill Pmt -Check	12/20/2011	15680	WESTERN DENTAL SERVICES, INC.	002483	1012 - Bank of America Gen'l Ckg	28.88
Bill	12/13/2011	002483		Dental premium - January 2012	60182.2 - Dental & Vision Ins	28.88
TOTAL						28.88
Bill Pmt -Check	12/20/2011	15681	BANK OF AMERICA	XXXX-XXXX-XXXX-9341	1012 - Bank of America Gen'l Ckg	129.67
Bill	11/30/2011	XXXX-XXXX-XXXX-9341		Plaque for Ken Willis	6031.7 - Other Office Supplies	129.67
				Thanksgiving lunch-11/17/11-Board meeting	6312 - Meeting Expenses	590.47
				Fedex charges	6042 - Postage - General	18.66
TOTAL						738.80
General Journal	12/24/2011	12/24/2011	Payroll and Taxes for 12/11/11-12/24/11	Payroll and Taxes for 12/11/11-12/24/11	1012 - Bank of America Gen'l Ckg	9,730.48
				Payroll Taxes for 12/11/11-12/24/11	1012 - Bank of America Gen'l Ckg	27,229.02
				Direct Deposits for 12/11/11-12/24/11	1012 - Bank of America Gen'l Ckg	36,959.50
TOTAL						63,919.00
General Journal	12/31/2011	12/31/2011	Wage Works Direct Debits - December 2011	Wage Works Direct Debits - December 2011	1012 - Bank of America Gen'l Ckg	495.40
				Wage Works Direct Debits - December 2011	1012 - Bank of America Gen'l Ckg	495.40
				Wage Works Direct Debits - December 2011	1012 - Bank of America Gen'l Ckg	76.25
				Wage Works Direct Debits - December 2011	1012 - Bank of America Gen'l Ckg	1,067.05
TOTAL						1,067.05
Total Disbursements:						165,474.07

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# CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730  
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## STAFF REPORT

**DATE:** February 23, 2012  
**TO:** Board Members  
**SUBJECT:** VISA Check Detail Report – Financial Report B2

### SUMMARY

**Issue** – Record of VISA credit card payment disbursed for the month of December 2011.

**Recommendation** – Staff recommends the VISA Check Detail Report for December 2011 be received and filed as presented.

**Fiscal Impact** – Funds disbursed were included in the FY 2011-2012 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 December 2011 was \$738.80. The monthly charges for December 2011 were for routine and customary expenditures and properly documented with receipts.

### Actions:

February 9, 2012 Appropriative Pool – Approved Unanimously  
February 9, 2012 Non-Agricultural Pool – Moved to Receive and File, Without Approval  
February 9, 2012 Agricultural Pool – Approved Unanimously  
February 16, 2012 Advisory Committee – Approved Unanimously  
February 23, 2012 Watermaster Board –

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CHINO BASIN WATERMASTER  
VISA Check Detail Report  
December 2011

Type	Num	Date	Name	Memo	Account	Paid Amount
Bill Pmt -Check	12/20/2011	15681	BANK OF AMERICA	XXXX-XXXX-XXXX-9341	1012 · Bank of America Gen'l Ckg	129.67
Bill	11/30/2011	XXXX-XXXX-XXXX-9341		Plaque for Ken Willis	6031.7 · Other Office Supplies	590.47
				Thanksgiving lunch-11/17/11-Board meeting	6312 · Meeting Expenses	18.66
				Fedex charges	6042 · Postage - General	738.80
<b>TOTAL</b>						<b>738.80</b>

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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

## STAFF REPORT

**DATE:** February 23, 2012  
**TO:** Board Members  
**SUBJECT:** Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2011 through December 31, 2011 - Financial Report B3

### SUMMARY

**Issue** – Record of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2011 through December 31, 2011.

**Recommendation** – Staff recommends the Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2011 through December 31, 2011 be received and filed as presented.

**Fiscal Impact** – Funds disbursed were included in the FY 2011-2012 Watermaster Budget.

### BACKGROUND

A Combining Schedule of Revenue, Expenses and Changes in Working Capital for the period July 1, 2011 through December 31, 2011 is provided to keep all members apprised of the FY 2011/2012 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:

February 9, 2012 Appropriative Pool – Approved Unanimously  
February 9, 2012 Non-Agricultural Pool – Moved to Receive and File, Without Approval  
February 9, 2012 Agricultural Pool – Approved Unanimously  
February 16, 2012 Advisory Committee – Approved Unanimously  
February 23, 2012 Watermaster Board –

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CHINO BASIN WATERMASTER  
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL  
 FOR THE PERIOD JULY 1, 2011 THROUGH DECEMBER 31, 2011

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATION & SPECIAL PROJECTS		GROUNDWATER OPERATIONS		EDUCATION FUNDS	GRAND TOTALS	BUDGET 2011-2012
			POOL APPROPRIATIVE	AG POOL NON-AG POOL	GROUNDWATER REPLENISHMENT	SB222 FUNDS			
Administrative Revenues:									
Administrative Assessments			7,674	912	286		1	-	\$6,087,177
Interest Revenue	405,777							8,872	150,010
Mutual Agency Project Revenue								405,777	411,000
Grant Income								-	0
Miscellaneous Income								-	0
<b>Total Revenues</b>	<b>405,777</b>		<b>7,674</b>	<b>912</b>	<b>286</b>		<b>1</b>	<b>414,649</b>	<b>6,658,187</b>
Administrative & Project Expenditures:									
Watermaster Administration	409,080							409,080	425,107
Watermaster Board-Advisory Committee	101,291							101,291	155,297
Ag Pool Misc. Expense - Ag Fund				99				99	-
Pool Administration		671,936	24,967	74,149	65,711			164,827	503,822
Optimum Basin Mgmt Administration		1,759,298						671,936	1,161,401
OBMP Project Costs		471,400						1,759,298	4,166,221
Debt Service								471,400	450,964
Education Funds Use							375	375	375
Mutual Agency Project Costs								-	10,000
<b>Total Administrative/OBMP Expenses</b>	<b>510,372</b>	<b>2,902,634</b>	<b>24,967</b>	<b>74,149</b>	<b>65,711</b>		<b>375</b>	<b>3,578,307</b>	<b>6,873,187</b>
<b>Net Administrative/OBMP Expenses</b>	<b>(104,595)</b>	<b>(2,902,634)</b>							
Allocate Net Admin Expenses To Pools			71,925	29,100	3,570			-	-
Allocate Net OBMP Expenses To Pools			1,671,841	676,412	82,982			-	-
Allocate Debt Service to App Pool			471,400					-	-
Agricultural Expense Transfer*			779,661	(779,661)				-	-
<b>Total Expenses</b>	<b>3,019,793</b>		<b>89</b>	<b>152,263</b>	<b>375</b>		<b>(374)</b>	<b>3,578,307</b>	<b>6,873,187</b>
<b>Net Administrative Income</b>	<b>(3,012,119)</b>		<b>812</b>	<b>(151,977)</b>				<b>(3,163,658)</b>	<b>(215,000)</b>
Other Income/(Expense)									
Replenishment Water Assessments			2,377,250					2,377,250	0
Non-Ag Stored Water Purchases					7			7	0
Interest Revenue									0
MWD Water Purchases									0
Non-Ag Stored Water Purchases									0
MWD Water Purchases			(2,377,250)					(2,377,250)	0
Groundwater Replenishment								(10,269,932)	0
Net Other Income/(Expense)								(25,146)	0
<b>Net Transfers To/(From) Reserves</b>	<b>(3,188,796)</b>		<b>812</b>	<b>(151,977)</b>			<b>(374)</b>	<b>(3,188,796)</b>	<b>(215,000)</b>
Working Capital, July 1, 2011			6,922,600	475,807	282,721	21,928	158,251	7,861,937	
Working Capital, End Of Period			3,910,481	476,619	130,744	(3,209)	158,251	4,673,141	4,673,141
<b>09/10 Assessable Production</b>			78,733,238	31,854,766	3,907,911			114,495,915	
<b>09/10 Production Percentages</b>			68.765%	27.822%	3.413%			100.000%	

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

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# CHINO BASIN WATERMASTER

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

## STAFF REPORT

**DATE:** February 23, 2012  
**TO:** Board Members  
**SUBJECT:** Treasurer's Report of Financial Affairs for the Period December 1, 2011 through December 31, 2011 - Financial Report B4

### SUMMARY

**Issue** – Record of increases or decreases in the cash position, assets and liabilities of Watermaster for the Period of December 1, 2011 through December 31, 2011.

**Recommendation** – Staff recommends the Treasurer's Report of Financial Affairs for the Period December 1, 2011 through December 31, 2011 be received and filed as presented.

**Fiscal Impact** – Funds disbursed were included in the FY 2011-2012 Watermaster Budget.

### BACKGROUND

A Treasurer's Report of Financial Affairs for the Period December 1, 2011 through December 31, 2011 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:

February 9, 2012 Appropriative Pool – Approved Unanimously  
February 9, 2012 Non-Agricultural Pool – Moved to Receive and File, Without Approval  
February 9, 2012 Agricultural Pool – Approved Unanimously  
February 16, 2012 Advisory Committee – Approved Unanimously  
February 23, 2012 Watermaster Board –

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**CHINO BASIN WATERMASTER  
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD  
DECEMBER 1 THROUGH DECEMBER 31, 2011**

<b>DEPOSITORIES:</b>			
Cash on Hand - Petty Cash	\$	500	
Bank of America			
Governmental Checking-Demand Deposits	\$	2,263,213	
Zero Balance Account - Payroll	\$	-	
Local Agency Investment Fund - Sacramento			
<b>TOTAL CASH IN BANKS AND ON HAND</b>			<b>12/31/2011</b>
<b>TOTAL CASH IN BANKS AND ON HAND</b>			<b>11/30/2011</b>
<b>PERIOD INCREASE (DECREASE)</b>			
	\$	<b>678,025</b>	

**CHANGE IN CASH POSITION DUE TO:**

Decrease/(Increase) in Assets:		
Accounts Receivable	\$	28,565
Assessments Receivable		932,542
Prepaid Expenses, Deposits & Other Current Assets		(126,358)
Accounts Payable		190,402
Accrued Payroll, Payroll Taxes & Other Current Liabilities		8,262
Transfer to/(from) Reserves		(355,389)
<b>PERIOD INCREASE (DECREASE)</b>	\$	<b>678,025</b>

**SUMMARY OF FINANCIAL TRANSACTIONS:**

Balances as of 11/30/2011								
Deposits	\$	500	\$	1,585,188	\$	5,451,959	\$	7,037,647
Transfers		-		843,499		-		843,499
Withdrawals/Checks		-		(107,929)		107,929		-
		-		(57,545)		(107,929)		(165,474)
Balances as of 12/31/2011	\$	500	\$	2,263,213	\$	-	\$	5,451,959
<b>PERIOD INCREASE OR (DECREASE)</b>	\$	-	\$	<b>678,025</b>	\$	-	\$	<b>678,025</b>

**CHINO BASIN WATERMASTER  
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD  
DECEMBER 1 THROUGH DECEMBER 31, 2011**

**INVESTMENT TRANSACTIONS**

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

**TOTAL INVESTMENT TRANSACTIONS**      \$ -

\* The earnings rate for L.A.I.F. is a daily variable rate; 0.38% was the effective yield rate at the Quarter ended December 31, 2011.

**INVESTMENT STATUS  
December 31, 2011**

Financial Institution	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	\$ 5,451,959			
<b>TOTAL INVESTMENTS</b>	<b>\$ 5,451,959</b>			

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

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

Respectfully submitted,

Joseph S. Joswiak  
Chief Financial Officer  
Chino Basin Watermaster



# CHINO BASIN WATERMASTER

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## STAFF REPORT

**DATE:** February 23, 2012  
**TO:** Board Members  
**SUBJECT:** Budget vs. Actual Report for the Period July 1, 2011 through December 31, 2011 - Financial Report - B5

### SUMMARY

**Issue** – Record of revenues and expenses of Watermaster for the Period of July 1, 2011 through December 31, 2011.

**Recommendation** – Staff recommends the Budget vs. Actual Report for the Period July 1, 2011 through December 31, 2011 be received and filed as presented.

**Fiscal Impact** – Funds disbursed were included in the FY 2011-2012 Watermaster Budget.

### BACKGROUND:

A Budget vs. Actual Report for the period July 1, 2011 through December 31, 2011 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.

There were Budget Transfers T-12-02-01 and Budget Amendments A-12-02-1 proposed for the month of December 2011. These transfers/amendments are expected to be offset by the unbudgeted revenue of \$294,776.62 as detailed in the *Other Income and Expense* section on page 6, as well as budget realignments and cost savings in other areas.

Year-To-Date (YTD) for the six months ending December 31, 2011, all but seven categories were at or below the projected budget. The categories above budget were the Watermaster Salary Costs (6010's) of \$24,694.49; Watermaster Legal Services (6070's) of \$891.39; Advisory Committee Expenses (6200's) of \$1,280.37; Watermaster Board Expenses (6300's) of \$15,062.62; Non-Ag Pool Administration



Expenses (8500's) of \$14,854.63; Groundwater Quality Monitoring (7103's) of \$15,965.84; and Cooperative Efforts/Salt Management (7500's) of \$17,012.34.

With regards to the salary of the former Watermaster CEO, a new line item 6011.2 (WM Staff – Administrative Paid Leave) has been created. The full salary cost of Mr. Alvarez will be charged against this line item and his costs will not be allocated to OBMP, projects, or other expense categories going forward. By not allocating Mr. Alvarez's costs to the other cost areas, the category 6010 (Salary Costs) will reflect an over budget for the remainder of the year. Added to the financial reports as part of the November reporting cycle, the chart listed below summarized the Watermaster salary costs compared to the year-to-date budget. To date, the total Watermaster salary expenses are \$2,642 or 0.4% below the budgeted amount of \$753,614. The following details are provided:

	Jul '11 - Dec 11	Budget	\$ Over Budget	% of Budget	Annual Budget
<b>WM Salary Expense</b>					
6011 · WM Staff Salaries	221,314.67	221,361.18	-46.51	99.98%	441,032.00
6011.2 · WM Staff - Admin. Paid Leave	55,426.29	0.00	55,426.29	100.0%	0.00
6011.3 · WM Staff - Temporary Upgrade	4,792.93	0.00	4,792.93	100.0%	0.00
6201 · Advisory Committee - WM Staff Salaries	9,561.41	10,620.52	-1,059.11	90.03%	21,241.00
6301 · Watermaster Board - WM Staff Salaries	16,148.32	14,958.00	1,190.32	107.96%	29,916.00
8301 · Appropriative Pool - WM Staff Salaries	14,322.41	14,225.02	97.39	100.69%	28,450.00
8401 · Agricultural Pool - WM Staff Salaries	10,864.08	12,467.48	-1,603.40	87.14%	24,935.00
8501 · Non-Agricultural Pool - WM Staff Salaries	6,225.41	7,116.52	-891.11	87.48%	14,233.00
6901 · OBMP - WM Staff Salaries	112,573.59	108,495.98	4,077.61	103.76%	216,992.00
7101.1 · Production Monitor - WM Staff Salaries	49,645.36	61,074.98	-11,429.62	81.29%	104,150.00
7102.1 · In-line Meter - WM Staff Salaries	4,441.94	5,181.52	-739.58	85.73%	10,363.00
7103.1 · Grdwater Quality - WM Staff Salaries	43,310.63	52,097.48	-8,786.85	83.13%	80,195.00
7104.1 · Grdwater Level - WM Staff Salaries	20,798.67	44,931.52	-24,132.85	46.29%	89,863.00
7105.1 · Sur Wtr Qual - WM Staff Salaries	0.00	1,496.02	-1,496.02	0.0%	2,992.00
7107.1 · Grd Level Monitoring - WM Staff Salaries	0.00	783.00	-783.00	0.0%	1,566.00
7108.1 · Hydraulic Control - WM Staff Salaries	559.50	3,636.52	-3,077.02	15.39%	7,273.00
7201 · Comp Recharge - WM Staff Salaries	41,045.26	62,543.48	-21,498.22	65.63%	125,087.00
7301 · PE3&5 - WM Staff Salaries	11,156.66	18,771.52	-7,614.86	59.43%	37,543.00
7401 · PE4 - WM Staff Salaries	3,468.47	6,117.52	-2,649.05	56.7%	12,235.00
7501.1 · PE 6&7 - WM Staff Salaries (Plume)	18,213.75	0.00	18,213.75	100.0%	0.00
7501 · PE6&7 - WM Staff Salaries	2,274.45	1,496.02	778.43	152.03%	2,992.00
7601 · PE8&9 - WM Staff Salaries	13,134.25	22,711.50	-9,577.25	57.83%	45,423.00
7701 · Inactive Well - WM Staff Salaries	0.00	206.50	-206.50	0.0%	413.00
<b>Subtotal WM Staff Costs</b>	<b>659,278.05</b>	<b>670,292.28</b>	<b>-11,014.23</b>	<b>98.36%</b>	<b>1,296,894.00</b>
60185 · Vacation	44,187.86	33,749.30	10,438.56	130.93%	51,922.00
60186 · Sick Leave	17,237.46	20,655.00	-3,417.54	83.45%	41,310.00
60187 · Holidays	30,268.12	28,917.00	1,351.12	104.67%	41,310.00
<b>Subtotal WM Paid Leaves</b>	<b>91,693.44</b>	<b>83,321.30</b>	<b>8,372.14</b>	<b>110.05%</b>	<b>134,542.00</b>
<b>Total WM Salary Costs</b>	<b>750,971.49</b>	<b>753,613.58</b>	<b>-2,642.09</b>	<b>99.65%</b>	<b>1,431,436.00</b>

During the Budget Workshops, the Watermaster legal expenses are being allocated to the specific areas of activity. For example, the legal meeting expenses related to the Appropriative, Agricultural, and Non-Agricultural Pools as well as the Advisory Committee and Board are shown in those specific areas. General ledger accounts have been created and the expenses are appropriately categorized. This provides a clearer picture of the actual costs associated with each individual group. Also, a new category



for Watermaster Legal Services (6070) was established for fiscal year 2011/2012. These expenses are associated with administrative legal services for Watermaster.

Added to the financial reports as part of the November reporting cycle, the chart listed below summarizes the Brownstein Hyatt Farber Schreck expenses compared to the year-to-date budget. To date, the BHFS expenses are \$23,142 or 6.2% below the budgeted amount of \$373,936. The following details are provided:

	Jul '11 - Dec '11	Budget	\$ Over Budget	% of Budget	Annual Budget
<b>6070 - Watermaster Legal Services</b>					
6071 - BHFS Legal - Court Coordination	0.00	19,550.02	-19,550.02	0.0%	39,100.00
6072 - BHFS Legal - Restated Judgment	18,306.96	62,400.00	-44,093.04	29.34%	62,400.00
6073 - BHFS Legal - Personnel Matters	33,479.65	4,937.48	28,542.17	678.07%	9,875.00
6074 - BHFS Legal - Interagency Issues	3,510.45	17,150.02	-13,639.57	20.47%	34,300.00
6075 - BHFS Legal - Replenishmnt Water	42,186.60	0.00	42,186.60	100.0%	0.00
6078 - BHFS Legal - Miscellaneous	35,885.25	28,440.00	7,445.25	126.18%	56,880.00
<b>Total 6070 - Watermaster Legal Services</b>	<b>133,368.91</b>	<b>132,477.52</b>	<b>891.39</b>	<b>100.67%</b>	<b>202,555.00</b>
6275 - BHFS Legal - Advisory Committee	18,674.97	15,405.00	3,269.97	121.23%	30,810.00
6375 - BHFS Legal - Board Meeting	41,272.08	28,815.00	12,457.08	143.23%	45,630.00
8375 - BHFS Legal - Appropriative Pool	10,558.87	10,665.00	-106.13	99.01%	21,330.00
8475 - BHFS Legal - Agricultural Pool	10,034.07	15,405.00	-5,370.93	65.14%	30,810.00
8575 - BHFS Legal - Non-Ag Pool	9,696.90	4,740.00	4,956.90	204.58%	9,480.00
<b>Total BHFS Legal Services</b>	<b>90,236.89</b>	<b>75,030.00</b>	<b>15,206.89</b>	<b>120.27%</b>	<b>138,060.00</b>
<b>6907.3 - WM Legal Counsel</b>					
6907.30 - Peace II - CEQA	0.00	0.00	0.00	0.0%	0.00
6907.31 - S. Archibald Plume-Formerly OIA	3,219.75	12,312.52	-9,092.77	26.15%	24,625.00
6907.32 - Chino Airport Plume	8,866.95	12,837.52	-3,970.57	69.07%	25,675.00
6907.33 - Desalter Negotiations	77,880.86	67,425.00	10,455.86	115.51%	67,425.00
6907.34 - Santa Ana River Water Rights	4,984.72	12,562.50	-7,577.78	39.68%	25,125.00
6907.35 - Paragraph 31 Motion	14,105.71	39,200.00	-25,094.29	35.98%	39,200.00
6907.36 - Santa Ana River Habitat	7,969.13	0.00	7,969.13	100.0%	0.00
6907.37 - Water Auction	0.00	0.00	0.00	0.0%	0.00
6907.38 - Reg. Water Quality Cntrl Board	0.00	6,875.02	-6,875.02	0.0%	13,750.00
6907.39 - Recharge Master Plan	10,161.00	15,216.00	-5,055.00	66.78%	25,360.00
6907.3 - WM Legal Counsel - Other	0.00	0.00	0.00	0.0%	0.00
<b>Total 6907.3 - WM Legal Counsel</b>	<b>127,188.12</b>	<b>166,428.56</b>	<b>-39,240.44</b>	<b>76.42%</b>	<b>221,160.00</b>
<b>Total Brownstein, Hyatt, Farber, Schreck Costs</b>	<b>350,793.92</b>	<b>373,936.08</b>	<b>-23,142.16</b>	<b>93.81%</b>	<b>561,775.00</b>

**OBMP Engineering Services and Legal Costs:**

Several individual line items within the 6900 (Optimum Basin Mgmt Plan) are above the Year-To-Date budget. These are the 6901 (WM Staff Salaries) of \$4,077.61; the 6906 (OBMP Engineering Services-Other) of \$2,329.98; and the 6906.1 (OBMP Watermaster Model Update) of \$7,001.31. These overages totaling \$13,408.90 are a direct result of increased activities and allocating the budget in equal 1/12 portions throughout the fiscal year. The Year-To-Date expenses in these categories are running ahead of budget and should level off as the fiscal year progresses.

Within the category 6900 (Optimum Basin Mgmt Plan) are the remaining Watermaster's legal expenses. Within the legal expense category, some individual line item activities were above the budget \$18,425



while the majority of line item activities were below the budget \$57,665. Above the budget line items were the Desalter Negotiations of \$10,456 and the Santa Ana River Habitat of \$7,969. The individual legal projects/activities that were below budget for the Y-T-D period were the South Archibald Plume (formerly the OIA Plume) of \$9,092, the Chino Airport Plume \$3,970, the Santa Ana River Water Rights Application of \$7,578, the Paragraph 31 Motion of \$25,094, the Regional Water Quality Control Board of \$6,875 and the Recharge Master Plan of \$5,055. For the six month period, the overall cumulative Y-T-D budget was \$166,429 and actual legal expenses totaled \$127,188 which resulted in an (Under) budget variance of (\$39,240) or (23.6%).

Overall, the Optimum Basin Management Plan (OBMP) category was \$588,713 compared to a budget of \$624,193 for an (Under) budget of (\$35,480) or (5.7%) of December 31, 2011.

	Jul '11 - Dec '11	Budget	\$ Over Budget	% of Budget
<b>6900 · Optimum Basin Mgmt Plan</b>				
6901 · WM Staff Salaries	112,573.59	108,495.98	4,077.61	103.76%
6903 · OBMP SAWPA Group	11,655.00	11,655.00	0.00	100.0%
6906 · OBMP Engineering Services				
6906.1 · OBMP - Watermaster Model Update	204,010.48	197,009.17	7,001.31	103.55%
6906 · OBMP Engineering Services - Other	130,434.48	128,104.50	2,329.98	101.82%
<b>Total 6906 · OBMP Engineering Services</b>	<b>334,444.96</b>	<b>325,113.67</b>	<b>9,331.29</b>	<b>102.87%</b>
6907 · OBMP Legal Fees				
6907.3 · WM Legal Counsel				
6907.30 · Peace II - CEQA	0.00	0.00	0.00	0.0%
6907.31 · S. Archibald Plume-Formerly OIA	3,219.75	12,312.52	-9,092.77	26.15%
6907.32 · Chino Airport Plume	8,866.95	12,837.52	-3,970.57	69.07%
6907.33 · Desalter Negotiations	77,880.86	67,425.00	10,455.86	115.51%
6907.34 · Santa Ana River Water Rights	4,984.72	12,562.50	-7,577.78	39.68%
6907.35 · Paragraph 31 Motion	14,105.71	39,200.00	-25,094.29	35.98%
6907.36 · Santa Ana River Habitat	7,969.13	0.00	7,969.13	100.0%
6907.37 · Water Auction	0.00	0.00	0.00	0.0%
6907.38 · Reg. Water Quality Cntrl Board	0.00	6,875.02	-6,875.02	0.0%
6907.39 · Recharge Master Plan	10,161.00	15,216.00	-5,055.00	66.78%
6907.3 · WM Legal Counsel - Other	0.00	0.00	0.00	0.0%
<b>Total 6907.3 · WM Legal Counsel</b>	<b>127,188.12</b>	<b>166,428.56</b>	<b>-39,240.44</b>	<b>76.42%</b>
<b>Total 6907 · OBMP Legal Fees</b>	<b>127,188.12</b>	<b>166,428.56</b>	<b>-39,240.44</b>	<b>76.42%</b>
6909 · OBMP Other Expenses				
6909.1 · OBMP Meetings	874.28	0.00	874.28	100.0%
6909.3 · Other OBMP Expenses	1,977.00	0.00	1,977.00	100.0%
6909.4 · Printing	0.00	0.00	0.00	0.0%
6909.5 · Ad Hoc Litigation Committee	0.00	0.00	0.00	0.0%
6909 · OBMP Other Expenses - Other	0.00	12,500.02	-12,500.02	0.0%
<b>Total 6909 · OBMP Other Expenses</b>	<b>2,851.28</b>	<b>12,500.02</b>	<b>-9,648.74</b>	<b>22.81%</b>
<b>Total 6900 · Optimum Basin Mgmt Plan</b>	<b>588,712.95</b>	<b>624,193.23</b>	<b>-35,480.28</b>	<b>94.32%</b>

The OBMP Implementation Projects (accounts 7100's – 7700's) were all under budget as of December 31, 2011 except for Category 7103 (Groundwater Quality Monitoring) which was over budget by \$15,966 and 7500 (Cooperative Efforts/Salt Management) by \$17,012.



Category 7107 (Ground Level Monitoring) contains the annual budget costs of \$365,945 for the installation of a vertical extensometer in the Chino Creek Well Field area at a new location since an existing well site is not suitable. The budget was front-loaded for the first six months of the fiscal year. To date, we have not received any progress billings. This category also includes the budgeted quarterly InSar Imagery costs of \$30,000 which are tracking well below the budget.

Category 7200 (Comprehensive Recharge Program) contains the budgeted cost of \$245,750 for the San Sevaine channel repair. The budget of \$245,750 for this project was front-loaded for the first six months of the fiscal year. To date, we have received progress repair billings in the amount of \$221,945 and expect the remaining invoices of \$23,805 will be received within the next few months.

The Recharge Improvement Debt Payment (Category 7690) is another category which the budget and expense fluctuate due to the timing of expense receipts. Watermaster expects that a credit from IEUA in the amount of \$296,000 will be forthcoming in the month of January 2012. This credit is the direct result of the refinancing efforts by IEUA and a true-up of the budgeted costs vs. actual payments on the debt servicing to IEUA. Currently, this category is below the budgeted amount by \$129,564. Excess funds from this category could be used for the upcoming 3-year Turner Basin Improvements, which are estimated in the range of \$120K+.

Added to the financial reports as part of the November reporting cycle, the chart listed below summarizes the Wildermuth Environmental, Inc. expenses compared to the Year-To-Date budget. As of December 31, 2011, the WEI expenses are \$509,663 or 31.2% below the budgeted amount of \$1,632,406. The following details are provided:

	Jul '11 - Dec '11	Budget	\$ Over Budget	% of Budget	Annual Budget
6906.1 · OBMP - Watermaster Model Update	204,010.48	197,009.17	7,001.31	103.55%	204,010.00
6906 · OBMP Engineering Services - Other	130,434.48	128,104.50	2,329.98	101.82%	256,209.00
7103.3 · Grdwtr Qual-Engineering	65,025.10	48,253.48	16,771.62	134.76%	80,507.00
7103.5 · Grdwtr Qual-Lab Svcs	31,330.00	23,441.52	7,888.48	133.65%	36,883.00
7104.3 · Grdwtr Level-Engineering	135,057.14	93,572.02	41,485.12	144.34%	151,144.00
7104.8 · Grdwtr Level-Contracted Serv	0.00	5,000.02	-5,000.02	0.0%	10,000.00
7104.9 · Grdwtr Level-Capital Equip	0.00	6,962.50	-6,962.50	0.0%	13,925.00
7107.2 · Grd Level-Engineering	133,055.01	83,217.52	49,837.49	159.89%	166,435.00
7107.3 · Grd Level-SAR Imagery	0.00	60,000.00	-60,000.00	0.0%	120,000.00
7107.6 · Grd Level-Contract Svcs	114,163.26	112,367.48	1,795.78	101.6%	224,735.00
7107.7 · Grd Level-Extensometer Install	0.00	365,945.00	-365,945.00	0.0%	365,945.00
7107.8 · Grd Level-Cap Equip Exte	0.00	12,881.00	-12,881.00	0.0%	25,762.00
7108.3 · Hydraulic Control-Engineering	92,950.98	139,830.98	-46,880.00	66.47%	279,662.00
7108.4 · Hydraulic Control-Lab Svcs	75,734.00	85,424.48	-9,690.48	88.66%	170,849.00
7108.9 · Hydraulic Control-Contract Svcs	0.00	999.98	-999.98	0.0%	2,000.00
7109.3 · Recharge & Well - Engineering	1,990.00	11,160.00	-9,170.00	17.83%	11,160.00
7202.2 · Engineering Svc	0.00	5,160.00	-5,160.00	0.0%	10,320.00
7202.3 · Comp Recharge-Implementation	32,810.09	115,500.00	-82,689.91	28.41%	231,000.00
7303 · PE3&5-Engineering - Other	30,220.74	47,840.00	-17,619.26	63.17%	47,840.00
7402 · PE4-Engineering	16,071.52	22,866.00	-6,794.48	70.29%	45,732.00
7403 · PE4-Contract Svcs	0.00	5,000.02	-5,000.02	0.0%	10,000.00
7502 · PE6&7-Engineering	22,362.18	24,080.02	-1,717.84	92.87%	48,160.00
7503 · PE6&7-Contract Svcs (Plume)	37,528.00	37,790.00	-262.00	99.31%	37,790.00
<b>Total Wildermuth Environmental, Inc. Costs</b>	<b>1,122,742.98</b>	<b>1,632,405.69</b>	<b>-509,662.71</b>	<b>68.78%</b>	<b>2,550,068.00</b>

During the last few months, there have discussions between the Wildermuth and Watermaster staff, as well as other parties, regarding the possible cost overages at completion in several of the ongoing projects. These projects are the horizontal extensometer and the CCWF extensometer.

*Horizontal Extensometer.* There is no specific line item in the FY 2011-2012 budget for installation of this facility. This facility was intended to be installed during FY 2010-2011, but Watermaster's negotiations with the land owner to obtain a right-of-entry agreement progressed slower than expected, and wasn't completed until July 2011. WEI was able to purchase all equipment, finish designs, and perform some offsite construction activities during FY 2010-2011, but was not able to access the site and complete the installation. Watermaster's FY 2010-2011 budget did not carry over to FY 2011-2012. WEI anticipates this effort to cost \$66,000 at completion.

*Vertical Extensometer.* Watermaster's FY 2011-2012 budget includes the cost to identify an existing well near the CCWF, and retrofit that well as a cable extensometer facility (\$65,945). The recommendation from the Land Subsidence Committee to construct a new extensometer came late in the Watermaster budgeting process, and was included in the FY 2011-2012 budget. Three Valleys Municipal Water District has committed \$300,000 to this project if a new extensometer is built. This is a total budget of \$365,945 to construct the new extensometer. WEI estimates the total cost to install a new cable extensometer facility near the CCWF will be approximately \$450,000. This estimated cost exceeds the available budget by about \$84,000.

#### **Other Income and Expense:**

In August 2011, Watermaster received two payments from the Metropolitan Water District. Metropolitan entered into agreements with Watermaster and other member agencies and partners for dry-year groundwater storage. Pursuant to Section VI of these agreements, Metropolitan committed to pay an annual administrative fee to one of the partners on each of the agreements for the 25-year term of the each agreement a) beginning on July 1<sup>st</sup> after the initial storage of water in each program, and b) with the set fee dollar amount escalating annually by the lesser of 2.5% or CPI. Watermaster received \$145,568.70 for the FY 2009/2010 payment (due July 1, 2010) and \$149,207.92 for the FY 2010/2011 payment (due July 1, 2011). The total amount received of \$294,776.62 was recorded to account 4040 (Cooperative Agreements). These revenue items were not included in the FY 2011/2012 budget and these payments are in excess of the projected revenue amount. The amount of \$294,776.62 can be used to offset and additional extensometer costs as listed above, as well as any other salary or other unexpected expenses which may occur in the current fiscal year.

With the exceptions previously noted, there were no other unusual or significant transactions or events during the month of December. Looking ahead, the month of January 2012 should provide similar financial results.

#### **Actions:**

February 9, 2012 Appropriative Pool – Approved Unanimously  
February 9, 2012 Non-Agricultural Pool – Moved to Receive and File, Without Approval  
February 9, 2012 Agricultural Pool – Approved Unanimously  
February 16, 2012 Advisory Committee – Approved Unanimously  
February 23, 2012 Watermaster Board –



	1/12th of the Total Budget			6/12th (50%) of the Total Budget			100% of the Total Budget		
	Actual	Budget	% of Budget	Actual	Budget	% of Budget	Projected	Budget	% of Budget
<b>Income</b>									
4010 - Local Agency Subsidies	0.00	0.00	0.0%	405,776.62	111,000.00	365.57%	705,776.62	411,000.00	171.72%
4110 - Admin Asmnts-Approp Pool	0.00	0.00	0.0%	0.00	0.00	0.0%	5,840,178.00	5,840,178.00	100.0%
4120 - Admin Asmnts-Non-Agri Pool	0.00	0.00	0.0%	0.00	0.00	0.0%	256,999.00	256,999.00	100.0%
4700 - Non Operating Revenues	3,414.41	37,502.50	9.1%	8,872.09	75,005.00	11.83%	150,010.00	150,010.00	100.0%
4900 - Miscellaneous Income	0.00	0.00	0.0%	0.00	0.00	0.0%	0.00	0.00	0.0%
Total Income	3,414.41	37,502.50	9.1%	414,648.71	186,005.00	222.92%	6,952,963.62	6,658,187.00	104.43%
Gross Profit	3,414.41	37,502.50	9.1%	414,648.71	186,005.00	222.92%	6,952,963.62	6,658,187.00	104.43%
<b>Expense</b>									
6010 - Salary Costs	68,113.40	46,583.96	148.36%	297,033.59	272,339.10	109.07%	592,976.00	472,976.00	125.37%
6020 - Office Building Expense	8,158.81	8,331.00	97.93%	49,043.50	51,509.00	95.21%	103,369.00	103,369.00	100.0%
6030 - Office Supplies & Equip.	1,044.96	2,125.00	49.18%	9,903.41	12,750.00	77.67%	25,500.00	25,500.00	100.0%
6040 - Postage & Printing Costs	5,829.92	5,065.00	115.1%	25,341.76	35,590.00	71.21%	66,180.00	66,180.00	100.0%
6050 - Information Services	7,514.33	12,065.00	62.18%	55,568.42	75,510.00	73.59%	148,020.00	148,020.00	100.0%
6060 - Contract Services	0.00	0.00	0.0%	10,775.86	34,000.00	31.69%	34,000.00	34,000.00	100.0%
6070 - Watermaster Legal Services	21,705.40	22,079.58	98.31%	133,368.91	132,477.52	100.67%	202,555.00	202,555.00	100.0%
6080 - Insurance	0.00	0.00	0.0%	17,740.87	19,036.00	93.2%	19,036.00	19,036.00	100.0%
6110 - Dues and Subscriptions	0.00	0.00	0.0%	14,846.15	15,260.00	97.29%	30,000.00	30,000.00	100.0%
6140 - WM Admin Expenses	306.80	250.00	122.72%	634.31	1,500.00	42.29%	3,000.00	3,000.00	100.0%
6150 - Field Supplies	0.00	0.00	0.0%	297.58	500.00	59.52%	1,600.00	1,600.00	100.0%
6170 - Travel & Transportation	948.47	2,212.50	42.87%	8,650.41	10,985.00	78.75%	21,970.00	21,970.00	100.0%
6190 - Conferences & Seminars	0.00	0.00	0.0%	3,614.44	8,750.00	41.31%	17,500.00	17,500.00	100.0%
6200 - Advisory Comm - WM Board	3,869.26	4,504.25	85.9%	28,305.87	27,025.50	104.74%	54,051.00	54,051.00	100.0%
6300 - Watermaster Board Expenses	11,259.72	7,237.17	155.59%	72,985.60	57,922.98	126.01%	101,246.00	101,246.00	100.0%
8300 - Appr Pl-WM & Pool Admin	4,555.05	4,190.00	108.71%	24,986.92	25,140.00	99.31%	50,280.00	50,280.00	100.0%
8400 - Agri Pool-WM & Pool Admin	4,225.50	5,319.09	79.44%	25,105.71	31,914.46	78.67%	63,829.00	63,829.00	100.0%
8467 - Ag Legal & Technical Services	8,117.50	17,583.33	46.17%	39,042.99	105,500.02	37.01%	211,000.00	211,000.00	100.0%
8470 - Ag Meeting Attend -Special	1,600.00	1,000.00	160.0%	10,000.00	6,000.00	166.67%	12,000.00	12,000.00	100.0%
8471 - Ag Pool Expense	0.00	16,250.00	0.0%	0.00	32,500.00	0.0%	65,000.00	65,000.00	100.0%
8485 - Ag Pool - Misc. Exp. - Ag Fund	0.00	0.00	0.0%	99.94	0.00	100.0%	0.00	0.00	0.0%
8500 - Non-Ag Pl-WM & Pool Admin	4,706.19	8,476.08	55.52%	65,711.15	50,856.52	129.21%	101,713.00	101,713.00	100.0%
6500 - Education Funds Use Expns	0.00	0.00	0.0%	375.00	375.00	100.0%	375.00	375.00	100.0%
9400 - Depreciation Expense	0.00	0.00	0.0%	0.00	0.00	0.0%	0.00	0.00	0.0%
9500 - Allocated G&A Expenditures	-27,932.12	-60,049.92	46.52%	-217,738.80	-360,299.48	60.43%	-720,599.00	-720,599.00	100.0%
6900 - Optimum Basin Mgmt Plan	37,654.07	75,018.15	50.19%	588,712.95	624,193.23	94.32%	1,053,121.00	935,026.00	112.63%
6950 - Mutual Agency Projects	0.00	0.00	0.0%	0.00	0.00	0.0%	10,000.00	10,000.00	100.0%
9501 - G&A Expenses Allocated-OBMP	10,368.07	18,031.25	57.5%	83,223.23	108,187.50	76.93%	216,375.00	216,375.00	100.0%
7101 - Production Monitoring	8,484.71	8,741.67	97.06%	50,020.36	61,449.93	81.4%	104,900.00	104,900.00	100.0%
7102 - In-line Meter Installation	6,180.80	5,530.25	111.76%	25,792.23	33,181.50	77.73%	66,363.00	66,363.00	100.0%
7103 - Grdwtr Quality Monitoring	28,203.14	12,996.67	217.0%	142,945.82	126,979.98	112.57%	209,923.00	203,960.00	102.92%

	1/12th of the Total Budget			6/12th (50%) of the Total Budget			100% of the Total Budget		
	Actual	Budget	% of Budget	Actual	Budget	% of Budget	Projected	Budget	% of Budget
7104 - Gdwr Level Monitoring	26,026.85	21,042.24	123.69%	155,855.81	156,216.06	99.77%	297,806.00	276,482.00	107.73%
7105 - Sur Wtr Qual Monitoring	0.00	291.00	0.0%	0.00	1,796.00	0.0%	3,592.00	3,592.00	100.0%
7107 - Ground Level Monitoring	50,347.47	62,728.00	80.26%	247,218.27	635,194.00	38.92%	1,003,587.00	904,443.00	110.96%
7108 - Hydraulic Control Monitoring	21,952.68	38,315.34	57.3%	169,244.48	229,891.96	73.62%	427,078.00	459,784.00	92.89%
7109 - Recharge & Well Monitoring Prog	0.00	0.00	0.0%	1,990.00	11,160.00	17.83%	6,696.00	11,160.00	60.0%
7200 - PE2- Comp Recharge Pgm	8,081.46	51,658.92	15.64%	674,005.91	796,267.46	84.65%	1,233,275.00	1,341,785.00	91.91%
7300 - PE3&5-Water Supply/Desalte	6,566.35	3,795.25	173.02%	43,454.56	70,611.50	61.54%	81,764.00	93,383.00	87.56%
7400 - PE4- Mgmt Plan	2,946.23	5,663.91	52.02%	20,546.17	35,033.54	58.65%	74,458.00	70,067.00	106.27%
7500 - PE6&7-CoopEfforts/SaltMgmt	9,036.31	4,262.66	211.99%	80,378.38	63,366.04	126.85%	38,854.00	88,942.00	43.69%
7600 - PE8&9-StorageMgmt/Conj Use	199.71	3,785.25	5.28%	13,162.23	22,886.50	57.51%	45,773.00	45,773.00	100.0%
7690 - Recharge Improvement Debt Pymt	0.00	0.00	0.0%	471,400.00	600,964.00	78.44%	450,964.00	450,964.00	100.0%
7700 - Inactive Well Protection Prgm	167.97	0.00	100.0%	167.97	706.50	23.78%	1,413.00	1,413.00	100.0%
9602 - G&A Expenses Allocated+Projects	17,564.06	42,018.67	41.8%	134,515.62	252,111.98	53.36%	504,224.00	504,224.00	100.0%
Total Expense	358,803.07	457,121.27	78.49%	3,578,306.98	4,477,339.35	79.92%	7,034,767.00	6,873,187.00	102.35%
Net Ordinary Income	-355,388.66	-419,618.77	84.69%	-3,163,658.27	-4,291,334.35	73.72%	-81,803.38	-215,000.00	38.05%
Other Income									
4225 - Interest Income	0.00	0.00	0.0%	7.01	0.00	7.01	150.00	0.00	100.0%
4210 - Approp Pool-Replenishment	0.00	0.00	0.0%	0.00	0.00	0.0%	686,814.15	0.00	100.0%
4220 - Non-Ag Pool-Replenishment	0.00	0.00	0.0%	0.00	0.00	0.0%	27,469.75	0.00	100.0%
4600 - Groundwater Sales	0.00	0.00	0.0%	12,647,183.31	0.00	100.0%	12,647,183.31	0.00	100.0%
Total Other Income	0.00	0.00	0.0%	12,647,190.32	0.00	100.0%	13,361,617.21	0.00	100.0%
Other Expense									
5010 - Groundwater Replenishment	0.00	0.00	0.0%	10,269,932.04	0.00	100.0%	10,269,932.04	0.00	100.0%
5100 - Other Water Purchases	0.00	0.00	0.0%	2,402,395.88	0.00	100.0%	2,402,395.88	0.00	100.0%
9999 - To/(From) Reserves	-355,388.66	-419,618.77	84.69%	-3,188,795.87	-4,291,334.35	74.31%	607,485.91	-215,000.00	-282.55%
Total Other Expense	-355,388.66	-419,618.77	84.69%	9,483,532.05	13,774,866.40	-220.99%	13,279,813.83	-215,000.00	-6,176.66%
Net Other Income	355,388.66	419,618.77	84.69%	3,163,658.27	4,291,334.35	73.72%	81,803.38	215,000.00	38.05%
Net Income	0.00	0.00	0.0%	0.00	0.00	0.0%	0.00	0.00	0.0%

Note: Please see the staff report (Financial Report-B5) for additional detailed information on the account categories.





# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### C. INTERVENTION INTO THE AG POOL





# CHINO BASIN WATERMASTER

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

## STAFF REPORT

**DATE:** February 23, 2012  
**TO:** Board Members  
**SUBJECT:** Intervention into the Agricultural Pool

### SUMMARY

**Recommendation** – Staff recommends approval of the Intervention of Tad Nakase (TDN Land Company) into the Agricultural Pool.

### BACKGROUND

According to Paragraph 60 of the Judgment:

"[Any] person newly proposing to produce water from the Chino Basin may become a party to this Judgment upon filing a petition in intervention. Said intervention must be confirmed by order of this Court. Such intervener shall thereafter be a party bound by this judgment and entitled to the rights and privileges accorded under the Physical Solution herein, through the pool to which the Court shall assign such intervener."

According to Watermaster's Rules and Regulations section 2.27:

"Watermaster will receive and make recommendations regarding petitions for intervention and accumulate them for filing with the Court from time to time (Judgment paragraph. 60 and Order re Intervention Procedures, July 14, 1978.)"

Watermaster received a petition to Intervene into the Judgment from Tad Nakase on January 19, 2012. It is staffs' understanding that this production has been ongoing, but its existence has only recently come to Watermaster's attention. The water is used to irrigate a nursery, approximately eight acres in size. Due to the fact that the estimated annual water production is expected to be approximately 25 acre-feet per year, the well will be metered.

Staff recommends approval of the intervention into the Agricultural Pool.



**Actions:**

February 9, 2012 Appropriative Pool – Approved unanimously with the notations made by the WM CEO

February 9, 2012 Non-Agricultural Pool – Moved to approve staff recommendation with the notations made by the WM CEO and to direct the Pool representatives to support at the Advisory Committee and Watermaster Board meetings subject to changes which they determine to be appropriate

February 9, 2012 Agricultural Pool – Approved unanimously staff recommendation

February 16, 2012 Advisory Committee – Approved Unanimously

February 23, 2012 Watermaster Board –

Date: 1/19/12

Chino Basin Watermaster  
9641 San Bernardino Road  
Rancho Cucamonga, CA 91730  
Attn: Danni Maurizio, Interim CEO

**NEW EARTH NURSERIES**

Wholesale to the public

Your source for the largest selection of outdoor plants

5211 Edison Ave., Chino, CA 91710  
Central and Edison

Tel: (909) 465-0688 Fax: (909) 465-0939



Tad Nakase

Subject: Intervention into Chino Basin Watermaster

Dear Ms. Maurizio:

I, or the company I represent (see below), request intervention into the Chino Basin Watermaster Judgment. I/we request that the Watermaster attorneys process the Intervention paperwork through the Court.

Number of wells 1

Permission is granted to obtain drilling logs from \_\_\_\_\_ Water Well Drilling Co.

Location(s) of wells (including addresses, parcel numbers, and landmarks): 5211 EDISON AVE  
CHINO, CA 91710 WEST SIDE ~ 3-400 FT FROM  
EDISON

Type of usage (Irrigation, Dairy, Domestic, etc.)

DOMESTIC NURSERY

Property Owner (Well Owner) Information:

Name: TAD NAKASE  
Address: 5211 10171 NORTHAMPTON AVE WESTMINSTER CA  
Phone: 714 412 7326 Email: 972683

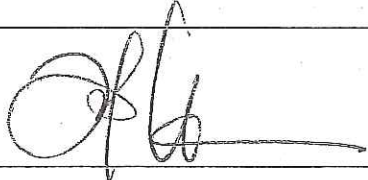
Property Occupant (Well User) Information (if different from Owner):

Name: SAME  
Address: \_\_\_\_\_  
Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Representative Handling Intervention:

Name: TAD NAKASE Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Sincerely,  
Signed:



Print name TAD NAKASE

THIS PAGE  
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# CHINO BASIN WATERMASTER

## II. BUSINESS ITEM

### A. WATERMASTER ANNUAL AUDIT FISCAL YEAR 2010/2011





# CHINO BASIN WATERMASTER

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

## STAFF REPORT

**DATE:** February 23, 2012  
**TO:** Board Members  
**SUBJECT:** Fiscal Year 2010/2011 Audit

### SUMMARY

**Issue** – (1) The Chino Basin Watermaster Annual Financial Report for the Fiscal Years Ended June 30, 2011 and 2010 Dated January 26, 2012 and (2) The Chino Basin Watermaster Management Report for June 30, 2011 Dated January 26, 2012.

**Recommendation** – Receive and File

**Financial Impact** – None

### Background

Chino Basin Watermaster is required to have an annual audit every year. Attached are the Chino Basin Watermaster Management Report for June 30, 2011; and the Chino Basin Watermaster Annual Financial Report for the Fiscal Years Ended June 30, 2011 and 2010. Both the Management Report and the Annual Financial Report was issued by the audit firm of Charles Z. Fedak & Company, Watermaster's new auditor. (Recall that the firm of Charles Z. Fedak & Company was awarded the audit contract by the Watermaster Board on May 26, 2011.)

The Independent Auditor's Report is detailed on pages 4 and 5 of the Annual Financial Report. Charles Z. Fedak & Company audited the financial statements of Chino Basin Watermaster as of and for the year ended June 30, 2011. The comparative financial information as of June 30, 2010 was audited by our previous audit firm, (Mayer Hoffman McCann, P.C.) whose report dated October 11, 2010, expressed an unqualified opinion on those financial statements. An unqualified opinion concludes that the Financial Statements give a true and fair view in accordance with the financial framework used for the preparation and presentation of the Financial Statements. The Financial Statements are free of material misstatements and are represented fairly in accordance with the Generally Accepted Accounting Principles (GAAP).

In the opinion of Charles Z. Fedak & Company, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Chino Basin Watermaster as of June 30, 2011, and the respective changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Furthermore, Charles Z. Fedak & Company made the following comments with respect to the audit:

1. Performed the audit according to the planned scope and timing requirements previously communicated in the Audit Engagement letter dated June 10, 2011.
2. Noted no transactions entered into by Watermaster during fiscal year 2011 for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transactions occurred.
3. Noted no issues with Management's Judgments, Accounting Estimates and Financial Disclosures.
4. Noted one audit adjustment entry to adjust the original trial balance presented to the auditors at the start of the audit.
5. Watermaster did not consult with other accountants about auditing and accounting matters.
6. There were no other audit findings or issues.
7. Encountered no significant difficulties in dealing with management in performing and completing the audit process and test work.
8. No disagreements with Watermaster management arose during the course of the audit of Watermaster.

**Actions:**

- February 23, 2012 Watermaster Board –
- March 8, 2012 Appropriative Pool –
- March 8, 2012 Non-Agricultural Pool –
- March 8, 2012 Agricultural Pool –
- March 15, 2012 Advisory Committee –



**Chino Basin Watermaster**

**Management Report**

**June 30, 2011**



**Charles Z. Fedak & Company**

Certified Public Accountants  
An Accountancy Corporation

**Chino Basin Watermaster**

**Management Report**

**June 30, 2011**



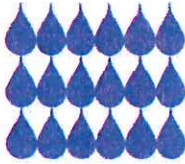
**Chino Basin Watermaster**

**Management Report**

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Charles Z. Fedak, CPA, MBA  
Paul J. Kaymark, CPA  
Christopher J. Brown, CPA

## Charles Z. Fedak & Company

Certified Public Accountants  
An Accountancy Corporation

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Cypress, California 90630  
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FAX (714) 527-9154  
EMAIL [czfco@czfcpa.com](mailto:czfco@czfcpa.com)  
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Board of Directors  
Chino Basin Watermaster  
Rancho Cucamonga, California

### Dear Members of the Board:

We have audited the basic financial statements of the Chino Basin Watermaster (Watermaster) as of and for the year ended June 30, 2011 in accordance with auditing standards generally accepted in the United States of America, we considered Watermaster's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Watermaster's internal control. Accordingly, we do not express an opinion on the effectiveness of Watermaster's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

Our consideration on internal control was for the limited period described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above: however, we did note a control deficiency on the following page.

Our comments, all of which have been discussed with the appropriate members of management, are summarized as follows:

**Summary of Current Year Comments and Recommendations**

***Disclosure of Audit Adjustments and Reclassifications***

As your external auditor, we assume that the books and records of Watermaster are properly adjusted before the audit begins. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present Watermaster's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

**Management's Response**

We have reviewed and approved the audit adjustment entry provided by the auditor and have entered the entry into Watermaster's accounting system to close-out Watermaster's year-end trial balance.

**Status of Comments and Recommendations Made in the Previous Year**

None Noted

\*\*\*\*\*

This report is intended solely for the information and use of management and the Board of Directors of Watermaster. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.

*Charles Z. Fedak and Company CPAs - An Accountancy Corporation*

Charles Z. Fedak and Company, CPA's - An Accountancy Corporation  
Cypress, California  
January 26, 2012

**APPENDIX**

**Chino Basin Watermaster**

**Audit/Finance Committee Letter**

**June 30, 2011**

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Charles Z. Fedak, CPA, MBA  
Paul J. Kaymark, CPA  
Christopher J. Brown, CPA

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Board of Directors  
Chino Basin Watermaster  
Rancho Cucamonga, California

We have audited the basic financial statements of the Chino Basin Watermaster (Watermaster) for the year ended June 30, 2011 and have issued our report thereon dated January 26, 2012. Generally accepted auditing standards require that we provide the Governing Board and management with the following information related to our audit of Watermaster's basic financial statements.

### **Auditor's Responsibility under United States Generally Accepted Auditing Standards**

As stated in our Audit Engagement Letter dated June 10, 2011, our responsibility, as described by professional standards, is to express an opinion about whether the basic financial statements prepared by management with oversight of the Governing Board are fairly presented, in all material respects, in conformity with United States generally accepted accounting principles. Our audit of the financial statements does not relieve the Governing Board or management of its responsibilities of oversight in Watermaster's external financial reporting process or any other processes.

In planning and performing our audit, we considered Watermaster's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of Watermaster's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Watermaster's internal control over financial reporting.

As part of obtaining reasonable assurance about whether Watermaster's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standards*.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing requirements previously communicated in our Audit Engagement letter dated June 10, 2011.

### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Watermaster are described in Note 1 to the basic financial statements.

We noted no transactions entered into by Watermaster during fiscal year 2011 for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.



### **Management's Judgments, Accounting Estimates and Financial Disclosures**

Accounting estimates play an integral part in the preparation of basic financial statements by management and are based upon management's knowledge, experience and current judgment(s) about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the position in the basic financial statements is (are):

Management's estimate of the fair value of cash and investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of capital assets depreciation is based on historical estimates of each capitalized item's useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the basic financial statements are neutral, consistent and clear. Certain basic financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the basic financial statements is (are):

The disclosure of fair value of cash and investments in Note 2 to the basic financial statements represents amounts susceptible to market fluctuations.

The disclosure of capital assets, net in Note 3 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

### **Corrected and Uncorrected Misstatements**

Generally Accepted Auditing Standards require us to accumulate all known and likely misstatements identified during the audit, except those that are considered trivial, and communicate them to the appropriate level of management as follows:

There was one audit adjustment entry recorded to adjust the original trial balance presented to us to begin our audit. Please see the one audit adjustment entry at the end of this report.

### **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves the application of an accounting principal to Watermaster's basic financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Watermaster's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit processes and testwork.

Charles Z. Fedak & Company • Certified Public Accountants • An Accountancy Corporation

Member of: *American Institute of Certified Public Accountants • California Society of Certified Public Accountants*



**Disagreements with Management**

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the basic financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit of Watermaster.

**Management Representations**

We have requested certain representations from management that are included in the Management Representational Letter to the Auditor dated January 26, 2012.

**Conclusion**

We appreciate the cooperation extended us by Joseph S. Joswiak, Chief Financial Officer, and Watermaster staff in the performance of our audit testwork.

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to Watermaster.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than the specified, parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

*Charles Z. Fedak and Company CPAs - An Accountancy Corporation*

Charles Z. Fedak and Company, CPA's - An Accountancy Corporation  
Cypress, California  
January 26, 2012

**Chino Basin Watermaster  
June 30, 2011  
Audit Adjusting Journal Entries**

<u>Entry #</u>	<u>Status</u>	<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
AJE 1	Posted	11070-000	LAIF FMV	13,450.07	
		42250-000	Interest Income		13,450.07
AJE - To record LAIF FMV at 6/30/11					
<b>TOTALS</b>				<u>13,450.07</u>	<u>13,450.07</u>



**Chino Basin Watermaster**

**Annual Financial Report**

**For the Fiscal Years Ended June 30, 2011 and 2010**

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## Our Mission Statement

*“The Chino Basin Watermaster is a consensus-based organization facilitating development and utilization of the Chino groundwater basin”*

<u>Name</u>	<u>Title</u>	<u>Current Term Ending or Ongoing</u>
Kenneth Willis	Chairman	December 2011
Bob G. Kuhn	Vice-Chair	Ongoing
Tom Haughey	Secretary/Treasurer	December 2011
Robert Bowcock	Member	Ongoing
Geoffrey Vanden Heuvel	Member	Ongoing
Paul Hofer	Member	Ongoing
Charles D. Field	Member	Ongoing
Paula Lantz	Member	Ongoing
Steve Elie	Member	Ongoing

**Chino Basin Watermaster  
Ken Jeske, Interim CEO  
9641 San Bernardino Road  
Rancho Cucamonga, California 91730  
(909) 484-3888 – [www.cbwm.org](http://www.cbwm.org)**

**Chino Basin Watermaster**

**Annual Financial Report**

**For the Fiscal Years Ended June 30, 2011 and 2010**



**Chino Basin Watermaster  
Annual Financial Report  
For the Fiscal Years Ended June 30, 2011 and 2010**

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## **Introductory Section**



January 26, 2012

Board of Directors  
Chino Basin Watermaster

### **Introduction**

It is our pleasure to submit the Annual Financial Report for the Chino Basin Watermaster (Watermaster) for the fiscal years ended June 30, 2011 and 2010, following guidelines set forth by the Governmental Accounting Standards Board. Watermaster staff prepared this financial report. The Watermaster is ultimately responsible for both the accuracy of the data and the completeness and the fairness of presentation, including all disclosures in this financial report. We believe that the data presented is accurate in all material respects. This report is designed in a manner that we believe necessary to enhance your understanding of the Watermaster's financial position and activities.

This report is organized into three sections: (1) Introductory, (2) Financial, and (3) Supplemental. The Introductory section offers general information about the Watermaster's organization and current Watermaster activities and reports on a summary of significant financial results. The Financial section includes the Independent Auditor's Report, Management's Discussion and Analysis of the Watermaster's basic financial statements, and the Watermaster's audited basic financial statements with accompanying Notes. The Supplemental section includes combining revenue and expense schedules.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the financial statements in the form of the Management's Discussion and Analysis (MD&A) section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Watermaster's MD&A can be found immediately after the Independent Auditor's Report.

### **Watermaster Structure and Leadership**

The Chino Basin Watermaster ("Watermaster") was established under a judgment entered in Superior Court of the State of California for the County of San Bernardino as a result of Case No. RCV 51010 (formerly Case No. SCV 164327) entitled "Chino Basin Municipal Water District v. City of Chino, et al.", signed by the Honorable Judge Howard B. Wiener on January 27, 1978. The effective date of this Judgment for accounting and operations was July 1, 1977. Pursuant to the Judgment, the Chino Basin Municipal Water District (CBMWD) five member Board of Directors was initially appointed as "Watermaster". Their term of appointment as Watermaster was for five years, and the Court, by subsequent orders, provides for successive terms or for a successor Watermaster. Pursuant to a recommendation of the Advisory Committee, the Honorable J. Michael Gunn appointed a nine-member board as Watermaster on September 28, 2000. Under the Judgment, three Pool committees were formed: (1) Overlying (Agricultural) Pool which includes the State of California and all producers of water for overlying uses other than industrial or commercial purposes; (2) Overlying (Non-Agricultural) Pool which represents producers of water for overlying industrial or commercial purposes; and (3) Appropriative Pool which represents cities, special districts, other public or private entities and utilities. The three Pools act together to form the "Advisory Committee".

The Chief Executive Officer administers the day-to-day operations of the Watermaster in accordance with policies and procedures established by the Board of Directors. The Watermaster employs nine regular and one part-time employee. The Watermaster's three Pools, the Advisory Committee and the Board of Directors meet each month.

#### **Watermaster Mission and Services**

Chino Basin Watermaster's mission is "To manage the Chino Groundwater Basin in the most beneficial manner and to equitably administer and enforce the provisions of the Chino Basin Watermaster Judgment", Case No. RCV 51010 (formerly Case No. SCV 164327). The Watermaster provides the Chino Groundwater Basin service area with services which primarily include: accounting for water appropriations and components of acre footage of stored water by agency, purchase of replenishment water, groundwater monitoring and implementation of special projects. The Watermaster is progressively and actively implementing the Basin's Optimum Basin Management Program which includes extensive monitoring, further developing recharge capabilities, storage and recovery projects, managing salt loads, developing new yield such as reclaimed and storm water recharge and continuing to work with other agencies and entities to enhance this significant natural resource.

Watermaster expenditures are allocated to the pools based on the prior year's production volume (or the same percentage used to set the annual assessments).

#### **Economic Condition and Outlook**

The Watermaster's office is located in the City of Rancho Cucamonga in San Bernardino County which has experienced significant economic growth and also recession within the region. The economic outlook for the Southern California region is one of cautious growth due to the prolonged real estate correction, the financial crisis that may impact customers, suppliers, and the ongoing California State budget challenges which are projected to continue in the future.

#### **Internal Control Structure**

Watermaster management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the Watermaster are protected from loss, theft or misuse. The internal control structure also ensures adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The Watermaster's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

#### **Budgetary Control**

The Watermaster's Board of Directors annually adopts an operating budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the Watermaster's enterprise operations. The budget and reporting treatment applied to the Watermaster is consistent with the accrual basis of accounting and the financial statement basis.

#### **Investment Policy**

The Board of Directors has adopted an investment policy that conforms to state law, Watermaster's ordinance and resolutions, prudent money management, and the "prudent person" standards. The objective of the Investment Policy is safety, liquidity and yield. Watermaster funds are invested in the State Treasurer's Local Agency Investment Fund and an institutional checking account.

**Water Rates and Watermaster Revenues**

The Judgment prescribes Watermaster's authority and specifies classes of water production assessments to be used to fund certain activities. Those assessment categories are: Administration, Optimal Basin Management Program, Special Projects and Replenishment. Each class of assessment has a prescribed purpose and water production base. Assessment revenue is Watermaster's principal source of income.

**Audit and Financial Reporting**

State Law requires the Watermaster to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of Charles Z. Fedak & Company, CPAs has conducted the audit of the Watermaster's financial statements. Their unqualified Independent Auditor's Report appears in the Financial Section.


**Other References**


More information is contained in the Management's Discussion and Analysis and the Notes to the Basic Financial Statements found in the Financial Section of the report.

**Acknowledgements**

Preparation of this report was accomplished by the combined efforts of Watermaster staff. We appreciate the dedicated efforts and professionalism that these staff members contribute to the Watermaster. We would also like to thank the members of the Board of Directors for their continued support in planning and implementation of the Chino Basin Watermaster's fiscal policies.

Respectfully submitted,

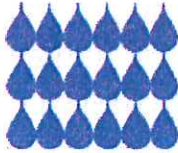
  
\_\_\_\_\_  
Ken Jeske  
Interim CEO

  
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Joseph S. Joswiak  
Chief Financial Officer

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## **Financial Section**



Charles Z. Fedak, CPA, MBA  
Paul J. Kaymark, CPA  
Christopher J. Brown, CPA

## Charles Z. Fedak & Company

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### Independent Auditor's Report

Board of Directors  
Chino Basin Watermaster  
Rancho Cucamonga, California

We have audited the accompanying financial statements of the Chino Basin Watermaster (Watermaster) as of and for the year ended June 30, 2011, which collectively comprise the Watermaster's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Watermaster's management. Our responsibility is to express an opinion on these financial statements based on our audit. The comparative financial information as of June 30, 2010 was audited by other auditors whose report dated October 11, 2010, expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Chino Basin Watermaster as of June 30, 2011, and the respective changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 26, 2012, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits. That report can be found on page 26.

Accounting principals generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

**Independent Auditor's Report, continued**

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Watermaster's basic financial statements as a whole. The introductory section and the supplemental information on pages 24 through 25 are presented for purposes of additional analysis and are not required parts of the basic financial statements. The supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Charles Z. Fedak and Company CPAs - An Accountancy Corporation*

Charles Z. Fedak and Company, CPAs - An Accountancy Corporation  
Cypress, California  
January 26, 2012

**Chino Basin Watermaster**  
*Management's Discussion and Analysis*  
**For the Fiscal Years Ended June 30, 2011 and 2010**

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Chino Basin Watermaster (Watermaster) provides an introduction to the financial statements of the Watermaster for the fiscal years ended June 30, 2011 and 2010. The two year presentation is provided for comparative purposes. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the basic financial statements and related notes, which follow this section.

**Financial Highlights**

- The Watermaster's net assets decreased 7.11% or \$602,977 to \$7,875,388 in fiscal year 2011 as the result of operations. In 2010, the Watermaster's net assets decreased 22.90% or \$2,517,601 to \$8,478,365 as the result of operations.
- The Watermaster's operating revenues increased 11.29% or \$1,647,301 in 2011 primarily due to a 35.95% or \$2,543,323 increase in replenishment water revenues that was offset by a 12.10% or \$895,834 decrease in administrative assessments. In 2010, the Watermaster's operating revenues decreased 0.5% or \$65,988 to \$14,588,996.
- The Watermaster's operating expenses decreased 1.59% or \$272,346 in 2011 primarily due to a 22.63% decrease in optimum basin management plan costs that was offset by a 11.09% increase in groundwater replenishment costs. In 2010, the Watermaster's operating expenses increased 71.4% or \$7,144,738 to \$17,156,007 due to increased groundwater replenishment costs.

**Required Financial Statements**

This annual report consists of a series of financial statements. The Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets and Statement of Cash Flows provide information about the activities and performance of the Watermaster using accounting methods similar to those used by private sector companies.

The Statement of Net Assets includes all of the Watermaster's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the Watermaster and assessing the liquidity and financial flexibility of the Watermaster. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets. This statement measures the success of the Watermaster's operations over the past year and can be used to determine if the Watermaster has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the Watermaster's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

**Financial Analysis of the Watermaster**

One of the most important questions asked about the Watermaster's finances is, "Is the Watermaster better off or worse off as a result of this year's activities?" The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets report information about the Watermaster in a way that helps answer this question.

**Chino Basin Watermaster**  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended June 30, 2011 and 2010**

**Financial Analysis of the Watermaster, continued**

These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the Watermaster's *net assets* and changes in them. You can think of the Watermaster's net assets – the difference between assets and liabilities – as one way to measure the Watermaster's financial health, or *financial position*. Over time, *increases or decreases* in the Watermaster's net assets are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation, such as changes in federal and state water quality standards.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 13 through 23.

**Statement of Net Assets**

**Condensed Statements of Net Assets**

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>Percentage Change</u>
<b>Assets:</b>				
Current assets	\$ 11,075,096	10,614,785	460,311	4.34%
Capital assets, net	26,190	46,889	(20,699)	-44.14%
<b>Total assets</b>	<u>\$ 11,101,286</u>	<u>10,661,674</u>	<u>439,612</u>	<u>4.12%</u>
<b>Liabilities:</b>				
Current liabilities	\$ 3,135,273	2,057,049	1,078,224	52.42%
Non-current liabilities	90,625	126,260	(35,635)	-28.22%
<b>Total liabilities</b>	<u>3,225,898</u>	<u>2,183,309</u>	<u>1,042,589</u>	<u>47.75%</u>
<b>Net assets:</b>				
Invested in capital assets	26,190	46,889	(20,699)	-44.14%
Unrestricted	7,849,198	8,431,476	(582,278)	-6.91%
<b>Total net assets</b>	<u>7,875,388</u>	<u>8,478,365</u>	<u>(602,977)</u>	<u>-7.11%</u>
<b>Total liabilities and net assets</b>	<u>\$ 11,101,286</u>	<u>10,661,674</u>	<u>439,612</u>	<u>4.12%</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Watermaster, assets of the Watermaster exceeded liabilities by \$7,875,388 and \$8,478,365 as of June 30, 2011 and 2010, respectively.

The Watermaster's investment in capital assets is comprised of capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The Watermaster uses these capital assets to provide services to customers within the Watermaster's service area; consequently, these assets are not available for future spending.

**Chino Basin Watermaster**  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended June 30, 2011 and 2010**

**Statement of Net Assets, continued**

At the end of fiscal years 2011 and 2010, the Watermaster showed a positive balance in its unrestricted net assets of \$7,849,198 and \$8,431,476, respectively, which may be utilized in future years. See note 7 for further discussion.

**Statement of Revenues, Expenses and Changes in Net Assets**

Condensed Statements of Revenues, Expenses and Changes in Net Assets

	2011	2010	Change	Percentage Change
Operations:				
Operating revenues	16,236,297	14,588,996	1,647,301	11.29%
Operating expenses	16,883,661	17,156,007	(272,346)	-1.59%
Net loss from operations	(647,364)	(2,567,011)	1,919,647	-74.78%
Depreciation	20,699	29,103	(8,404)	-28.88%
Operating loss	(668,063)	(2,596,114)	1,928,051	-74.27%
Non-operating:				
Interest earnings	65,086	78,513	(13,427)	-17.10%
Total non-operating revenues	65,086	78,513	(13,427)	-17.10%
Change in net assets	(602,977)	(2,517,601)	1,914,624	-76.05%
Net assets, beginning of year	8,478,365	10,995,966	(2,517,601)	-22.90%
Net assets, end of year	7,875,388	8,478,365	(602,977)	-7.11%

The statement of revenues, expenses and changes of net assets shows how the Watermaster's net assets changed during the fiscal years. In the case of the Watermaster, net assets decreased by \$602,977 and \$2,517,601 for the fiscal years ended June 30, 2011 and 2010, respectively.

A closer examination of the sources of changes in net assets reveals that:

The Watermaster's operating revenues increased 11.29% or \$1,647,301 in 2011 primarily due to a 35.95% or \$2,543,323 increase in replenishment water revenues that was offset by a 12.10% or \$895,834 decrease in administrative assessments.

In 2010, the Watermaster's operating revenues decreased 0.5% or \$65,988 to \$14,588,996 primarily due to a 9.9% or \$636,162 increase in replenishment water revenues and a 100.0% or \$111,188 increase in miscellaneous revenue that was offset by a 9.3% or \$762,121 decrease in administrative assessments and a 100.0% or \$51,217 decrease in mutual agency project revenue.

The Watermaster's operating expenses decreased 1.59% or \$272,346 in 2011 primarily due to a 22.63% decrease in Optimum Basin Management Plan costs that was offset by a 11.09% increase in groundwater replenishment costs.

In 2010, the Watermaster's operating expenses increased 71.4% or \$7,144,738 to \$17,156,007 due to increased Groundwater replenishment costs.



**Chino Basin Watermaster**  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended June 30, 2011 and 2010**

**Capital Asset Administration**

At the end of fiscal year 2011 and 2010, the Watermaster's investment in capital assets amounted to \$26,190 and \$46,889 (net of accumulated depreciation), respectively. This investment in capital assets includes leasehold improvements, office equipment, and vehicles. There were no major capital assets additions during the year ended June 30, 2011.

Changes in capital assets in 2011 were as follows:

	<u>Balance 2010</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance 2011</u>
Capital assets:				
Depreciable assets	273,808	-	-	273,808
Accumulated depreciation	<u>(226,919)</u>	<u>(20,699)</u>	-	<u>(247,618)</u>
Total capital assets	<u>46,889</u>	<u>(20,699)</u>	-	<u>26,190</u>

Changes in capital assets in 2010 were as follows:

	<u>Balance 2009</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance 2010</u>
Capital assets:				
Depreciable assets	250,992	22,816	-	273,808
Accumulated depreciation	<u>(197,816)</u>	<u>(29,103)</u>	-	<u>(226,919)</u>
Total capital assets	<u>53,176</u>	<u>(6,287)</u>	-	<u>46,889</u>

**Conditions Affecting Current Financial Position**

Management is unaware of any conditions which could have a significant impact on the Watermaster's current financial position, net assets or operating results based on past, present and future events.

**Requests for Information**

This financial report is designed to provide the Watermaster's funding sources, customers, stakeholders and other interested parties with an overview of the Watermaster's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Watermaster's Chief Financial Officer at 9641 San Bernardino Road, Rancho Cucamonga, CA 91730.

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# **Basic Financial Statements**

**Chino Basin Watermaster**  
**Statement of Net Assets**  
**June 30, 2011 and 2010**

<i>Assets</i>	<b>2011</b>	<b>2010</b>
<b>Current assets:</b>		
Cash and cash equivalents (note 2)	\$ 7,187,623	10,578,034
Accrued interest receivable	14,729	20,658
Accounts receivable	3,750,628	800
Prepaid expenses	122,116	15,293
Total current assets	11,075,096	10,614,785
<b>Non-current:</b>		
Capital assets, net (note 3)	26,190	46,889
Total non-current assets	26,190	46,889
Total assets	\$ 11,101,286	10,661,674
<b><i>Liabilities</i></b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 3,064,607	1,970,273
Accrued salaries and benefits	21,868	18,790
Long-term liabilities – due within one year:		
Compensated absences (note 4)	48,798	67,986
Total current liabilities	3,135,273	2,057,049
<b>Non-current liabilities:</b>		
Long-term liabilities – due in more than one year:		
Compensated absences (note 4)	90,625	126,260
Total non-current liabilities	90,625	126,260
Total liabilities	3,225,898	2,183,309
<b>Net assets: (note 6)</b>		
Investment in capital assets, net of related debt	26,190	46,889
Unrestricted	7,849,198	8,431,476
Total net assets	7,875,388	8,478,365
Total liabilities and net assets	\$ 11,101,286	10,661,674

See accompanying notes to the basic financial statements

**Chino Basin Watermaster**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**For the Fiscal Years Ended June 30, 2011 and 2010**

	2011	2010
Operating revenues:		
Administrative assessments	\$ 6,508,169	7,404,003
Replenishment water revenue	9,617,128	7,073,805
Other revenue	111,000	111,188
Total operating revenue	16,236,297	14,588,996
Operating expenses:		
Groundwater replenishment and other water purchases	10,991,245	9,894,321
Optimum basin management plan	4,895,469	6,327,400
Watermaster administration	544,784	657,236
Pool, advisory, and board administration	452,163	277,050
Total operating expense	16,883,661	17,156,007
Operating loss before depreciation	(647,364)	(2,567,011)
Depreciation expense	(20,699)	(29,103)
Operating loss	(668,063)	(2,596,114)
Non-operating revenues:		
Interest earnings	65,086	78,513
Total non-operating revenues	65,086	78,513
Change in net assets	(602,977)	(2,517,601)
Net assets at beginning of year	8,478,365	10,995,966
Net assets at end of year	\$ 7,875,388	8,478,365

See accompanying notes to the basic financial statements

**Chino Basin Watermaster**  
**Statement of Cash Flows**  
**For the Fiscal Years Ended June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash received from stakeholders	\$ 12,486,469	14,765,511
Cash paid to employees for salaries and wages	(892,464)	(900,275)
Cash paid to vendors and suppliers for materials and services	<u>(15,055,431)</u>	<u>(14,708,441)</u>
Net cash used in operating activities	<u>(3,461,426)</u>	<u>(843,205)</u>
Cash flows from capital financing activities:		
Acquisition of capital assets	<u>-</u>	<u>(22,816)</u>
Net cash used in capital financing activities	<u>-</u>	<u>(22,816)</u>
Cash flows from investing activities:		
Interest earnings received	<u>71,015</u>	<u>78,513</u>
Net cash provided by investing activities	<u>71,015</u>	<u>78,513</u>
Net decrease in cash	(3,390,411)	(787,508)
Cash and cash equivalent at the beginning of year	<u>10,578,034</u>	<u>11,365,542</u>
Cash and cash equivalent at the end of year	<u>\$ 7,187,623</u>	<u>10,578,034</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	<u>\$ (668,063)</u>	<u>(2,596,114)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	20,699	29,103
Changes in assets and liabilities		
(Increase) decrease in assets:		
Accounts receivable	(3,749,828)	176,515
Prepaid expenses	(106,823)	18,170
Increase (decrease) in liabilities:		
Accounts payable and accrued expense	1,094,334	1,581,185
Accrued salaries and benefits	3,078	(61,124)
Compensated absences	<u>(54,823)</u>	<u>9,060</u>
Total adjustments	<u>(2,793,363)</u>	<u>1,752,909</u>
Net cash used in operating activities	<u>\$ (3,461,426)</u>	<u>(843,205)</u>
Non-cash investing, capital and financing transactions:		
Change in fair-market value of investments	<u>\$ 13,450</u>	<u>-</u>
See accompanying notes to the basic financial statements		



**Chino Basin Watermaster**  
**Notes to the Financial Statements**  
**For the Fiscal Years Ended June 30, 2011 and 2010**

**(1) Reporting Entity and Summary of Significant Accounting Policies**

**A. Organization and Operations of the Reporting Entity**

The Chino Basin Watermaster ("Watermaster") was established under a judgment entered in Superior Court of the State of California for the County of San Bernardino as a result of Case No. RCV 51010 (formerly Case No. SCV 164327) entitled "Chino Basin Municipal Water District v. City of Chino, et al.", signed by the Honorable Judge Howard B. Weiner on January 27, 1978. The effective date of this Judgment for accounting and operations was July 1, 1977.

Pursuant to the Judgment, the Chino Basin Municipal Water District (CBMWD) five member Board of Directors was initially appointed as "Watermaster". Their term of appointment as Watermaster was for five years, and the Court, by subsequent orders, provides for successive terms or for a successor Watermaster. Pursuant to a recommendation of the Advisory Committee, the Honorable J. Michael Gunn appointed a nine-member board as Watermaster on September 28, 2000.

Under the Judgment, three Pool committees were formed: (1) Overlying (Agricultural) Pool which includes the State of California and all producers of water for overlying uses other than industrial or commercial purposes; (2) Overlying (Non-Agricultural) Pool which represents producers of water for overlying industrial or commercial purposes; and (3) Appropriative Pool which represents cities, districts, other public or private entities and utilities. The three Pools act together to form the "Advisory Committee".

The Watermaster provides the Chino Groundwater Basin service area with services which primarily include: accounting for water appropriations and components of acre-footage of stored water by agency, purchase of replenishment water, groundwater monitoring and implementation of special projects.

Watermaster expenditures are allocated to the pools based on the prior year's production volume (or the same percentage used to set the annual assessments). Allocations for fiscal year 2010-11 expenses are based on the 2009-2010 production volume.

Production volume	Fiscal Year 2010	
	Acre Feet	Percentage
Appropriative Pool	78,733	68.765%
Agricultural Pool	31,855	27.822%
Non-agricultural Pool	3,908	3.413%
Total production volume	114,496	100.000%

The Agricultural Pool members ratified an agreement with the Appropriative Pool at their meeting of June 16, 1988, wherein the Appropriative Pool assumes Agricultural Pool administrative expenses and special project cost allocations in exchange for an accelerated transfer of unpumped agricultural water to the Appropriative Pool. In addition the Agricultural Pool transferred all pool administrative reserves at June 30, 1988 to the Appropriative Pool effective July 1, 1988.

In July of 2000, the principal parties in the Basin signed an agreement, known as the Peace Agreement, which among other things formalized the commitment of the Basin parties to implement an Optimum Basin Management Program. The Peace Agreement was signed by all of the parties, and the Court has approved the agreement and ordered the Watermaster to proceed in accordance with the terms of the agreement. The Court has approved revisions to the Chino Basin Watermaster Rules and Regulations.

**Chino Basin Watermaster**  
**Notes to the Financial Statements**  
**For the Fiscal Years Ended June 30, 2011 and 2010**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**B. Basis of Accounting and Measurement Focus**

The Watermaster reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Watermaster is that the costs of providing water to its service area on a continuing basis be financed or recovered primarily through user charges (water sales), capital grants and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses, such as replenishment water revenues and groundwater replenishment, result from exchange transactions associated with the principal activity of the Watermaster. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

**C. Financial Reporting**

The Watermaster's basic financial statements are presented in conformance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*" (GASB No. 34). This statement established revised financial reporting requirements for state and local governments throughout the United States for the purpose of enhancing the understandability and usefulness of financial reports.

GASB No. 34 and its related GASB pronouncements provide for a revised view of financial information and restructure the format of financial information provided prior to its adoption. A statement of net assets replaces the balance sheet and reports assets, liabilities, and the difference between them as net assets, not equity. A statement of revenues, expenses and changes in net assets replaces both the income statement and the statement of changes in retained earnings and contributed capital. GASB No. 34 also requires that the statement of cash flows be prepared using the direct method. Under the direct method, cash flows from operating activities are presented by major categories.

Under GASB No. 34, enterprise funds, such as the Watermaster, have the option of consistently following or not following pronouncements issued by the Financial Accounting Standards Board (FASB) subsequent to November 30, 1989. The Watermaster has elected not to follow FASB standards issued after that date, unless such standards are specifically adopted by GASB.

**D. Assets, Liabilities and Net Assets**

**1. Use of Estimates**

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net assets during the reporting period. Actual results could differ from those estimates.

**2. Cash and Cash Equivalents**

Substantially all of the Watermaster's cash is invested in interest bearing accounts. The Watermaster considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

**Chino Basin Watermaster**  
**Notes to the Financial Statements**  
**For the Fiscal Years Ended June 30, 2011 and 2010**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Liabilities and Net Assets, continued**

**3. Investments**

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

**4. Accounts Receivable and Allowance for Uncollectible Accounts**

The Watermaster extends credit to customers in the normal course of operations. Management has determined that all amounts are considered collectable. As a result, the Watermaster has not recorded an allowance for doubtful accounts at June 30, 2011.

**5. Prepaid Expenses**

Certain payments to vendors reflects costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

**6. Compensated Absences**

The Watermaster's policy is to permit employees to accumulate earned vacation up to a total of 320 hours with amounts exceeding the limit being paid out as part of the employee's regular compensation. Upon termination of employment, employees are paid all unused vacation and forfeit any unused sick time.

**7. Water Production Assessments**

Water Production Assessment categories include: Administration, Optimal Basin Management Program, Special Projects, and Water Replenishment. Assessments are billed on a yearly basis.

**8. Capital Assets**

Capital assets acquired and/or constructed are capitalized at historical cost. Donated assets are recorded at estimated fair market value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Computer equipment and software	5 years
Office furniture and fixtures	7 years
Leasehold improvements	10 years
Automotive equipment	7 years

**9. Budgetary Policies**

The Watermaster adopts an annual operational budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

**Chino Basin Watermaster**  
**Notes to the Financial Statements**  
**For the Fiscal Years Ended June 30, 2011 and 2010**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Liabilities and Net Assets, continued**

**10. Net Assets**

The financial statements utilize a net assets presentation. Net assets are categorized as follows:

- **Investment in Capital Assets, net of related debt** – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt against the acquisition, construction or improvement of those assets.
- **Restricted Net Assets** – This component of net assets consists of constraints placed on net assets use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Assets** – This component of net assets consists of net assets that do not meet the definition of *restricted* or *investment in capital assets, net of related debt*.

**(2) Cash and Investments**

Cash and investments as of June 30, are classified in the Statements of Net Assets as follows:

	<b>2011</b>	<b>2010</b>
Cash and cash equivalents	\$ 7,187,623	10,578,034
Total cash and cash equivalents	\$ 7,187,623	10,578,034

Cash and investments as of June 30, consist of the following:

	<b>2011</b>	<b>2010</b>
Cash on hand	\$ 500	500
Deposits with financial institutions	141,907	603,604
Investments	7,045,216	9,973,930
Total cash and investments	\$ 7,187,623	10,578,034

As of June 30, the Watermaster's authorized deposits had the following maturities:

	<b>2011</b>	<b>2010</b>
Deposits held with the California Local Agency Investment Fund	237 days	203 days

***Investments Authorized by the California Government Code and the Watermaster's Investment Policy***

The table below identifies the investment types that are authorized by the Watermaster in accordance with the California Government Code (or the Watermaster's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Watermaster's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

**Chino Basin Watermaster**  
**Notes to the Financial Statements**  
**For the Fiscal Years Ended June 30, 2011 and 2010**

**(2) Cash and Investments, continued**

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	5 years	None	None
Federal agency and bank obligations	5 years	None	None
Certificates-of-deposit (negotiable or placed)	5 years	30%	10%
Commercial paper (prime)	270 days	10%	10%
Money market mutual funds	N/A	20%	None
State and local bonds, notes and warrants	N/A	None	None
California Local Agency Investment Fund (LAIF)	N/A	None	None

***Custodial Credit Risk***

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Watermaster's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits:

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Of the Watermaster's bank balances, up to \$250,000 at June 30, 2011 and 2010, were federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the Watermaster's name.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the Watermaster's investment policy contains legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

***Investment in State Investment Pool***

The Watermaster is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Watermaster's investment in this pool is reported in the accompanying financial statements at amounts based upon the Watermaster's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**Chino Basin Watermaster**  
**Notes to the Financial Statements**  
**For the Fiscal Years Ended June 30, 2011 and 2010**

**(2) Cash and Investments, continued**

***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Watermaster manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide for cash flow requirements and liquidity needed for operations.

***Credit Risk***

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Watermaster's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

***Concentration of Credit Risk***

The Watermaster's investment policy contains no limitations on the amounts that can be invested in any one issuer as beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than for U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Watermaster's investments at June 30, 2011 and 2010, respectively.



**Chino Basin Watermaster**  
**Notes to the Financial Statements**  
**For the Fiscal Years Ended June 30, 2011 and 2010**

**(3) Capital Assets**

Changes in capital assets for 2011 were as follows:

	Balance 2010	Additions	Disposals/ Transfers	Balance 2011
<b>Depreciable assets:</b>				
Computer equipment	\$ 117,590	-	-	117,590
Furniture and fixtures	42,291	-	-	42,291
Leasehold improvements	23,443	-	-	23,443
Vehicles and equipment	90,484	-	-	90,484
Total depreciable assets	<u>273,808</u>	<u>-</u>	<u>-</u>	<u>273,808</u>
<b>Accumulated depreciation:</b>				
Computer equipment	(87,620)	(8,469)	-	(96,089)
Furniture and fixtures	(42,292)	-	-	(42,292)
Leasehold improvements	(16,413)	(2,344)	-	(18,757)
Vehicles and equipment	(80,594)	(9,886)	-	(90,480)
Total accumulated depreciation:	<u>(226,919)</u>	<u>(20,699)</u>	<u>-</u>	<u>(247,618)</u>
Total capital assets, net	<u>\$ 46,889</u>			<u>26,190</u>

There were no major capital assets additions during the fiscal year.

Changes in capital assets for 2010 were as follows:

	Balance 2009	Additions	Disposals/ Transfers	Balance 2010
<b>Depreciable assets:</b>				
Computer equipment	\$ 94,774	22,816	-	117,590
Furniture and fixtures	42,291	-	-	42,291
Leasehold improvements	23,443	-	-	23,443
Vehicles and equipment	90,484	-	-	90,484
Total depreciable assets	<u>250,992</u>	<u>22,816</u>	<u>-</u>	<u>273,808</u>
<b>Accumulated depreciation:</b>				
Computer equipment	(74,055)	(13,565)	-	(87,620)
Furniture and fixtures	(36,953)	(5,339)	-	(42,292)
Leasehold improvements	(14,068)	(2,345)	-	(16,413)
Vehicles and equipment	(72,740)	(7,854)	-	(80,594)
Total accumulated depreciation:	<u>(197,816)</u>	<u>(29,103)</u>	<u>-</u>	<u>(226,919)</u>
Total capital assets, net	<u>\$ 53,176</u>			<u>46,889</u>

Major capital assets additions during the year include upgrades to computer equipment.

**Chino Basin Watermaster**  
**Notes to the Financial Statements**  
**For the Fiscal Years Ended June 30, 2011 and 2010**

**(4) Compensated Absences**

The changes to compensated absences balances at June 30, were as follows:

<u>Balance</u> <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>2011</u>	<u>Current</u>	<u>Long Term</u>
\$ 194,246	118,816	(173,639)	139,423	48,798	90,625

<u>Balance</u> <u>2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>2010</u>	<u>Current</u>	<u>Long Term</u>
\$ 185,186	102,238	(93,178)	194,246	67,986	126,260

**(5) Defined Benefit Pension Plan**

*Plan Description*

The Agency contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multi-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public agencies within the State of California. Benefit provisions and all other requirements are established by state statute and the Agency. Copies of CalPERS annual financial report may be obtained from their executive Office: 400 P Street, Sacramento, CA, 95814.

*Funding Policy*

The Watermaster participates in the 2.5% at 55 Risk Pool. Participants are required to contribute 8% of their annual covered salary. The Watermaster makes the contributions required of the employees on their behalf and for their account. Benefit provisions and all other requirements are established by state statute and the Watermaster contract with employee bargaining groups.

Also, the Watermaster is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The required employer contribution rates are equal to the annual pension costs (APC) percentage of payroll for fiscal years 2011, 2010 and 2009 as noted below. The contribution requirements of the plan members are established by State statute, and the employer contribution rate is established and may be amended by CalPERS. For Fiscal years 2011, 2010 and 2009, the Watermaster's annual contributions for the CalPERS plan were equal to the Agencies required and actual contributions for each fiscal year as follows:

*Three Year Trend Information:*

<u>Fiscal</u> <u>Year</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>	<u>APC</u> <u>Percentage</u> <u>of Payroll</u>
2008-2009	176,576	100%	-	11.346%
2009-2010	165,298	100%	-	11.417%
2010-2011	163,231	100%	-	14.298%

**Chino Basin Watermaster**  
**Notes to the Financial Statements**  
**For the Fiscal Years Ended June 30, 2011 and 2010**

**(6) Net Assets**

Calculation of net assets as of June 30, were as follows:

	2011	2010
Net investment in capital assets:		
Capital assets, net	\$ 26,190	46,889
Total net investment in capital assets	26,190	46,889
Unrestricted net assets:		
Non-spendable net assets:		
Prepaid expenses and deposits	122,116	15,293
Total non-spendable net assets	122,116	15,293
Spendable net assets are designated as follows:		
Undesignated net assets reserve	7,727,082	8,416,183
Total spendable net assets	7,727,082	8,416,183
Total unrestricted net assets	7,849,198	8,431,476
Total net assets	\$ 7,875,388	8,478,365

**(7) Risk Management**

The Watermaster is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Watermaster is insured for a variety of potential exposures. The following is a summary of the insurance policies carried by the Watermaster as of June 30, 2011:

- Commercial General Liability: \$2,000,000 General Aggregate Limit (Other than Products/Completed Operations); \$2,000,000 Products/Completed Operations Aggregate Limit (Any One Person or Organization); \$1,000,000 Personal and Advertising Injury Limit; \$1,000,000 Each Occurrence Limit; \$100,000 Rented To You Limit; \$5,000 Medical Expenses Limit (Any One Person).
- Commercial Excess Liability: Limits of Liability are \$10,000 Retained Limit, \$4,000,000 Each Occurrence, \$4,000,000 General Aggregate Limit, \$4,000,000 Products/Completed Operations to Aggregate.
- Automobile: \$1,000,000 Combined Bodily Injury and Property Damage Single Limit (Each Accident); \$500,000 Uninsured Motorists Single Limit. \$500 deductible for Comprehensive and \$1,000 deductible for Collision.
- Property: \$525,000 with liability limits varying by property type with a \$1,000 deductible.
- Crime coverage: \$50,000 per claim with a \$1,000 deductible.
- Director and Officer/Crisis Management: \$5,000 to \$50,000 with liability limits varying by type of coverage.
- Workers compensation: \$2,000,000 each accident or each employee by disease.

**Chino Basin Watermaster**  
**Notes to the Financial Statements**  
**For the Fiscal Years Ended June 30, 2011 and 2010**

**(8) Governmental Accounting Standards Board Statements Issued, Not Yet Effective**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2011, that have effective dates that may impact future financial presentations.

***Governmental Accounting Standards Board Statement No. 60***

In November 2010, the GASB issued Statement No.60, *Accounting and Financial Reporting for Service Concession Arrangements*. This standard address how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. This statement is effective for financial statements for periods beginning after January 26, 2012. The impact of the implementation of this Statement to the Watermaster's financial statements has not been assessed at this time.

***Governmental Accounting Standards Board Statement No. 61***

In November 2010, the GASB issued Statement No.61, *The Financial Reporting Entity, Omnibus*. This standard is designed to improve financial reporting for governmental entities by amending the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 34, *Basic Financial Statement and Management's Discussion and Analysis for State and local Governments*. This statement is effective for financial statements for periods beginning after January 26, 2012. The impact of the implementation of this Statement to the Watermaster's financial statements has not been assessed at this time.

***Governmental Accounting Standards Board Statement No. 63***

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This standard is designed to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This statement is effective for financial statements for periods beginning after January 26, 2012. The impact of the implementation of this Statement to the Watermaster's financial statements has not been assessed at this time.

***Governmental Accounting Standards Board Statement No. 64***

In June 2011, the GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*. This standard is designed to improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or swap counterparty's credit support provider, is replaced. This statement is effective for financial statements for periods beginning after January 26, 2012. The impact of the implementation of this Statement to the Watermaster's financial statements has not been assessed at this time.

**(9) Commitments and Contingencies**

***Grant Awards***

Grant funds received by the Watermaster are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the Watermaster believes that such disallowances, if any, would not be significant.

**Chino Basin Watermaster**  
**Notes to the Financial Statements**  
**For the Fiscal Years Ended June 30, 2011 and 2010**

**(9) Commitments and Contingencies, continued**

*Litigation*

In the ordinary course of operations, the Watermaster is subject to claims and litigation from outside parties. After consultation with legal counsel, the Watermaster believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

**(10) Subsequent Events**

Events occurring after June 30, 2011 have been evaluated for possible adjustment to the financial statements or disclosure as of January 26, 2012, which is the date the financial statements were available to be issued.

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## **Supplemental Information Section**



**Chino Basin Watermaster**  
**Combining Schedule of Revenue, Expenses, and Changes in Net Assets**  
**For the Fiscal Year Ended June 30, 2011**

	Watermaster Administration	Optimum Basin Management		Pool Administration and Special Projects		Groundwater Operations SB 222		Education Funds	Grand Totals	Budget 2010-2011
		Appropriative Pool	Agricultural Pool	Non-Agricultural Pool	Replenishment	Groundwater Replenishment				
<b>Administrative revenues:</b>										
Administrative assessments	\$ -	6,165,079	-	343,090	-	-	-	-	6,508,169	6,508,070
Interest revenue	(272)	33,547	2,324	1,327	-	-	-	4	36,930	175,010
Mutual agency project revenue	111,000	-	-	-	-	-	-	-	111,000	148,410
Grant income	-	-	-	-	-	-	-	-	-	-
Miscellaneous income	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>110,728</b>	<b>6,198,626</b>	<b>2,324</b>	<b>344,417</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>6,656,099</b>	<b>6,831,490</b>
<b>Administrative &amp; project expenditures:</b>										
Watermaster administration	565,108	-	-	-	-	-	-	-	565,108	512,546
Watermaster board-advisory committee	68,732	-	-	-	-	-	-	-	68,732	73,073
Pool administration	-	51,778	186,152	145,903	-	-	-	-	383,833	474,856
Optimum basin management administration	-	1,626,892	-	-	-	-	-	-	1,626,892	1,350,390
OBMP project costs	-	2,901,787	-	-	-	-	-	-	2,901,787	3,772,619
Debt service	-	366,790	-	-	-	-	-	-	366,790	700,964
Education funds use	-	-	-	-	-	-	-	375	375	375
Mutual agency project costs	-	-	-	-	-	-	-	-	-	10,000
<b>Total administrative/OBMP expenses</b>	<b>633,840</b>	<b>4,895,469</b>	<b>186,152</b>	<b>145,903</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>375</b>	<b>5,913,517</b>	<b>6,894,823</b>
<b>Net administrative/OBMP expenses:</b>	<b>(523,112)</b>	<b>(4,895,469)</b>								
Allocate net admin expenses to pools	523,112	359,719	145,539	17,855	-	-	-	-	-	-
Allocate net OBMP expenses to pools	-	3,114,151	1,259,958	154,570	-	-	-	-	-	-
Allocate debt service to app pool	-	366,790	-	-	-	-	-	-	-	-
<b>Agricultural expense transfer*</b>		<b>1,591,649</b>	<b>(1,591,649)</b>							
Total expenses	5,484,086	714,540	2,324	318,528	-	-	-	375	5,913,517	6,894,823
Net administrative income	-	-	-	26,089	-	-	-	(371)	742,582	(63,333)
<b>Other income/(expense)</b>										
Replenishment water assessments	-	-	-	-	3,622,004	-	-	-	3,622,004	-
Non-Ag stored water purchases	-	2,244,496	-	-	(1,334,618)	-	-	(371)	2,244,496	-
Interest revenue	-	-	-	-	28,158	-	-	-	28,158	-
MWD water purchases	-	(2,255,436)	-	-	3,750,628	-	-	-	3,750,628	-
Non-Ag stored water purchases	-	-	-	-	(3,750,628)	-	-	-	(2,255,436)	-
MWD water purchases	-	-	-	-	(4,984,780)	-	-	-	(3,750,628)	-
Groundwater replenishment	-	-	-	-	(1,334,618)	-	-	-	(1,334,618)	-
Net other income	-	(10,940)	-	-	(1,334,618)	-	-	(371)	(602,976)	(63,333)
Net transfers to/(from) reserves	-	703,600	2,324	26,089	(1,334,618)	-	-	(371)	(602,976)	-
Net Assets July 1, 2010	-	6,219,006	473,483	256,631	1,369,992	-	-	1,001	8,478,364	-
Net Assets, End of Period	-	6,922,606	475,807	282,720	35,374	-	-	630	7,875,388	7,875,388
2009/2010 assessable production	-	78,733,238	31,854,766	3,307,911	-	-	-	-	114,495,915	-
2009/2010 production percentages	-	68.765%	27.822%	3.413%	-	-	-	-	100.000%	-

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

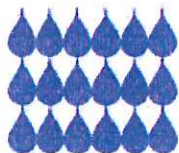
**Chino Basin Watermaster**  
**Combining Schedule of Revenue, Expenses, and Changes in Net Assets**  
**For the Fiscal Year Ended June 30, 2010**

	Watermaster Administration	Optimum Basin Management	Pool Administration and Special Projects		Groundwater Operations SB 222 Funds	Education Funds	Grand Totals	Budget 2009-2010
			Appropriative Pool	Agricultural Pool				
<b>Administrative revenues:</b>								
Administrative assessments	-	-	7,178,987	-	-	-	7,404,003	7,340,839
Interest revenue	-	-	39,009	2,764	-	6	43,523	191,540
Mutual agency project revenue	-	-	-	-	-	-	-	148,410
Grant income	-	-	-	-	-	-	-	-
Other	111,000	-	188	-	-	-	111,188	-
<b>Total revenues</b>	<b>111,000</b>	<b>-</b>	<b>7,218,184</b>	<b>2,764</b>	<b>-</b>	<b>6</b>	<b>7,558,714</b>	<b>7,680,789</b>
<b>Administrative &amp; project expenditures:</b>								
Watermaster administration	686,338	-	-	-	-	-	686,338	580,238
Watermaster board-advisory committee	61,245	-	-	-	-	-	61,245	61,901
Pool administration	-	-	22,733	186,478	-	-	215,807	229,860
Optimum basin management administration	-	1,710,617	-	-	-	-	1,710,617	1,557,820
OBMP project costs	-	3,726,780	-	-	-	-	3,726,780	4,109,362
Debt service	-	890,006	-	-	-	-	890,006	1,131,233
Education funds use	-	-	-	-	-	-	-	375
Mutual agency project costs	-	-	-	-	-	-	-	10,000
<b>Total administrative/OBMP expenses</b>	<b>747,583</b>	<b>6,327,403</b>	<b>22,733</b>	<b>186,478</b>	<b>-</b>	<b>-</b>	<b>7,290,793</b>	<b>7,680,789</b>
<b>Net administrative/OBMP expenses:</b>	<b>(636,583)</b>	<b>(6,327,403)</b>						
Allocate net admin expenses to pools	636,583	-	444,761	168,752	-	-	-	-
Allocate net OBMP expenses to pools	-	5,437,337	3,798,946	1,441,400	-	-	-	-
Allocate debt service to app pool	-	890,006	-	-	-	-	-	-
<b>Agricultural expense transfer*</b>	<b>1,796,629</b>	<b>(1,796,629)</b>						
<b>Total expenses</b>	<b>6,933,076</b>	<b>-</b>	<b>226,717</b>	<b>43</b>	<b>-</b>	<b>6</b>	<b>7,290,793</b>	<b>7,680,789</b>
Net administrative income	265,108	-	2,764	-	-	-	267,921	-
Other income/(expense)	-	-	-	-	-	-	-	-
Replenishment water assessments	-	-	7,073,805	-	-	-	7,073,805	-
Interest revenue	-	-	34,994	-	-	-	34,994	-
Water purchases	-	-	-	-	-	-	-	-
Balance adjustment	-	-	-	-	-	-	-	-
Other water purchases	10,939	-	-	-	-	-	(2,156,022)	-
Groundwater replenishment:	-	-	-	-	-	-	(7,728,299)	-
Net other income	10,939	-	-	-	-	-	(2,796,461)	-
Net transfers to/(from) reserves	276,047	-	43	-	-	6	(2,517,601)	-
Net Assets July 1, 2009	5,942,967	-	256,377	4,166,457	158,231	995	10,995,966	-
Net Assets, End of Period	6,219,014	-	256,620	1,369,996	158,231	1,001	8,478,365	8,478,365
<b>2008/2009 assessable production</b>	<b>84,716,450</b>	<b>32,142,764</b>	<b>4,393,990</b>	<b>26,509%</b>	<b>121,233,204</b>	<b>100.000%</b>		
<b>2008/2009 production percentages</b>	<b>69.867%</b>	<b>26.509%</b>	<b>3.624%</b>					

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

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# **Report on Internal Controls and Compliance**



Charles Z. Fedak, CPA, MBA  
Paul J. Kaymark, CPA  
Christopher J. Brown, CPA

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### **Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Directors  
Chino Basin Watermaster  
Rancho Cucamonga, California

We have audited the basic financial statements of the Chino Basin Watermaster (Watermaster) as of and for the year ended June 30, 2011, and have issued our report thereon dated January 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### ***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the Watermaster's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Watermaster's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Watermaster's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Watermaster's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.

*Charles Z. Fedak & Company CPAs - An Accountancy Corporation*

Charles Z. Fedak and Company, CPAs - An Accountancy Corporation  
Cypress, California  
January 26, 2012



# CHINO BASIN WATERMASTER

## II. BUSINESS ITEM

### B. WATERMASTER MID-YEAR REVIEW, BUDGET TRANSFERS AND BUDGET AMENDMENTS







# CHINO BASIN WATERMASTER

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

## STAFF REPORT

**DATE:** February 23, 2012  
**TO:** Board Members  
**SUBJECT:** Mid-Year Review of FY2011/2012, Budget Transfers and Budget Amendments

### SUMMARY

**Issue** – Mid Year Review of the Watermaster revenues and expenses for the Period of July 1, 2011 through December 31, 2011, along with the accompanying Budget Transfers and Budget Amendment requests between Watermaster accounts.

**Recommendation** – (1) Staff recommends the Mid-Year Review Report for the Period July 1, 2011 through December 31, 2011 be received and filed as presented. (2) Staff recommends approval of the Budget Transfer Form T-12-02-01 and the Budget Amendment Form A-12-02-01 as presented.

**Financial Impact** – The Budget Transfer is a reallocation of approved budgeted funds while the Amendment is appropriating unbudgeted revenue of \$211,580 which has not been previously allocated or appropriated to a project or expense category.

### BACKGROUND:

Each month, a Budget vs. Actual Report is provided to the Pools, Advisory Committee and Board. This report provides a detailed description and analysis of the monthly Watermaster financials and accounts or activities, if any, that are projected to be under or over budget. This report titled "Budget vs. Actual Report for the Period July 1, 2011 through December 31, 2011 - Financial Report - B5" can be found in the Consent Calendar, Section B, Report 5. This report (B-5) is provided as support and is the basis of the information discussed in the Mid Year Report. A Mid-Year Review for the period July 1, 2011 through December 31, 2011 is provided to keep all members apprised of the actual and projected total expenses for the current fiscal year. It also provides a process for reallocating budget to other expense categories to provide continued funding, or amending the approved budget to ensure the categories are funded properly.

### BUDGET TRANSFERS:

With regards to the process of budget transfers, the following information is provided:

The Chino Basin Watermaster budget has four main budget categories:

- General & Administrative Expenses
- Optimal Basin Management Program Expenses
- Project Expenditures
- Other Income/Expenses



The CEO has authority to transfer funds within the main budget categories up to \$25,000 without Board approval. However, to allow for full transparency in the process, the Pools, Advisory Committee, and the Board will be informed of all budget transfers less than \$25,000.

Budget transfers greater than \$25,000 *within the same categories* must be formally approved by the Pools, the Advisory Committee, and then by the Board.

If there are insufficient funds within same category, the CEO may propose a transfer from one main category to another. All budget transfers from one main category to another, regardless of the amount, require approval by the Pools, the Advisory Committee, and then by the Board.

All budget transfers are processed in and recorded in the accounting system.

BUDGET AMENDMENT:

If there are no budgeted funds available to transfer to the line item, the CEO will submit a Budget Amendment request to the Pools, Advisory Committee, and then to the Board for approval.

All budget amendments will be presented to the Pools, Advisory Committee, and the Board for formal approval. The budget amendment should indicate the anticipated source of funding for the approved increase.

All budget amendments are processed in and recorded in the accounting system.

DISCUSSION:

UNBUDGETED REVENUE:

In August 2011, Watermaster received two payments from the Metropolitan Water District. Metropolitan entered into agreements with Watermaster and other member agencies and partners for dry-year groundwater storage. Pursuant to Section VI of these agreements, Metropolitan committed to pay an annual administrative fee to one of the partners on each of the agreements for the 25-year term of the each agreement a) beginning on July 1<sup>st</sup> after the initial storage of water in each program, and b) with the set fee dollar amount escalating annually by the lesser of 2.5% or CPI. Watermaster received \$145,568.70 for the FY 2009/2010 payment (due July 1, 2010) and \$149,207.92 for the FY 2010/2011 payment (due July 1, 2011). The total amount received of \$294,776.62 was recorded to account 4040 (Cooperative Agreements). These revenue items were not included in the FY 2011/2012 budget and these payments are in excess of the projected revenue amount. The amount of \$294,776.62 can be used to offset any unexpected administrative, OBMP or project expenses which may occur in the current fiscal year.

SALARY EXPENSES:

The Watermaster approved budget for FY 2011/2012 provided for the salaries budget of \$1,431,436 which was allocated to various GL accounts based upon projected work activities. The chart listed below details the salary expense as of December 31, 2011. The chart shows that while in certain specific line items, the categories might be over or under budget, as a whole, the Watermaster salaries budget is \$2,642 under budget for the first half of the fiscal year.

	Jul '11 - Dec 11	Budget	\$ Over Budget	% of Budget	Annual Budget
<b>WM Salary Expense</b>					
6011 · WM Staff Salaries	221,314.67	221,361.18	-46.51	99.98%	441,032.00
6011.2 · WM Staff - Admin. Paid Leave	55,426.29	0.00	55,426.29	100.0%	0.00
6011.3 · WM Staff - Temporary Upgrade	4,792.93	0.00	4,792.93	100.0%	0.00
6201 · Advisory Committee - WM Staff Salaries	9,561.41	10,620.52	-1,059.11	90.03%	21,241.00
6301 · Watermaster Board - WM Staff Salaries	16,148.32	14,958.00	1,190.32	107.96%	29,916.00
8301 · Appropriative Pool - WM Staff Salaries	14,322.41	14,225.02	97.39	100.69%	28,450.00
8401 · Agricultural Pool - WM Staff Salaries	10,864.08	12,467.48	-1,603.40	87.14%	24,935.00
8501 · Non-Agricultural Pool - WM Staff Salaries	6,225.41	7,116.52	-891.11	87.48%	14,233.00
6901 · OBMP - WM Staff Salaries	112,573.59	108,495.98	4,077.61	103.76%	216,992.00
7101.1 · Production Monitor - WM Staff Salaries	49,645.36	61,074.98	-11,429.62	81.29%	104,150.00
7102.1 · In-line Meter - WM Staff Salaries	4,441.94	5,181.52	-739.58	85.73%	10,363.00
7103.1 · Grdwater Quality - WM Staff Salaries	43,310.63	52,097.48	-8,786.85	83.13%	80,195.00
7104.1 · Grdwater Level - WM Staff Salaries	20,798.67	44,931.52	-24,132.85	46.29%	89,863.00
7105.1 · Sur Wtr Qual - WM Staff Salaries	0.00	1,496.02	-1,496.02	0.0%	2,992.00
7107.1 · Grd Level Monitoring - WM Staff Salaries	0.00	783.00	-783.00	0.0%	1,566.00
7108.1 · Hydraulic Control - WM Staff Salaries	559.50	3,636.52	-3,077.02	15.39%	7,273.00
7201 · Comp Recharge - WM Staff Salaries	41,045.26	62,543.48	-21,498.22	65.63%	125,087.00
7301 · PE3&5 - WM Staff Salaries	11,156.66	18,771.52	-7,614.86	59.43%	37,543.00
7401 · PE4 - WM Staff Salaries	3,468.47	6,117.52	-2,649.05	56.7%	12,235.00
7501.1 · PE 6&7 - WM Staff Salaries (Plume)	18,213.75	0.00	18,213.75	100.0%	0.00
7501 · PE6&7 - WM Staff Salaries	2,274.45	1,496.02	778.43	152.03%	2,992.00
7601 · PE8&9 - WM Staff Salaries	13,134.25	22,711.50	-9,577.25	57.83%	45,423.00
7701 · Inactive Well - WM Staff Salaries	0.00	206.50	-206.50	0.0%	413.00
<b>Subtotal WM Staff Costs</b>	<b>659,278.05</b>	<b>670,292.28</b>	<b>-11,014.23</b>	<b>98.36%</b>	<b>1,296,894.00</b>
60185 · Vacation	44,187.86	33,749.30	10,438.56	130.93%	51,922.00
60186 · Sick Leave	17,237.46	20,655.00	-3,417.54	83.45%	41,310.00
60187 · Holidays	30,268.12	28,917.00	1,351.12	104.67%	41,310.00
<b>Subtotal WM Paid Leaves</b>	<b>91,693.44</b>	<b>83,321.30</b>	<b>8,372.14</b>	<b>110.05%</b>	<b>134,542.00</b>
<b>Total WM Salary Costs</b>	<b>750,971.49</b>	<b>753,613.58</b>	<b>-2,642.09</b>	<b>99.65%</b>	<b>1,431,436.00</b>

Going forward, the Watermaster salaries budget will be over budget. The approved budget of \$1,431,436 did not anticipate for the changes and associated unbudgeted costs with regards to the CEO position, along with the payout of accrued vacation and administrative leave at the end of the CEO contract. The approved FY 2011/2012 budget also did not include the costs associated with hiring a part-time Interim CEO for a 6-month period beginning January 17, 2012 and continuing until July 17, 2012. It is projected that the total additional costs for the former CEO and Interim CEO will be approximately \$120,000.

WILDERMUTH ENVIRONMENTAL AND OTHER ENGINEERING:

Watermaster staff and the Wildermuth Environmental, Inc. (WEI) staff have numerous meetings throughout the year to continuously evaluate the ongoing OBMP and project needs in conjunction with the budgetary constraints. The Wildermuth Environmental, Inc. Estimated Cost at Completion (ECAC) report (see Table 1 below), details the line by line categories and calculates a shortfall of \$341,580 within the (WEI) budget for the OBMP and Project related expenses. Please note that the overall Wildermuth approved budget for FY 2011/2012 is \$2,250,068 which does not include the additional funding or expenses of \$300,000 which is being provided by Three Valleys Metropolitan Water District. When the amount of \$300,000 is added to the WEI budget of \$2,250,068 the total Engineering budget is



\$2,550,068. When compared to the ECAC report, the shortfall is reduced from \$341,580 down to \$41,580.

Table 1  
 Chino Basin Watermaster: Invoice Projections for Engineering Tasks for Fiscal Year 2011/12  
 As of December 31, 2011

Acct #	Description	Original Budget	Revised Budget	Billed Jul-11	Billed Aug-11	Billed Sep-11	Billed Oct-11	Billed Nov-11	Billed Dec-11	Projected Jan-12
6906	OBMP Engineering	\$ 258,209	\$ 258,209	\$ 13,913	\$ 10,119	\$ 48,216	\$ 31,270	\$ 12,950	\$ 15,958	\$ 21,880
6906.1	Evaluate Basin	204,010	204,010	54,189	38,124	40,080	34,495	39,123	-	30,000
7103.3	Groundwater Quality Monitoring Program	117,390	117,390	7,316	19,253	12,425	18,122	22,928	9,881	9,800
7104.3	Groundwater Level Monitoring Program	175,069	175,069	18,804	31,408	24,054	18,239	23,132	23,421	12,142
7107	MZ1 Monitoring Program	602,877	602,877	10,283	38,873	31,414	67,377	29,100	50,347	30,000
7108	Hydraulic Control Monitoring Program	452,511	452,511	22,498	39,347	19,240	31,451	34,487	34,348	36,970
7109	Recharge and Well Monitoring Program	11,160	11,160	-	-	-	-	-	-	-
7202	Comprehensive Recharge Plan	241,320	241,320	430	-	-	14,113	13,135	5,133	20,000
7303	Engineering Support for Desalters	47,840	47,840	11,341	2,498	3,334	4,538	2,000	6,511	3,000
7402	Management Zone Strategies	55,732	55,732	3,681	2,011	1,825	888	5,111	2,575	3,450
7502	Water Quality Committee	85,950	85,950	-	-	-	-	13,745	8,617	5,000
<b>Totals</b>		<b>\$ 2,250,068</b>	<b>\$ 2,250,068</b>	<b>\$ 140,402</b>	<b>\$ 177,630</b>	<b>\$ 180,588</b>	<b>\$ 218,471</b>	<b>\$ 195,891</b>	<b>\$ 156,892</b>	<b>\$ 172,342</b>

Acct #	Description	Projected Feb-12	Projected Mar-12	Projected Apr-12	Projected May-12	Projected Jun-12	Total Projected	Under / (Over) Rev. Budget	YTD % Billed Rev. Budget	Projected % Rev. Budget
6906	OBMP Engineering	\$ 17,890	\$ 17,980	\$ 13,980	\$ 9,980	\$ 9,980	\$ 224,304	\$ 31,905	52%	88%
6906.1	Evaluate Basin	30,000	30,000	30,000	30,000	-	354,010	(150,000)	100%	174%
7103.3	Groundwater Quality Monitoring Program	15,170	4,218	1,040	1,040	2,080	123,353	(5,963)	77%	105%
7104.3	Groundwater Level Monitoring Program	10,140	12,870	8,188	10,270	9,778	196,443	(21,374)	77%	112%
7107	MZ1 Monitoring Program	9,800	78,700	365,313	67,600	228,035	1,002,021	(399,144)	37%	166%
7108	Hydraulic Control Monitoring Program	68,847	63,086	28,051	21,843	21,891	419,805	32,706	40%	93%
7109	Recharge and Well Monitoring Program	2,232	2,232	-	2,232	-	6,698	4,464	0%	60%
7202	Comprehensive Recharge Plan	20,000	20,000	20,000	10,000	10,000	132,810	108,510	14%	55%
7303	Engineering Support for Desalters	3,000	-	-	-	-	36,221	11,619	63%	76%
7402	Management Zone Strategies	6,900	9,200	18,500	4,000	-	60,122	(4,390)	29%	108%
7502	Water Quality Committee	500	7,000	500	-	500	35,862	50,088	28%	42%
<b>Totals</b>		<b>\$ 186,569</b>	<b>\$ 245,286</b>	<b>\$ 481,572</b>	<b>\$ 157,165</b>	<b>\$ 279,042</b>	<b>\$ 2,591,648</b>	<b>\$ (341,580)</b>	<b>48%</b>	<b>115%</b>

Note: Billed includes MWH Laboratory Invoices paid directly by Watermaster.  
 Excludes Invoices for project 007-010 Pesticides to the City of Pomona Service Area - CB/WA

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Note: Table 1 includes the additional expense of \$300,000 for the vertical extensometer in account 7107 but does not include the additional revenue provided by TVMWD of \$300,000.

The account adjustment from the (WEI) projected budget (including the additional funds of \$300,000 from TVMWD) is as follows:

Account	Description	Approved Budget	Projected Budget	Under/(Over) Budget
6906	OBMP Engineering	\$ 256,209	\$ 224,304	\$ 31,905
6906.1	Evaluate Basin	\$ 204,010	\$ 354,010	\$ (150,000)
7103.3	Groundwater Quality Monitoring Program	\$ 117,390	\$ 123,353	\$ (5,963)
7104.3	Groundwater Level Monitoring Program	\$ 175,069	\$ 196,443	\$ (21,374)
7107	MZ1 Monitoring Program	\$ 902,877	\$ 1,052,021	\$ (149,144)
7108	Hydraulic Control Monitoring Program	\$ 452,511	\$ 419,805	\$ 32,706
7109	Recharge and Well Monitoring Program	\$ 11,160	\$ 6,696	\$ 4,464
7202	Comprehensive Recharge Program	\$ 241,320	\$ 132,810	\$ 108,510
7303	Engineering Support for Desalters	\$ 47,840	\$ 36,221	\$ 11,619
7402	Management Zone Strategies	\$ 55,732	\$ 60,122	\$ (4,390)
7502	Water Quality Committee	\$ 85,950	\$ 35,862	\$ 50,088
	<b>Total Engineering Budget</b>	<b>\$ 2,550,068</b>	<b>\$ 2,641,648</b>	<b>\$ (91,580)</b>

**LATEST UPDATED INFORMATION:**

*On February 2<sup>nd</sup>, Watermaster received additional updated information regarding the extensometer costs, which included updated project costs and contingency. The amount from the December 31, 2011 ECAC report shows a shortfall of \$41,580 which has been increased to \$91,580. The additional budgeted amount of \$91,580 has been included in the Amendment Form A-12-02-01.*

The following (14 pages) provide specific project related information from WEI to detail the ongoing activities and project status.

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**Chino Basin Watermaster  
 Budget and Description of Engineering Tasks  
 Fiscal Year 2011/2012**  
*Progress and Estimated Cost at Completion for the Period:  
 July 1, 2011 through December 31, 2011*

<b>6906 – Optimum Basin Management Program: General Engineering</b>
<b>Tasks</b>
<ul style="list-style-type: none"> <li>• Pool, Advisory, Watermaster Meetings</li> <li>• Other General Meetings as Requested</li> <li>• Evaluation of Transfers, Assessment of Supplemental Water Recharge</li> <li>• Miscellaneous Data Requests</li> <li>• Miscellaneous CEO Requests</li> <li>• Water Rights Compliance Reporting</li> <li>• Project Management</li> </ul>
<b>Milestones/Accomplishments</b>
<p>Pool, Advisory, Watermaster Meetings</p> <ul style="list-style-type: none"> <li>• Prepared for and attended monthly Pool, Advisory, Watermaster Meetings in the period July through December.</li> <li>• Other General Meetings as Requested                             <ul style="list-style-type: none"> <li>• Participated in the October 2011 Court proceedings (prepared declaration, participated in hearing planning meetings and conference calls, prepared several versions of a Powerpoint presentation for use in live testimony, provided testimony).</li> <li>• Participated in conference calls for agenda preparation for the November 2011 Watermaster process meetings</li> </ul> </li> <li>• Evaluation of Transfers, Assessment of Supplemental Water Recharge – No Activity</li> <li>• Miscellaneous Data Requests                             <ul style="list-style-type: none"> <li>• Provided the IEUA with maps that demonstrate Chino Basin monitoring program in support of the Desalter Expansion Grant Proposal.</li> <li>• Provided groundwater-elevation data to the Cooperative Well Measuring Program.</li> <li>• Provided GeoPentech with MZI groundwater-level elevation.</li> <li>• At the request of Chino Basin Watermaster, generated a groundwater elevation change raster from Fall 2006 to Spring 2010 and prepared a map for MWDSC.</li> <li>• Delivered the Phase 3 Chino Desalter Preliminary Design Report to Kurt Burtchold at the Regional Board.</li> <li>• Fulfilled a data request for the Chino Basin Water Conservation District with daily evaporation data for the Chino Basin area.</li> <li>• Delivered shapefiles of the Chino Basin Management Zones to Jurupa Community Service District.</li> <li>• Prepared a soil classification map of the Chino Basin and distributed to IEUA staff and Katy Kunysz at the MWDSC.</li> <li>• Provided IEUA with daily wastewater discharge data used for the Recharge Optimization Modeling Study.</li> <li>• Created an ArcMap layer file of the 2010 depiction of the VOC plumes in the Chino Basin, and a</li> </ul> </li> </ul>

**Chino Basin Watermaster** **Fiscal Year 2011/2012**  
**Progress and Estimated Cost at Completion for the Period: July 1, 2011 through December 31, 2011**

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reference map, and delivered to Frank Yoo at Watermaster.

- **Miscellaneous CEO Requests**
  - Provided assistance in updating the Annual Report.
  - Evaluated material physical injury for the GE recharge application.
  - Completed material physical injury analysis for seven pending local storage agreements.
  - Prepared a letter report on Watermaster's compliance with the 2010 Recharge Master Plan Update.
  - Assisted the CEO in preemptive recharge planning.
- **Water Rights Compliance Reporting**
  - Pursuant to Watermaster's Water Rights Permit 21225, WEI staff prepared and submitted the 2010/11 Annual Streamflow Monitoring Report that describes the impact of stormwater diversions by the Watermaster/IEUA on flow entering the Santa Ana River. The report is due each year to the Department of Fish and Game on October 1st. WEI Submitted the draft Streamflow Monitoring Report to Gerry Greene and Bradley Herrema on September 27, 2011 and the final report on September 30, 2011.
  - Project Management
  - Analyzed staffing requirements and made assignments for various tasks.
  - Reviewed and approved MWH Laboratory invoices.
  - Prepared the estimated cost at completion (ECAC) and Integrated Schedule and Budget reports.

Budget	Billed	ECAC	Projected (Over)/Under
\$256,209	\$132,424	\$224,304	\$31,905



**Chino Basin Watermaster**

**Fiscal Year 2011/2012**

**Progress and Estimated Cost at Completion for the Period: July 1, 2011 through December 31, 2011**

<b>6906.1 – Evaluate Basin Dynamics Pursuant to the Peace Agreement, Watermaster Rules and Regulations</b>			
<b>Tasks</b>			
<ul style="list-style-type: none"> <li>• Purpose: New modeling is required to meet several objectives of the Judgment, the Peace Agreements, Watermaster Rules and Regulations, and the September 2010 court order regarding implementation of the 2010 Recharge Master Plan Update. These efforts include the recalibration of the 2007 Watermaster Model and the use of this model to complete several required assessments that include: completion of the safe yield estimate, evaluation of new yield created by the desalters and reoperation, evaluation of the state of hydraulic control, evaluation of the balance of recharge and discharge, evaluation of storage losses, and evaluation of the cumulative effects of transfers.</li> </ul>			
<b>Milestones/Accomplishments</b>			
<ul style="list-style-type: none"> <li>• All data was collected to update the model</li> <li>• Revised hydrostratigraphy based on new wells</li> <li>• Revised and updated groundwater pumping and wet water recharge</li> <li>• Refined land use files and improved the resolution of agricultural pumping and return flows</li> <li>• Revised riparian vegetation mapping and evapotranspiration estimates</li> <li>• Revised initial estimates of aquifer properties</li> <li>• Revised estimates of return flows from septic tanks</li> <li>• Revised estimates of water system losses to groundwater</li> <li>• Selected calibration targets</li> <li>• Initiated calibration</li> </ul>			
<b>Budget</b>	<b>Billed</b>	<b>ECAC</b>	<b>Projected (Over)/Under</b>
\$204,010	\$204,010	\$354,010	(\$150,000)

**Chino Basin Watermaster**

**Fiscal Year 2011/2012**

**Progress and Estimated Cost at Completion for the Period: July 1, 2011 through December 31, 2011**

<b>7103 – PEI: Groundwater Quality Monitoring Program</b>			
<b>Tasks</b>			
<p><i>Purpose: [Basin Plan and Max Benefit] Obtain groundwater quality information in and adjacent to Chino Basin. These data are required for the triennial ambient water quality update mandated by the Basin Plan and for the Hydraulic Control Monitoring Program – a maximum benefit requirement in the Basin Plan. The data are also used for the Biannual State of the Basin report and estimating influent water quality to desalter wells.</i></p>			
<ul style="list-style-type: none"> <li>• Obtain Groundwater Quality Data Routinely from about 200 Wells from All Appropriators and Cooperators in and Adjacent to Chino Basin. This represents about 20,000 records in Watermaster's database. Subtasks include:                             <ul style="list-style-type: none"> <li>• phone calls and meetings with water quality staff</li> <li>• uploading hardcopy, spreadsheet, and laboratory electronic data deliverables to Watermaster's database.</li> </ul> </li> <li>• Collect and Analyze Groundwater Quality Samples from About 50 Private Wells. Subtasks include:                             <ul style="list-style-type: none"> <li>• annual re-evaluation of the key well program due to abandoned and destroyed wells</li> <li>• selecting the wells to be sampled</li> <li>• coordinating and scheduling with Watermaster staff whom is performing the fieldwork, and with the analytical laboratory.</li> <li>• uploading field and laboratory data to Watermaster's database.</li> <li>• The field work follows the standard operating procedures (SOPs) and the Quality Assurance Project Plan (QAPP) defined in the 2004 HCMP Work Plan.</li> </ul> </li> <li>• Characterize Groundwater Quality Conditions and Trends. Subtasks include:                             <ul style="list-style-type: none"> <li>• create time-history plots of key water quality constituents, e.g., TDS and nitrate-nitrogen.</li> <li>• Create maps showing the spatial distribution of water quality constituents.</li> <li>• Attend meetings on regional water quality issues as required (e.g., SAWPA's Emerging Contaminants Workgroup meetings)</li> </ul> </li> </ul>			
<b>Milestones/Accomplishments</b>			
<ul style="list-style-type: none"> <li>• Obtained January 2011 through June 2011 groundwater quality data from 12 appropriators and cooperators in and adjacent to Chino Basin to be used for the 2011 HCMP Annual Report, 2012 SOB Report, and the Triennial Update of the Ambient Water Quality as required by the Basin Plan.</li> <li>• Processed and uploaded into the database, 70 percent of the January 2011 through June 2011 groundwater quality data collected from appropriators and cooperators in the Chino Basin.</li> <li>• Designed the 2011 Key Well Program Groundwater Quality Monitoring Program, which includes water quality sampling at a network of private wells throughout the southern Chino Basin, the MZ3 wells, and Kaiser Plume monitoring wells.</li> <li>• Provided scheduling and planning assistance to Watermaster staff for the 2011 Key Well Groundwater Quality Monitoring Program. Forty two groundwater quality samples were collected from September through December 2011 and sent to MWH Laboratories.</li> <li>• Finalized 25 water quality exhibits for the 2010 State of the Basin Report</li> </ul>			
Budget	Billed	ECAC	Projected (Over)/Under
\$117,390	\$90,025	\$123,353	(\$5,963)



**Chino Basin Watermaster**

**Fiscal Year 2011/2012**

**Progress and Estimated Cost at Completion for the Period: July 1, 2011 through December 31, 2011**

<b>7104 – PEI: Groundwater Level Monitoring Program</b>			
<b>Tasks</b>			
<p><i>Purpose: [Basin Plan and Max Benefit] Obtain groundwater level information in and adjacent to Chino Basin. These data are required for the triennial ambient water quality update mandated by the Basin Plan and for the Hydraulic Control Monitoring Program – a maximum benefit requirement in the Basin Plan. The data are also used for the Biannual State of the Basin report and for the Chino Basin Groundwater Model.</i></p>			
<ul style="list-style-type: none"> <li>• <b>Collect and Analyze Groundwater Level Measurements from About 184 Wells.</b> Subtasks include:                             <ul style="list-style-type: none"> <li>• annual re-evaluation of the key well program due to abandoned and destroyed wells</li> <li>• scheduling the field work</li> <li>• performing the field work: manual measurements are collected monthly at 72 wells and transducer data is downloaded quarterly at 112 wells.</li> <li>• process, QC, and upload of manual water level measurements to Watermaster’s database</li> <li>• process, QC, and upload of transducer data to Watermaster’s database</li> <li>• field work follows the SOPs and the QAPP defined in the 2004 HCMP Work Plan.</li> </ul> </li> <li>• Routinely collect, process, QC, and upload water level measurements to Watermaster’s database that were compiled by CBWM staff from all Appropriators and Cooperators in and Adjacent to Chino Basin.</li> <li>• Routinely collect, process, QC, and upload transducer data from about 30 wells that was downloaded in the field by CBWM staff.</li> <li>• <b>Characterize Groundwater Level Conditions and Trends.</b> Subtasks include:                             <ul style="list-style-type: none"> <li>• create time-history plots of groundwater elevations</li> <li>• create maps showing groundwater elevation contours</li> </ul> </li> </ul>			
<b>Milestones/Accomplishments</b>			
<ul style="list-style-type: none"> <li>• Performed 432 groundwater level measurements at the 72 wells in the Monthly Groundwater Level Program.</li> <li>• Uploaded all monthly measured water levels into the Watermaster database.</li> <li>• Downloaded, processed, analyzed, and uploaded to the database 2011 third quarter transducer data at 82 groundwater monitoring wells in August and September.</li> <li>• Downloaded, processed, analyzed, and uploaded to the database 2011 fourth quarter transducer data at 64 groundwater monitoring wells in November.</li> <li>• Processed, analyzed, and uploaded to the database 29 transducer files downloaded by Watermaster staff for February through May 2011 data.</li> <li>• Processed, analyzed, and uploaded to the database 30 transducer files downloaded by Watermaster staff for May through September 2011 data.</li> <li>• Prepared 23 groundwater level exhibits for the 2010 State of the Basin Report</li> <li>• Prepared and submitted to the DWR the Monitoring Plan for the Chino Basin for the Statewide Groundwater Elevation Monitor Program (CASGEM).</li> </ul>			
<b>Budget</b>	<b>Billed</b>	<b>ECAC</b>	<b>Projected (Over)/Under</b>
\$175,069	\$135,057	\$196,443	(\$21,374)



**Chino Basin Watermaster**

**Fiscal Year 2011/2012**

**Progress and Estimated Cost at Completion for the Period: July 1, 2011 through December 31, 2011**

<b>7107 – PEI: Ground Level Monitoring Program</b>	
<b>Tasks</b>	
<b>Purposes:</b>	<i>The first purpose is verify the protective nature of the current MZI Plan with regard to permanent land subsidence and ground fissuring in the Managed Area. The second purpose to develop information that will lead to a revised pumping and recharge plan to minimize the risk of future land subsidence and ground fissuring across all of MZI.</i>
	<ul style="list-style-type: none"> <li>• <b>Setup and Maintenance of Monitoring Network. Subtasks include:</b> <ul style="list-style-type: none"> <li>• Equipment maintenance at the Ayala Park Extensometer and across entire monitoring network</li> <li>• Install, calibrate, and maintain horizontal monitoring equipment across zone of historical ground fissures</li> <li>• Prepare technical specifications, install, calibrate, and maintain a new extensometer/piezometer facility to be located in the Southeast Area, near the Chino Creek Well Field</li> </ul> </li> <li>• <b>Aquifer System Monitoring and Testing. Subtasks include:</b> <ul style="list-style-type: none"> <li>• Collection and organization of groundwater-level and groundwater-production data from wells in MZI monitoring network</li> <li>• Conduct controlled aquifer-system stress testing and associated monitoring</li> <li>• Assist the City of Chino Hills with its aquifer injection test at Well CH-16, and to coordinate with the Department of Water Resources on Local Groundwater Assistant Grant reporting and administration</li> </ul> </li> <li>• <b>Aquifer System Monitoring and Testing – Outside Pro</b></li> <li>• <b>Ground Level Surveys. Subtasks include:</b> <ul style="list-style-type: none"> <li>• Conduct Fall 2011 ground-level survey in Managed Area</li> <li>• Conduct Spring 2012 survey and EDMs (horizontal monitoring) near the zone of historical fissuring</li> </ul> </li> <li>• <b>Ground Level Surveys - Outside Pro</b></li> <li>• <b>InSAR – subsidence monitoring across entire Chino Basin for 2010-11</b></li> <li>• <b>InSAR – perform comparisons between the current system used to collect InSAR data (EnviSat) and alternate systems (TerraSAR-X, Radarsat, etc.) to determine the feasibility of various alternatives if the current system fails before a replacement satellite is launched in 2013</b></li> <li>• <b>InSAR – Outside Pro</b></li> </ul>
<b>Milestones/Accomplishments</b>	
	<ul style="list-style-type: none"> <li>• Performed monthly routine maintenance and manual checking of water levels at the Ayala Park Extensometer facility.</li> <li>• Replaced two malfunctioning transducers in the MZI network.</li> <li>• Maintained a continuous internet connection to the Ayala Park Extensometer facility to facilitate a “live” data read from the PA-7 piezometer on Watermaster’s web site.</li> <li>• Performed quarterly downloads of data from the Ayala Park Extensometer Facility and the cable extensometers at the PC vault. Post-processed, checked and cataloged extensometer and piezometer data to the MZI database. Prepared stress-strain diagrams of water levels at piezometers vs. extensometers.</li> <li>• Downloaded, cataloged, and checked transducer data from MZI monitoring network of wells. Uploaded extensometer data to the Watermaster database, and selected a representative data set to upload to the</li> </ul>

**Chino Basin Watermaster**

**Fiscal Year 2011/2012**

**Progress and Estimated Cost at Completion for the Period: July 1, 2011 through December 31, 2011**

<p>HydroDaVE database.</p> <ul style="list-style-type: none"> <li>• Installed <b>63</b> benchmark monuments in the area of the Chino Creek Well Field, and incorporated the new monuments into the existing MZI survey network.</li> <li>• Performed <b>Fall 2011</b> ground-level survey across MZI Managed Area.</li> <li>• Ordered InSAR data from the European Space Agency for 2010-11 (EnviSat system).</li> <li>• Ordered sample InSAR data from an alternate satellite system (TerraSAR-X) and performed preliminary comparisons between the two datasets.</li> <li>• Coordinated with DWR staff on status of AB3030 grant for aquifer injection pilot testing at CH-16. Submitted the initial progress report and invoice to the Department of Water Resources. Requested and obtained an amendment to the Local Groundwater Assistance Grant agreement allowing for an extension of the schedule through April 2014.</li> <li>• Prepared technical specifications for an extensometer and nested piezometer near the Chino Creek Well Field.</li> <li>• Coordinated with the County of San Bernardino to identify a site for the CCWF Extensometer facility, and to prepare a draft easement agreement for the site on County property.</li> <li>• Reached an easement agreement with a private land owner that allows Watermaster to install and maintain a horizontal extensometer.</li> <li>• Installed, tested, and calibrated a horizontal extensometer designed to measure horizontal strain across the zone of historical fissuring.</li> <li>• Budget note: It is expected that Three Valleys Municipal Water District will contribute \$300,000 to the construction of the extensometer near the Chino Creek Well Field.</li> <li>• Budget note: The Land Subsidence Committee recommended an apportionment of \$100,000 from unallocated Watermaster funds at the December 15<sup>th</sup> meeting to augment the ground-level monitoring program budget. These funds are intended to cover the cost of construction and installation of the horizontal extensometer in MZI and the vertical extensometer in the vicinity of the Chino Creek Well Field.</li> </ul>			
<b>Revised Budget</b>	<b>Billed</b>	<b>ECAC</b>	<b>Projected (Over)/Under</b>
\$602,877	\$225,373	\$1,002,021	(\$399,144)



**Chino Basin Watermaster**

**Fiscal Year 2011/2012**

**Progress and Estimated Cost at Completion for the Period: July 1, 2011 through December 31, 2011**

**7108 – PEI: Hydraulic Control Monitoring Program**

**Tasks**

*Purpose: [Basin Plan and Max Benefit] Obtain surface water discharge and water quality data from the Santa Ana River and its tributaries and groundwater quality information in and adjacent to Chino Basin. These data are required by the Basin Plan (the surface water stations and frequencies are specified in Table 5-8a) and for the Hydraulic Control Monitoring Program – a maximum benefit requirement in the Basin Plan. The data are also used for the Biannual State of the Basin report and for the Chino Basin Groundwater Model.*

- **Measure Discharge at Specified Surface Water Stations in the Santa Ana River and Tributaries.** Direct Discharge measurements are made at 6 stations every other week. Subtasks include:
  - scheduling the field work
  - performing the field work
  - QA/QC'ing the discharge calculations
  - uploading the discharge data to Watermaster's database.
  - The field work follows the SOPs and the QAPP defined in the 2004 HCMP Work Plan.
- **Collect Grab Surface Water Quality Samples at Specified Surface Water Stations in the Santa Ana River and Tributaries.** Samples are collected at 14 stations every other week as mandated by the Basin Plan. Samples are also collected from 3 POTWs every other week. When applicable water quality samples are also collected at five sites along Chino Creek to investigate rising groundwater. The Subtasks include:
  - scheduling the field work and coordinating with the analytical laboratory
  - performing the field work
  - uploading field and laboratory data to Watermaster's database.
- **Collect annual groundwater quality samples from the 21 HCMP monitoring wells.** Subtasks include:
  - scheduling the field work and coordinating with the analytical laboratory
  - performing the field work
  - uploading field and laboratory data to Watermaster's database.
- **Collect near-river groundwater samples at the NAWQA and SARWC Wells.** The 2 NAWQA and 2 SARWC wells are sampled monthly. Subtasks include:
  - scheduling the field work and coordinating with the analytical laboratory
  - performing the field work
  - uploading field and laboratory data to Watermaster's database.
- **Routinely collect discharge data from the Santa Ana River and its tributaries measured by the USGS and collect treatment plant effluent discharge and water quality data collected by the IEUA, City of Riverside, the City of Corona, and the WRCRWA.** All data are processed, checked for QA/QC and loaded to Watermaster's database.
- **Interpretation of HCMP Data and Data Analyses/Comparison with Metrics.** All data generated in the HCMP, as well as the GWQMP and the GWLMP will be analyzed and used to demonstrate the degree of hydraulic control obtained by basin re-operation and desalter production.
- **2011 Aerial Photograph.** Watermaster will purchase a compressed, digital 2011 Aerial Photograph of the Chino Basin Area in support of the HCMP.
- **HCMP Monitoring Well Master Plan and Grant Applications.** Watermaster and IEUA will develop a master plan of new monitoring wells that will be required to demonstrate hydraulic control in Chino Basin as part of the Maximum Benefit requirement.
- **Reports—Compose four quarterly data reports and one annual HCMP report (draft and final).**



**Chino Basin Watermaster**

**Fiscal Year 2011/2012**

**Progress and Estimated Cost at Completion for the Period: July 1, 2011 through December 31, 2011**

<ul style="list-style-type: none"> <li>Regulatory Support – Watermaster and IEUA will work with the Regional Board to petition revised surface water monitoring program element of the HCMP monitoring program.</li> <li>Meetings</li> </ul>			
<b>Milestones/Accomplishments</b>			
<ul style="list-style-type: none"> <li>42 manual discharge measurements were collected at six stations in the Santa Ana River and tributaries as mandated by the Basin Plan. The discharge measurements were processed, reviewed, and uploaded to the database.</li> <li>184 grab surface water quality samples were collected from 14 stations in the Santa Ana River and tributaries as mandated by the Basin Plan, and 5 sites along Chino Creek. Samples were sent to MWH Laboratories.</li> <li>36 grab water quality samples were collected from three treatment plants that discharge to the Santa Ana River and tributaries as mandated by the Basin Plan. Samples were sent to MWH Laboratories</li> <li>Processed and uploaded into the database 100 percent of the surface water quality data obtained from MWH laboratories for the HCMP Surface Water Quality Program for July through December 2011 sampling events.</li> <li>Collected, and uploaded to the database results from biweekly grab water quality samples collected from IEUA for March through September 2011, for their four treatment plants that discharge to the Santa Ana River and tributaries as mandated by the Basin Plan.</li> <li>Daily discharge data for March through September 2011 were collected and uploaded into the database from seven treatment plants that discharge to the Santa Ana River and tributaries as mandated by the Basin Plan.</li> <li>Daily discharge data for March through September 2011 were collected from the USGS website and uploaded into the database, for eight stations in the Santa Ana River and tributaries as mandated by the Basin Plan.</li> <li>24 monthly groundwater quality samples were collected from near river wells (NAWQA and SARWC wells). Samples were sent to MWH Laboratories.</li> <li>21 annual groundwater quality samples were collected from the HCMP monitoring wells in September 2011. Samples were sent to MWH Laboratories</li> <li>Processed, uploaded into the database, and check for QA/QC the groundwater quality data collected for the HCMP Groundwater Quality Monitoring Program for July through December 2011.</li> <li>The Second Quarter 2011 Surface Water Monitoring Program Report was submitted to the Regional Board on July 15, 2011.</li> <li>The Third Quarter 2011 Surface Water Monitoring Program Report was submitted to the Regional Board on October 15, 2011.</li> <li>Prepared Basin Plan Amendment documents to submit to the Regional Board to revise the surface water monitoring program element of the HCMP monitoring program.</li> </ul>			
<b>Budget</b>	<b>Billed</b>	<b>ECAC</b>	<b>Projected (Over)/Under</b>
\$452,511	\$181,319	\$419,805	\$32,706



**Chino Basin Watermaster**

**Fiscal Year 2011/2012**

**Progress and Estimated Cost at Completion for the Period: July 1, 2011 through December 31, 2011**

<b>7109 – PEI: Recharge and Well Monitoring Program: Pursuant to the Groundwater Recharge Permit and Maximum Benefit</b>			
<b>Tasks</b>			
<i>Purpose: [Max Benefit] IEUA will prepare reports related to the Chino Basin Groundwater Recycled Water Recharge Program. Watermaster will peer review the reports.</i>			
<ul style="list-style-type: none"> <li>• Review Quarterly and Annual Reports for Chino Basin Recycled Water Groundwater Recharge Program</li> <li>• Review results of the Brooks Basin Tracer Test.</li> <li>• Review Start-Up Protocol Reports as needed.</li> </ul>			
<b>Milestones/Accomplishments</b>			
<ul style="list-style-type: none"> <li>• At the request of Watermaster, Quarterly and Annual Reported developed by IEUA were not reviewed this reporting period. We recommend that we resume review of these reports, because Watermaster is a co-permittee on the Chino Basin Groundwater Recharge Program and it would be in Watermaster's best interests to ensure that – to the extent possible – the reports are factually correct, free from errors, and demonstrates compliance with the permit.</li> </ul>			
<b>Budget</b>	<b>Billed</b>	<b>ECAC</b>	<b>Projected (Over)/Under</b>
\$11,160	\$0	\$6,696	\$4,464

**Chino Basin Watermaster**

**Fiscal Year 2011/2012**

**Progress and Estimated Cost at Completion for the Period: July 1, 2011 through December 31, 2011**

<b>7202 – PE2: Comprehensive Recharge Plan</b>			
<b>Tasks</b>			
<p><i>The purposes of this task are to provide engineering and institutional support to the Watermaster in the early implementation of the 2010 Recharge Master Plan Update as directed by the Court and the Watermaster Board. This will include the following efforts:</i></p> <ul style="list-style-type: none"> <li>• Develop new groundwater production and replenishment projections pursuant to recommendations in the 2010 RMPU and as ordered by the Court in its October 8, 2010 Order.</li> <li>• As-requested work from the Watermaster CEO specifically in support of the 2010 RMPU steering committee.</li> <li>• As-requested attendance at the GRCC meetings</li> </ul>			
<b>Milestones/Accomplishments</b>			
<ul style="list-style-type: none"> <li>• At Watermaster CEO direction, we attended the July 2011 GRCC meeting.</li> <li>• Prepared revised groundwater production and replenishment projections and submitted a draft report to Watermaster Parties in December 2011 for their review. Conducted a workshop in December 2011 with the Watermaster Parties.</li> <li>• Prepared for and participated in 2011 RMPU Steering Committee meetings in October 25, November 8, and December 7.</li> </ul>			
<b>Budget</b>	<b>Billed</b>	<b>ECAC</b>	<b>Projected (Over)/Under</b>
\$241,320	\$32,810	\$132,810	\$108,510

**Chino Basin Watermaster**

**Fiscal Year 2011/2012**

**Progress and Estimated Cost at Completion for the Period: July 1, 2011 through December 31, 2011**

<b>7303 – Engineering Support for Desalters</b>			
<b>Tasks</b>			
<p><i>Purpose: [Basin Plan and Max Benefit] Plan, site, drill, and construct wells for the Chino Creek Desalter Well Field. This well field is required for hydraulic control in the southwest portion of Chino Basin – hydraulic control is a necessary condition for maximum benefit in the Basin Plan.</i></p> <ul style="list-style-type: none"> <li>• Chino Creek Desalter Well Field. Subtasks include:                             <ul style="list-style-type: none"> <li>• Coordination with CDA, other agencies, and consultant for desalter well field development.</li> <li>• Review well siting.</li> <li>• Review of lithologic/geophysical logs and testing data, and review well design.</li> <li>• Provide groundwater flow modeling support to assess the effects of planned desalter well field operations, including the addition of new wells.</li> </ul> </li> </ul>			
<b>Milestones/Accomplishments</b>			
<ul style="list-style-type: none"> <li>• Reviewed borehole and testing data as the CCWF wells have been drilled.</li> <li>• Prepared letters to Watermaster CEO on the proposed designs of the CCWF wells with regard to Watermaster objectives of achieving hydraulic control and not causing damaging land subsidence.</li> <li>•</li> </ul>			
<b>Budget</b>	<b>Billed</b>	<b>ECAC</b>	<b>Projected (Over)/Under</b>
\$47,840	\$30,221	\$36,221	\$11,619



**Chino Basin Watermaster**

**Fiscal Year 2011/2012**

**Progress and Estimated Cost at Completion for the Period: July 1, 2011 through December 31, 2011**

<b>7402 – PE4: Management Zone Strategies</b>			
<b>Tasks</b>			
<p><i>Purposes:</i></p> <ul style="list-style-type: none"> <li>1) <i>To verify the protective nature of the current MZI Plan with regard to permanent land subsidence and ground fissuring in the Managed Area.</i></li> <li>2) <i>To develop a pumping and recharge plan to minimize the risk of future land subsidence and ground fissuring across all of MZI.</i></li> </ul> <ul style="list-style-type: none"> <li>• PE4/MZI: Data Analyses and Reports. Subtasks include:                             <ul style="list-style-type: none"> <li>• Analysis of production, piezometric, extensometer, ground-level survey, horizontal strain, InSAR, and seismic data</li> <li>• Preparation of MZI Annual Report</li> </ul> </li> <li>• PE4/MZI: Meetings and Administration                             <ul style="list-style-type: none"> <li>• Develop a scope of work and cost-estimate for FY2012-13</li> </ul> </li> </ul>			
<b>Milestones/Accomplishments</b>			
<ul style="list-style-type: none"> <li>• Compiled and formatted piezometric and extensometer data to analyze the response of the deep aquifer in MZI to seasonal production at Well CH-17.</li> <li>• Provided written progress reports and outlined budget changes stemming from to the installation of the horizontal extensometer facility in MZI and the siting and construction of a vertical extensometer in the vicinity of the Chino Creek Well Field with Watermaster staff.</li> <li>• Prepared for and attended Land Subsidence Committee meetings to coordinate and provide periodic updates on the subsidence work in the Chino Basin. This included meetings to discuss budget changes related to the installation of the horizontal extensometer facility in MZI and the siting and construction of a vertical extensometer in the vicinity of the Chino Creek Well Field.</li> </ul>			
Budget	Billed	ECAC	Projected (Over)/Under
\$55,732	\$16,072	\$60,122	(\$4,390)

**Chino Basin Watermaster**

**Fiscal Year 2011/2012**

**Progress and Estimated Cost at Completion for the Period: July 1, 2011 through December 31, 2011**

<b>7502 – Water Quality Committee</b>			
<b>Tasks</b>			
<i>Purpose: These tasks address special water quality issues that impact Chino Basin.</i>			
<ul style="list-style-type: none"> <li>• Water Quality Committee Meetings. This task assumes four, quarterly meetings with the WQC.</li> <li>• As Needed Investigations (e.g., perchlorate isotopes). This task is for special water quality studies, for example, a perchlorate isotope source study of Hole Lake, and/or a study of low detection limit perchlorate in the Santa Ana River and potential impacts to Chino Basin due to increased desalter and JCSD pumping.</li> <li>• Ontario International Airport VOC Plume. Subtasks include:                             <ul style="list-style-type: none"> <li>• coordination and negotiation with OIA PRPs</li> </ul> </li> <li>• Chino Airport VOC Plume. Subtasks include:                             <ul style="list-style-type: none"> <li>• coordination and negotiation with Chino Airport PRP.</li> </ul> </li> <li>• ESTCP Cross-Fault Study</li> </ul>			
<b>Milestones/Accomplishments</b>			
<ul style="list-style-type: none"> <li>• Water Quality Committee Meetings.</li> <li>• No Water Quality Committee meetings occurred during the reporting period. Ontario International Airport (OIA) VOC Plume. Subtasks include:                             <ul style="list-style-type: none"> <li>• Coordination and negotiation with OIA PRPs.</li> <li>• Oversight of PRP monitoring program.</li> <li>• Uploaded data from the ABGL/Watermaster duplicate sample events (taps and wells) into HydroDaVE.</li> </ul> </li> <li>• On October 13, 2011, Eler &amp; Kalinowski, Inc. (EKI) published a Remedial Investigation Report (RI) concerning the Archibald South Plume. This report was prepared on behalf of the Potentially Responsible Parties (PRPs) at the Ontario International Airport (OIA): Aerojet, Boeing, General Electric, and Lockheed Martin (ABGL). At the request of Watermaster, WEI reviewed this report and prepared comments. The comments will be provided to Watermaster the first week in January 2012. Chino Airport VOC Plume.                             <ul style="list-style-type: none"> <li>• Exchanged groundwater quality and groundwater elevation data with the County's Consultant, TetraTech. These data were subsequently loaded into HydroDaVE.</li> </ul> </li> <li>• ESTCP Cross-Fault Study                             <ul style="list-style-type: none"> <li>• Prepared for and attended the ESTCP Technical Advisory Committee (TAC) meeting on October 26, 2011, where Watermaster is a participant. Watermaster provided considerable groundwater elevation and groundwater quality data to the principal investigators of that study.</li> </ul> </li> </ul>			
Budget	Billed	ECAC	Projected (Over)/Under
\$85,950	\$22,362	\$35,862	\$50,088



LEGAL EXPENSES:

A review of the Brownstein legal expenses as of December 31, 2011 shows that the legal costs are under budget by \$23,142 or 6.2% when consolidated. However, some of the legal budget items were front loaded for the first six months such as the Restated Judgment (6072), the Desalter Negotiations (6907.33) and the Paragraph 31 Motion (6907.35). There were also some legal line items that were budgeted for, but had no activity during the period (i.e. Court Coordination and Regional Water Quality Control Board). And the reverse, line items that had no budget, but due to unforeseen actions, had activity during the period (i.e. Replenishment Water, Santa Ana River Habitat). Projecting the expense forward to June 30, 2012, if we take into account the past expenses/issues that will not continue into the next half of the fiscal year, and project ongoing any new issues for the upcoming six months, we can estimate that the year-end legal budget will be above the approved budget of \$561,775 by a range of approximately \$87,813 to \$187,813. No budget adjustments or transfers are recommended at this time.

Estimated Costs at Year End (using 1 <sup>st</sup> half actual):	\$ 701,588
Less:	
Costs Not Anticipated For 2 <sup>nd</sup> Half:	
Replenishment Water (6075):	(\$ 42,000)
Desalter Negotiations (6907.33):	(\$ 60,000)
Add:	
Increased Costs For 2 <sup>nd</sup> Half:	
Storage Agreement Issues (6076):	\$ 25,000 to \$75,000
Recharge Master Plan (6907.39):	\$ 25,000 to \$75,000
Projected Legal Expenses:	<u>\$ 649,588 to \$749,588</u>

	Jul '11 - Dec '11	Budget	\$ Over Budget	% of Budget	Annual Budget
<b>6070 - Watermaster Legal Services</b>					
6071 - BHFS Legal - Court Coordination	0.00	19,550.02	-19,550.02	0.0%	39,100.00
6072 - BHFS Legal - Restated Judgment	18,306.96	62,400.00	-44,093.04	29.34%	62,400.00
6073 - BHFS Legal - Personnel Matters	33,479.65	4,937.48	28,542.17	678.07%	9,875.00
6074 - BHFS Legal - Interagency Issues	3,510.45	17,150.02	-13,639.57	20.47%	34,300.00
6075 - BHFS Legal - Replenishment Water	42,186.60	0.00	42,186.60	100.0%	0.00
6078 - BHFS Legal - Miscellaneous	35,885.25	28,440.00	7,445.25	126.18%	56,880.00
<b>Total 6070 - Watermaster Legal Services</b>	<b>133,368.91</b>	<b>132,477.52</b>	<b>891.39</b>	<b>100.67%</b>	<b>202,555.00</b>
6275 - BHFS Legal - Advisory Committee	18,674.97	15,405.00	3,269.97	121.23%	30,810.00
6375 - BHFS Legal - Board Meeting	41,272.08	28,815.00	12,457.08	143.23%	45,630.00
6375 - BHFS Legal - Appropriative Pool	10,558.87	10,665.00	-106.13	99.01%	21,330.00
6475 - BHFS Legal - Agricultural Pool	10,034.07	15,405.00	-5,370.93	65.14%	30,810.00
6575 - BHFS Legal - Non-Ag Pool	9,696.90	4,740.00	4,956.90	204.58%	9,480.00
<b>Total BHFS Legal Services</b>	<b>90,236.89</b>	<b>75,030.00</b>	<b>15,206.89</b>	<b>120.27%</b>	<b>138,060.00</b>
<b>6907.3 - WM Legal Counsel</b>					
6907.30 - Peace II - CEQA	0.00	0.00	0.00	0.0%	0.00
6907.31 - S. Archibald Plume-Formerly OIA	3,219.75	12,312.52	-9,092.77	26.15%	24,625.00
6907.32 - Chino Airport Plume	8,866.95	12,837.52	-3,970.57	69.07%	25,675.00
6907.33 - Desalter Negotiations	77,880.86	67,425.00	10,455.86	115.51%	67,425.00
6907.34 - Santa Ana River Water Rights	4,984.72	12,562.50	-7,577.78	39.68%	25,125.00
6907.35 - Paragraph 31 Motion	14,105.71	39,200.00	-25,094.29	35.98%	39,200.00
6907.36 - Santa Ana River Habitat	7,969.13	0.00	7,969.13	100.0%	0.00
6907.37 - Water Auction	0.00	0.00	0.00	0.0%	0.00
6907.38 - Reg. Water Quality Cntrl Board	0.00	6,875.02	-6,875.02	0.0%	13,750.00
6907.39 - Recharge Master Plan	10,161.00	15,216.00	-5,055.00	66.78%	25,360.00
6907.3 - WM Legal Counsel - Other	0.00	0.00	0.00	0.0%	0.00
<b>Total 6907.3 - WM Legal Counsel</b>	<b>127,188.12</b>	<b>166,428.56</b>	<b>-39,240.44</b>	<b>76.42%</b>	<b>221,160.00</b>
<b>Total Brownstein, Hyatt, Farber, Schreck Costs</b>	<b>350,793.92</b>	<b>373,936.08</b>	<b>-23,142.16</b>	<b>93.81%</b>	<b>561,775.00</b>



The attached forms T-12-02-01 and A-12-02-01 are provided as documentation to clearly show which general ledger accounts are being reduced and which general ledger accounts are being increased. The unbudgeted revenue of \$294,776 is being allocated to the accounts of \$211,580 leaving a balance of \$83,196 of un-appropriated funds for later use. Overall, the approved expense budget for FY 2011-2012 of \$6,873,187 will be increased by an additional amount of \$211,580, to a new approved budget of \$7,084,767. The form T-12-02-01 is a zero based document, which means the reductions and additions within the general ledger accounts equal.



**CHINO BASIN WATERMASTER  
 BUDGET TRANSFERS**

**ATTACHMENT #T-12-02-01**

To: **All Parties**

# T-12-02-01

From: Joseph S. Joswiak, CFO Date: February 9, 2012

**Describe reason for the transfer between budget categories here:** To transfer funds to cover anticipated cost overages in accounts referenced below.

**Budgetary account reduction**

Line Item Description	Account Number	Amount
OBMP Engineering Services	6906	\$ (31,905)
Hydraulic Control - Engineering	7108.3	\$ (32,706)
Recharge and Well - Engineering	7109.3	\$ (4,464)
Comprehensive Recharge - Implementation	7202.3	\$ (108,510)
PE 3&5 - Engineering - Other	7303	\$ (11,619)
PE 6&7 - Engineering	7502	\$ (50,088)
		\$ -
		\$ -
		\$ -
		\$ -
		\$ -
		\$ -

**Budgetary account addition**

OBMP - Watermaster Model Update	6906.1	\$ 150,000
Groundwater Quality - Engineering	7103.3	\$ 5,963
Groundwater Level - Engineering	7104.3	\$ 21,374
Ground Level Monitoring - Extensometer	7107.7	\$ 57,564
PE4 - Engineering	7402	\$ 4,391
		\$ -
		\$ -
		\$ -
		\$ -

Should be zero

Transfer Procedure
1. Staff brings the transfer request to the Appropriate Pool for information purposes if the transfer is under \$25,000. Transfers over \$25,000 within the same budget category require Pools, Advisory Committee and Board approval. Transfers between budget categories, regardless of amount must be approved by the Pools, Advisory Committee and Board
2. Once the form has been completed by the CFO, and approved by the board if required, the Chief Financial Officer will prepare and process the budget transfer in the accounting system.
3. A log will be maintained by the CFO detailing the transfer.
4. A fiscal year file will also be kept to hold all budget amendment forms for auditor review.

Finance Use Only	
Date Board Approved	_____
Finance Log #	_____
Date Posted	_____
Posted By	_____
Approved by	_____
Date approved	_____

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**ATTACHMENT A-12-02-01**

**CHINO BASIN WATERMASTER  
 BUDGET AMENDMENT**

To: **All Parties**

Fiscal Year 2011-2012

From: Joseph S. Joswiak, CFO Date: February 9, 2012

**Describe reason for the budget amendment here:** The Watermaster approved FY 2011/2012 budget did not include the CEO changes during the year. The Wildermuth ECAC report as of December 31, 2011 shows a shortfall when consolidated of \$41,580. Most recent information from WEI regarding the extensometer project has revealed a change in the ECAC amounts. With the most current construction estimates and other project related costs, the overall shortfall amount has increased from \$41,580 to \$91,580. The MWD unbudgeted revenue of \$294,776 will be partially appropriated, leaving a remaining balance of \$83,196 to be appropriated at later date, if required.

**Expenditure Amendment**

<i>Line Item Description</i>	<i>Account Number</i>	<i>Original Budget</i>	<i>Amended Budget</i>	<i>Amendment Amount</i>
Watermaster Staff Salaries	6011	\$441,032	\$561,032	\$120,000
Groundwater Level - Extensometer Install	7107.7	\$365,945	\$457,525	\$91,580
<b>TOTAL:</b>				<b>\$ 211,580</b>

**Revenue Source**

<i>Line Item Description</i>	<i>Account Number</i>	<i>Original Budget</i>	<i>Amended Budget</i>	<i>Amendment Amount</i>
Cooperative Agreement - MWD	4040	\$0	(\$211,580)	(\$211,580)
<b>TOTAL:</b>				<b>\$(211,580)</b>

**Amendment Procedure**

- Staff takes amendment requests to the Pools, Advisory Committee & Board for approval.
- The Chief Financial Officer will prepare and process the budget entry.
- A log will be maintained by the Finance Department detailing the adjustment.
- A fiscal year file will also be kept to hold all budget amendment forms for auditor review.

**Finance Use Only**

Date Board Approved \_\_\_\_\_

Entered into System By \_\_\_\_\_

Finance Log # \_\_\_\_\_

Date Posted \_\_\_\_\_

Approved By \_\_\_\_\_

Date Approved \_\_\_\_\_

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**ACTIONS:**

February 9, 2012 Appropriative Pool – Approved unanimously

February 9, 2012 Non-Agricultural Pool – Moved to approve staff recommendation and to direct the Pool representatives to support at the Advisory Committee and Watermaster Board meetings subject to changes which they determine to be appropriate

February 9, 2012 Agricultural Pool – Approved unanimously

February 16, 2012 Advisory Committee – Approved unanimously

February 23, 2012 Watermaster Board –

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# CHINO BASIN WATERMASTER

## II. BUSINESS ITEM

- C. CHINO CREEK WELL FIELD EXTENSOMETER  
CONSTRUCTION CHANGE ORDER  
REIMBURSEMENT AGREEMENT WITH CHINO  
DESALTER AUTHORITY





# CHINO BASIN WATERMASTER

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

## STAFF REPORT

**DATE:** February 23, 2012  
**TO:** Board Members  
**SUBJECT:** Approval of Chino Creek Well Field Extensometer Construction Change Order Reimbursement Agreement with Chino Desalter Authority

### SUMMARY

**Issue** – Consider Approval of a Proposed Reimbursement Agreement Between Watermaster and Chino Desalter Authority for Construction of the Chino Creek Well Field Extensometer.

**Recommendation** – Authorize the Watermaster Interim Chief Executive Officer to Finalize and then Enter into the Draft Reimbursement Agreement.

**Financial Impact** – The Engineer's Cost Opinion for Construction of the Chino Creek Well Field Extensometer is \$295,200, plus 10% contingency recommendation. Category 7107.7 (Ground Level Extensometer Installation) of the 2011-12 Watermaster budget was approved at \$365,945.

### BACKGROUND

Watermaster's obligations contained in the monitoring and mitigation requirements in the Final Peace II SEIR call for the expansion of Watermaster's subsidence monitoring program into the vicinity of the Chino Creek Well Field (CCWF). The program includes monitoring by InSAR, ground-level surveys, and extensometers. The monitoring program is to begin prior to startup of the CCWF, so that any subsidence caused by the CCWF can be identified and mitigated, if necessary.

The purpose of the extensometer is to measure the physical deformation (compaction) of the aquifer system sediments as pumping at the desalter wells causes drawdown. Monitoring of pumping, groundwater levels, and deformation of the aquifer system at the extensometer can reveal the cause-and-effect relationships between pumping/drawdown and subsidence. The data from the extensometer will provide the criteria for managing pumping/drawdown in the event the Land Subsidence Committee identifies a need to mitigate the subsidence.

Watermaster staff performed a search of its database for an appropriate existing well near the CCWF to install a cable extensometer. To be "appropriate," a well must be located near the CCWF and at least 600 ft deep. No wells were identified as appropriate through this search. While no existing wells were determined to be appropriate, there were also advantages to constructing a new extensometer:

1. There are two distinct aquifer systems in this area—a shallow unconfined system, and a deep confined system. A new extensometer facility can be constructed as two cable extensometers within two separate piezometers that are nested in one borehole. In this arrangement, the piezometers and extensometers can measure depth-specific groundwater levels and compaction, and thereby differentiate drawdown and compaction in each of the two aquifer systems, which is a necessary purpose of this monitoring facility.
2. A new extensometer facility, designed for this particular purpose, has a better chance of returning data of higher resolution and accuracy than a facility constructed from an existing well.
3. A detailed description of the borehole sediments is necessary to accurately interpret the extensometer data. Drilling a new borehole, as opposed to relying on the generalized descriptions of the borehole sediments on an old well driller's log, is an opportunity to collect a higher-resolution and better description of the borehole sediments.
4. The piezometers of this extensometer facility could also function as monitoring wells for the Hydraulic Control Monitoring Program.
5. While an existing well would likely be located on private property and dedicated to an existing purpose, the new monitoring facility has been located on public land, which should expedite agreement negotiation and construction of the monitoring facility.
6. The CCWF Extensometer is to be installed, calibrated and operational, prior to CCWF production for delivery to the CDA. The CCWF wells are currently under construction, so final parcel selection and change order expedited construction of the CCWF extensometer by the current well contractor is warranted to avoid delays in operation of the CCWF and demonstrate additional progress in achieving hydraulic control to meet the maximum benefit objectives.

Construction and implementation costs for the CCWF Extensometer are currently estimated at \$487,798, plus \$1,596 for this year's Land Use Agreement cost, and a \$30,000 extensometer construction contingency. Category 7107.7 (Ground Level Extensometer Installation) of the 2011-12 Watermaster budget was approved in the amount of \$365,945, which includes \$300,000 committed by Three Valleys Municipal Water District, through the Peace Agreement, for an MZ-1 project and was recently received by Watermaster. On December 15, 2011, the Land Subsidence Committee recommended apportionment of \$100,000 in unallocated Watermaster funds to augment the ground-level monitoring program budget. The Land Subsidence Committee request was intended to cover the construction and installation costs of the MZ-1 horizontal and CCWF vertical (cable) extensometers. The February 2012 Mid Year Budget Transfer Staff Report and recommendations address the resulting funding deficiency between the approved budget and current cost estimates.

**Actions:**

February 9, 2012 Appropriative Pool – Approved Unanimously

February 9, 2012 Non-Agricultural Pool – Moved to approve staff recommendation and to direct the Pool representatives to support at the Advisory Committee and Watermaster Board meetings subject to changes which they determine to be appropriate

February 9, 2012 Agricultural Pool – Approved Unanimously

February 16, 2012 Advisory Committee – Approved Unanimously

February 23, 2012 Watermaster Board –



TERM SHEET

Chino Basin Watermaster Reimbursement for Construction  
of the Chino Creek Well Field Extensometer

February 23, 2012

WHEREAS, the Chino Basin Watermaster ("Watermaster") wishes to drill and construct an extensometer facility in the vicinity of the area known as the Chino Creek Well Field ("CCWF").

WHEREAS, the Chino Basin Desalter Authority ("CDA") is currently drilling and constructing wells in the CCWF.

WHEREAS, efficiencies and cost savings could be realized if Best Drilling, the contractor that is currently performing the work for CDA, was instructed to additionally perform the work to drill and construct the wells for the extensometer.

WHEREAS, the CDA is willing to instruct Best Drilling to additionally drill and construct the extensometer wells by way of a change order if Watermaster will agree to reimburse CDA for the cost of the change order.

NOW THEREFORE IT IS AGREED THAT:

1. CDA will issue a change order to Best Drilling to perform additional work to drill and construct the CCWF Extensometer wells.
2. Watermaster, through its consultants Wildermuth Environmental, Inc. ("WEI"), will act as project manager for the additional drilling work.
3. CDA will instruct Best Drilling to perform the additional work under the direction of WEI and to WEI's specifications.
4. Watermaster will reimburse CDA for any costs associated with the change order.
5. Watermaster will advance funds to CDA for the change order in the amount of \$295,200, which is the estimated cost for Best Drilling to perform the work to drill and construct the CCWF Extensometer wells.

\_\_\_\_\_  
Ken Jeske, Interim Chief Executive Officer  
Chino Basin Watermaster

\_\_\_\_\_  
Curtis D. Paxton, Chief Executive Officer  
Chino Basin Desalter Authority

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# CHINO BASIN WATERMASTER

## II. BUSINESS ITEM

### D. CHINO CREEK WELL FIELD EXTENSOMETER LAND LEASE AGREEMENT





# CHINO BASIN WATERMASTER

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

## STAFF REPORT

**DATE:** February 23, 2012  
**TO:** Board Members  
**SUBJECT:** Approval of Chino Creek Well Field Extensometer Land Lease Agreement

### SUMMARY

**Issue** – Consider Approval of a Proposed Agreement Between Watermaster and the County of San Bernardino for Lease of Land for Construction of the Chino Creek Well Field Extensometer.

**Recommendation** – Authorize the Watermaster Interim Chief Executive Officer to Finalize and then Enter into the Land Lease Agreement With San Bernardino County.

**Financial Impact** – The Unbudgeted First Year Watermaster Land Lease Agreement Cost is \$1,596. This Cost will be Adjusted Annually Thereafter, Based on the Consumer Price Index (CPI), for a Ten (10) Year Term, with the Option for Two (2) Five (5) Year Extensions.

### BACKGROUND

Watermaster's obligations contained in the monitoring and mitigation requirements in the Final Peace II SEIR call for the expansion of Watermaster's subsidence monitoring program into the vicinity of the Chino Creek Well Field (CCWF). The program includes monitoring by InSAR, ground-level surveys, and extensometers. The monitoring program is to begin prior to startup of the CCWF, so that any subsidence caused by the CCWF can be identified and mitigated, if necessary.

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Construction and implementation costs for the CCWF Extensometer are currently estimated at \$487,798, plus the \$1,596 recommend for approval through this Land Use Agreement, and a \$30,000 extensometer construction contingency. Category 7107.7 (Ground Level Extensometer Installation) of the 2011-12 Watermaster budget was approved in the amount of \$365,945, which includes \$300,000 committed by Three Valleys Municipal Water District, through the Peace Agreement, for an MZ-1 project and was recently received by Watermaster. On December 15, 2011, the Land Subsidence Committee recommended apportionment of \$100,000 in unallocated Watermaster funds to augment the ground-level monitoring program budget. The Land Subsidence Committee request was intended to cover the construction and installation costs of the MZ-1 horizontal and CCWF vertical (cable) extensometers. The February 2012 Mid Year Budget Transfer Staff Report and recommendations address the resulting funding deficiency between the approved budget and current cost estimates.

**Actions:**

- February 9, 2012 Appropriative Pool – Approved Unanimously
- February 9, 2012 Non-Agricultural Pool – Moved to approve staff recommendation and to direct the Pool representatives to support at the Advisory Committee and Watermaster Board meetings subject to changes which they determine to be appropriate
- February 9, 2012 Agricultural Pool – Approved Unanimously
- February 16, 2012 Advisory Committee – Approved Unanimously
- February 23, 2012 Watermaster Board –



**COUNTY OF SAN BERNARDINO**

**LEASE AGREEMENT**

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

**COUNTY:** COUNTY OF SAN BERNARDINO  
Real Estate Services Department  
385 North Arrowhead Avenue, Third Floor  
San Bernardino, CA 92415

**PREMISES:** Approximately 400 square feet of County-owned land  
south of the Chino Airport in Chino, California  
(as outlined in Exhibit "A" attached)

**TERM OF LEASE:** Ten (10) years

**COMMENCEMENT DATE OF LEASE:** March 1, 2012 or upon execution by all parties

**COUNTY CONTRACT NUMBER:**

**TYPED:** 01/19/2011

**REV:** 1/26/2010 (110568.13)

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## LEASE AGREEMENT

1. **PARTIES:** This lease ("Lease") is made between The County of San Bernardino ("COUNTY"), and the Chino Basin Watermaster ("TENANT"), who agree as follows:

2. **PREMISES LEASED:** COUNTY owns land south of the Chino Airport in Chino, California. COUNTY hereby leases to TENANT and TENANT leases from COUNTY a portion of Assessor Parcel No. 1056101010000 consisting of approximately 400 square feet of a larger parcel consisting of approximately 625,086 square feet (14.35 acres) known as ("Premises"), as described in Exhibit "A", Premises. The Premises are leased subject to all easements, reservations, restrictions, rights and rights-of-way of record.

3. **TERM:**

a. **Initial Term.** The Lease's initial term ("Initial Term") shall commence on March 1, 2012 or upon execution by all parties ("Commencement Date") and end on February 28, 2022 ("Ending Date").

4. **RENT:**

a. TENANT shall pay to COUNTY annual rental payments of One Thousand Five Hundred Ninety Six and 00/100 Dollars (\$1596.00), commencing when the term commences and continuing for the first twelve (12) months of the term. Thereafter, the annual rent shall be subject to annual adjustments on the anniversary of the Commencement Date based on the change in the Consumer Price Index as provided below:

The base for computing the adjustment is the Consumer Price Index ("C.P.I."), Pacific Cities and U.S. City Average, All Items, Los Angeles, Anaheim and Riverside, Urban Wage Earners and Clerical Workers (1982-1984 = 100), published by the United States Department of Labor, Bureau of Labor Statistics ("Index"), which is in effect two (2) months prior to the date of the commencement of the initial term ("Beginning Index"). The Index in effect two (2) months prior to the adjustment date in question ("Extension Index") is to be used in determining the amount of the adjustment. If the Extension Index has increased over the Beginning Index, the rent for the following year (until the next rent adjustment) shall be set by multiplying the rent in effect at the beginning of the Initial Term by a fraction, the numerator of which is the Extension Index and the denominator of which is the Beginning Index. If the Index is changed so that the base year differs from that in effect when the term commences, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

b. Rent for any partial year shall be prorated. All rent shall be paid to COUNTY at the address to which notices to COUNTY are given.



5. **OPTION TO EXTEND TERM:** COUNTY gives TENANT the option to extend the term of the Lease on the same provisions and conditions, except for the annual rent, for two (2) five-year periods ("extended terms") following expiration of the Initial Term, by TENANT giving notice of its intention to exercise the option to COUNTY prior to the expiration of the preceding term. The rent for each extended term shall be adjusted by good faith negotiation of the parties to the fair market rental rate then prevailing based upon the rental rates of comparable leased property in San Bernardino County.

6. **RETURN OF PREMISES:** The TENANT agrees that it will, upon any termination of this Lease, return the Premises to bare land, removing all fixtures and equipment.

7. **HOLDING OVER:** TENANT shall not hold over and continue to occupy the Premises without the written consent of the COUNTY. In such event the tenancy shall be deemed to be a tenancy from year-to-year upon the same terms and conditions, including rent, as existed and prevailed at the time of the expiration of the term of this Lease.

8. **TAXES:** COUNTY shall pay all real property taxes, and general and special assessments levied and assessed against the Premises.

9. **USE:** TENANT shall occupy the Premises during the term hereof only for the installation, maintenance and monitoring of a dual-nested piezometer with internal cable extensometers near the Chino Creek Well Field south of Chino Airport. TENANT shall comply with all laws, ordinances and regulations applicable to the use of the Premises, including the requirements of the Federal Aviation Administration, as may be amended. TENANT shall promptly comply with all governmental orders and directions for the correction, prevention and abatement of any violations in or upon, or in connection with Premises, at TENANT's sole expense.

10. **HEALTH, SAFETY AND FIRE CODE REQUIREMENTS:** As a condition precedent to the existence of this Lease, TENANT, at its sole expense will ensure the Premises used by TENANT meet the applicable requirements of the Health, Safety, Fire and Building Codes for public and governmental buildings, including any requirements for a notice of completion, certificate of occupancy and the Americans with Disabilities Act ("ADA").

11. **SIGNS:** TENANT will display only such sign or signs on the Premises as are not prohibited by law.

12. **IMPROVEMENTS:** TENANT will construct and maintain a dual-nested piezometer with internal cable extensometers (TENANT Property) near the Chino Creek Well Field south of Chino Airport as set forth on Exhibit "B", Improvements, attached hereto, provided that said Improvements shall be approved in writing by COUNTY prior to the commencement of any work and provided further that all Improvements are completed in: (1) accordance with the plans and specifications (as defined on Exhibit "B") approved by COUNTY, (ii) a good and workmanlike manner, (iii) conformity with all county, city, state and federal regulations, any and all applicable permits and the Master Plan for the Airport. TENANT shall provide COUNTY with not less than ten (10) days' notice prior to the commencement of any work in, on or about

the Premises so that COUNTY, at COUNTY'S option, may post a Notice of Non Responsibility as provided by law. All work shall be completed by duly licensed and insured contractors, which contractors shall be acceptable to COUNTY. COUNTY makes no representation with the applicability of public bidding procedures or requirements for the payment of prevailing wages hereunder.

13. **FIXTURES:** All TENANT owned fixtures will be removed and the Premises put back to bare land by TENANT at the termination or expiration of the lease.

14. **MAINTENANCE:** TENANT, at its cost, shall maintain and repair the TENANT Property as is necessary to keep such TENANT Property in a safe and orderly condition. TENANT shall be responsible for weed abatement on the Premises.

15. **UTILITIES:** TENANT shall pay for all its utilities, maintenance and repair charges, including costs of installation of said utilities as required.

16. **HOLD HARMLESS:** To the fullest extent permitted by law, the parties agree to save, indemnify, defend, and hold harmless each other from any and all liability, claims, suits, actions, arbitration proceedings, administrative proceedings, and regulatory proceedings, losses, expenses, or any injury or damage of any kind whatsoever, whether actual, alleged or threatened, attorney fees, court costs, and any other costs of any nature without restriction incurred in relation to, as a consequence of, or arising out of, the performance of this Agreement, and attributable to the fault of the other. Following a determination of the percentage of fault and or liability by agreement between the parties or a court of competent jurisdiction, the party responsible for liability to the other will indemnify the other party to this Agreement for the percentage of liability determined.

17. **INSURANCE:** TENANT and COUNTY shall each be responsible for providing insurance coverage to protect its own interests and exposures under this Lease.

18. **DESTRUCTION OF PREMISES:** During the term of this Lease, if any casualty renders a portion of the Premises unusable for the purpose intended, TENANT may terminate this Lease as of the date of casualty. If this Lease is terminated, the TENANT shall have a reasonable time to remove the TENANT Property and vacate the Premises.

19. **TENANT'S DEFAULT:** Except where another time limit is specifically provided, TENANT shall be in default of this Lease if TENANT fails or refuses to perform any material provisions of this Lease and such failure or refusal to perform is not cured within thirty (30) days following TENANT'S receipt of written notice of default from COUNTY. If the default cannot reasonably be cured within thirty (30) days, TENANT shall not be in default of this Lease if TENANT commences to cure the default within the thirty (30) day period and diligently and in good faith continues to cure the default.

20. **COUNTY'S REMEDIES ON TENANT'S DEFAULT:** COUNTY, at anytime after TENANT is in default, can terminate this Lease immediately upon written notice to TENANT or can cure the default at COUNTY's cost. If COUNTY at any time, by reason of TENANT's

default, pays any sum or does any act that requires the payment of any sum (including charges for COUNTY's employees and equipment), the sum paid by COUNTY shall be due from TENANT to COUNTY within five (5) days of notice of such sum, and if paid at a later date shall bear interest at the maximum rate the COUNTY is permitted by law to charge from the date the sum was paid by COUNTY until COUNTY is reimbursed by TENANT. If TENANT fails to reimburse COUNTY as required by this paragraph, COUNTY shall have the right to withhold from future rent due the sum COUNTY has paid until COUNTY is reimbursed in full for the sum and interest on it. The remedies set forth in this paragraph are in addition to and do not in any manner limit other remedies set forth in particular paragraphs of this Lease.

**21. TENANT'S DEFAULT:** The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by TENANT:

a. The vacating for more than thirty (30) consecutive days or abandonment of the Premises by TENANT.

b. The failure by TENANT to perform any material provisions of this Lease to be performed by TENANT, including the payment of rent, where such failure shall continue for a period of thirty (30) days after notice by COUNTY to TENANT; provided, however, that if the nature of TENANT's default is such that more than thirty (30) days are reasonably required for its cure, then TENANT shall not be deemed to be in default if TENANT commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion. The purpose of this notice requirement is to extend the notice requirements of the unlawful detainer statutes of California.

**22. TENANT'S REMEDIES ON COUNTY'S DEFAULT:** TENANT, at anytime after COUNTY is in default, can terminate this Lease immediately upon written notice to COUNTY or can cure the default at TENANT's cost. If TENANT at any time, by reason of COUNTY's default, pays any sum or does any act that requires the payment of any sum (including charges for TENANT's employees and equipment), the sum paid by TENANT shall be due from COUNTY to TENANT within five (5) days of notice of such sum, and if paid at a later date shall bear interest at the maximum rate the TENANT is permitted by law to charge from the date the sum was paid by TENANT until TENANT is reimbursed by COUNTY. If COUNTY fails to reimburse TENANT as required by this paragraph, TENANT shall have the right to withhold from future rent due the sum TENANT has paid until TENANT is reimbursed in full for the sum and interest on it. The remedies set forth in this paragraph are in addition to and do not in any manner limit other remedies set forth in particular paragraphs of this Lease.

**23. COUNTY'S DEFAULT:** The occurrence of the following events shall constitute a default and breach of this Lease by COUNTY:

a. The failure by COUNTY to perform any material provisions of this Lease to be performed by COUNTY, where such failure shall continue for a period of thirty (30) days after notice by TENANT to COUNTY; provided, however, that if the nature of COUNTY's default is such that more than thirty (30) days are reasonably required for its cure, then COUNTY shall not

be deemed to be in default if COUNTY commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.

**24. COUNTY'S ACCESS TO PREMISES:** COUNTY and its authorized representatives shall have the right to enter the Premises at all reasonable times for any of the following purposes:

- a. To determine whether the Premises are in good condition; and,
- b. To do any necessary maintenance and to make any restoration to the Premises that COUNTY has the right or obligation to perform; and,
- c. To serve, post, or keep posted any notices required by law; and,
- d. To post "for sale" signs at any time during the term, to post "for rent" or "for Lease" signs during the last three (3) months of the term.

COUNTY shall conduct its activities on the Premises as allowed in this paragraph in a manner that will cause the least possible inconvenience, annoyance, or disturbance to TENANT.

**25. AIRPORT DEVELOPMENT:** COUNTY, at its sole discretion, shall determine and may from time to time change the routes of surface-ingress and egress to the Premises, but agrees to locate such routes as conveniently as may be done for TENANT, having in mind the reasonable requirements of COUNTY with respect to the operation of the Airport. COUNTY ALSO REERVES THE RIGHT TO FURTHER DEVELOP OR IMPROVE THE Airport as it sees fit, regardless of the desires or view of the TENANT and without interference or hindrance.

**26. NOTICES:**

a. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid, first-class mail. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party shall be addressed to the other party at the address set forth below. Either party may change its address by notifying the other party of the change of address. Notice shall be deemed communicated two (2) TENANT working days from the time of mailing if mailed as provided in this paragraph.

TENANT'S address: Chino Basin Watermaster  
9641 San Bernardino Road  
Rancho Cucamonga, CA 91730

COUNTY's address: County of San Bernardino  
Real Estate Services Department  
825 East Third Street, Room 207  
San Bernardino, CA 92415-0832

b. If, at any time after the TENANT accepts the Premises, the COUNTY assigns or transfers a non-controlling interest of its rights in the Premises to a third party, COUNTY must notify TENANT of its action at least fifteen (15) TENANT working days prior to completing any such action.

c. If, at any time after the TENANT accepts the Premises, the COUNTY assigns or transfers a controlling interest of its rights in the Premises to a third party, COUNTY must notify TENANT of its action at least fifteen (15) TENANT working days prior to completing any such action. The new owner must provide TENANT with evidence of completion of such action. The parties shall immediately execute an amendment to this Lease stating the change of ownership of the Premises.

27. **INCORPORATION OF PRIOR AGREEMENT:** This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose.

28. **WAIVERS:** No waiver by either party of any provisions of this Lease shall be deemed to be a waiver of any other provision hereof or of any subsequent breach by either party of the same or any other provisions.

29. **AMENDMENTS:** No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successor in interest, expressing by its terms an intention to modify this Lease.

30. **SUCCESSORS:** This Lease shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors, and assigns of the parties hereto.

31. **SEVERABILITY:** If any word, phrase, clause, sentence, paragraph, section, article, part or portion of this Lease is or shall be invalid for any reason, the same shall be deemed severable from the remainder hereof and shall in no way affect or impair the validity of this Lease or any other portion thereof.

32. **TIME OF ESSENCE:** Time is of the essence of each provision of this Lease which specifies a time within which performance is to occur. In the absence of any specific time for performance, performance may be made within a reasonable time.

33. **QUIET ENJOYMENT:** Subject to the provisions of this Lease and conditioned upon performance of all the provisions to be performed by TENANT hereunder, COUNTY shall secure to COUNTY during the Lease term the quiet and peaceful possession of the Premises and all right and privilege appertaining thereto.

34. **PROVISIONS ARE COVENANTS AND CONDITIONS:** All provisions, whether covenants or conditions, on the part of either party shall be deemed to be both covenants and conditions.

35. **CONSENT:** Whenever consent or approval of either party is required that party shall not unreasonably withhold, condition or delay such consent or approval.

36. **EXHIBITS:** All exhibits referred to are attached to this Lease and incorporated by reference.

37. **LAW AND VENUE:** This Lease shall be construed and interpreted in accordance with the laws of the State of California. The parties acknowledge and agree that this lease was entered into and intended to be performed in San Bernardino County, California. The parties agree that the venue for any action or claim brought by any party to this lease will be the Superior Court of California, County of San Bernardino, and San Bernardino District. Each party hereby waives any law, statute (including but not limited to Code of Civil Procedure section 394), or rule of court that would allow them to request or demand a change of venue. If any action or claim concerning this lease is brought by and third party, the parties hereto agree to use their best efforts to obtain a change of venue to the Superior Court of California, County of San Bernardino, San Bernardino District.

38. **ATTORNEYS' FEES AND COSTS:** If any legal action is instituted to enforce or declare any party's rights hereunder, each party, including the prevailing party, must bear its own costs and attorneys' fees. This paragraph shall not apply to those costs and attorneys' fees directly arising from any third party legal action against **either party for whom the other party has an obligation to hold harmless, indemnify and defend pursuant to the provisions of this Lease.**

39. **CAPTIONS, TABLE OF CONTENTS AND COVER PAGE:** The paragraph captions, table of contents and the cover page of this Lease shall have no effect on its interpretations.

40. **SURVIVAL:** The obligations of the parties that, by their nature, continue beyond the term of this Lease, will survive the termination of this Lease.

41. **FORMER COUNTY OFFICIALS:** TENANT agrees to provide or has already provided information on former County administrative officials (as defined below) who are employed by or represent TENANT. The information provided includes a list of former County administrative officials who terminated County employment within the last five years and who are now officers, principals, partners, associates or members of the business. The information should also include the employment and/or representative capacity and the dates these individuals began employment with or representation of your business. For purposes of this provision, "County administrative official" is defined as a member of the Board of Directors or such officer's staff, County Administrative Officer or member of such officer's staff, County department or group head, assistant department or group head, or any employee in the Exempt Group, Management Unit or Safety Management Unit. (See Exhibit "C", List of Former County Officials.)



42. **BROKER'S COMMISSIONS:** Neither party has utilized a broker who has negotiated or otherwise provided services in connection with this Lease, therefore neither party shall be responsible for payment of broker's commissions.

43. **PUBLIC RECORDS DISCLOSURE:** All information received by the COUNTY from the TENANT or any source concerning this Lease, including the Lease itself, may be treated by the COUNTY as public information subject to disclosure under the provisions of the California Public Records Act, Government Code Section 6250 *et seq.* (the "Public Records Act"). TENANT understands that although all materials received by the COUNTY in connection with this Lease are intended for the exclusive use of the COUNTY, they are potentially subject to disclosure under the provisions of the Public Records Act. In the event a request for disclosure of any part or all of any information which TENANT has reasonably requested COUNTY to hold in confidence is made to the COUNTY, the COUNTY shall notify the TENANT of the request and shall thereafter disclose the requested information unless the TENANT, within five (5) days of receiving notice of the disclosure request, requests nondisclosure, provides COUNTY a legally sound basis for the nondisclosure, and agrees to indemnify, defend, and hold the COUNTY harmless in any/all actions brought to require disclosure. TENANT waives any and all claims for damages, lost profits, or other injuries of any and all kinds in the event COUNTY fails to notify TENANT of any such disclosure request and/or releases any information concerning this Lease received from the TENANT or any other source.

44. **CONDEMNATION:** If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (all of which are herein called "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than ten percent (10%) of the floor area of the Premises, or more than twenty-five percent (25%) of the portion of the Common Areas or that portion of the Premises designated for TENANT's parking, is taken by condemnation, TENANT may, at TENANT's option, to be exercised in writing within thirty (30) days after COUNTY shall have given TENANT written notice of such taking (or in the absence of such notice, within thirty (30) days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If TENANT does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the rent shall be reduced in the same proportion as the rentable floor area of the Premises taken bears to the total rentable floor area of the Premises. No reduction of rent shall occur if the condemnation does not apply to any portion of the Premises. TENANT shall be entitled to receive the following amounts of any award for the taking of all or any part of the Premises under the power of eminent domain or any payment made under threat of the exercise of such power: (a) one hundred percent (100%) of any amount attributable to any excess of the market value of the Premises for the remainder of the Lease Term over the present value as of the Termination Date of the Rent payable for the remainder of the Lease Term (commonly referred to as the "bonus value" of the Lease); and (b) TENANT shall have the right to make a separate claim in the Condemnation proceeding for: (i) The taking of the amortized or undepreciated value of any trade fixtures or leasehold improvements owned by TENANT that TENANT has the right to remove at the end of the Lease term and that TENANT elects not to remove; (ii) Reasonable removal and relocation costs for any trade fixtures or leasehold improvements that TENANT has

the right to remove and elects to remove (if Condemnor approves of the removal); (iii) Loss of goodwill; (iv) Relocation costs under Government Code section 7262, the claim for which TENANT may pursue by separate action independent of this Lease; and (v) Any other amount in addition to the foregoing that the TENANT is allowed under condemnation law. TENANT shall have the right to negotiate directly with Condemnor for the recovery of the portion of the Award that TENANT is entitled to under **subparagraph (b)** of this paragraph. In the event that this Lease is not terminated by reason of such condemnation, COUNTY shall repair any damage to the Premises caused by such condemnation authority pursuant to **Paragraph 13, MAINTENANCE**, and **Paragraph 17, DESTRUCTION OF PREMISES**.

**45. USE OF AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 FUNDS AND REQUIREMENTS:** This Contract may be funded in whole or in part with funds provided by the American Recovery and Reinvestment Act of 2009 ("ARRA"), signed into law on February 17, 2009. Section 1605 of ARRA prohibits the use of recovery funds for a project for the construction, alteration, maintenance or repair of a public building or public work (both as defined in 2 CFR 176.140) unless all of the iron, steel and manufactured goods (as defined in 2 CFR 176.140) used in the project are produced in the United States. A waiver is available under three limited 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 a waiver must be made to the TENANT 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 rate requirements. COUNTY must contact the TENANT contact if it has any questions regarding the applicability or implementation of the ARRA Buy American and wage rate requirements. COUNTY will also be required to provide detailed information regarding compliance with the Buy American requirements, expenditure of funds and wages paid to employees so that the TENANT may fulfill any reporting requirements it has under ARRA. The information may be required as frequently as monthly or quarterly. COUNTY agrees to fully cooperate in providing information or documents as requested by the TENANT 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.

COUNTY may also be required to register in the Central Contractor Registration (CCR) database at <http://www.ccr.gov> and may be required to have its subcontractors also register in the

same database. COUNTY must contact the TENANT with any questions regarding registration requirements.

**46. 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. LICENSEE agrees 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, LICENSEE agrees to separately identify to each subcontractor and document at the time of sub-contract 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. LICENSEE may be required to provide detailed information regarding expenditures so that the County may fulfill any reporting requirements under ARRA described in this section. The information may be required as frequently as monthly or quarterly. LICENSEE agrees to fully cooperate in providing information or documents as requested by the TENANT 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.

**47. MATERIAL MISREPRESENTATION:** If during the course of the administration of this lease, either party determines that the other party has made a material misstatement or misrepresentation or that materially inaccurate information has been provided, this Lease may be immediately terminated. If this Lease is terminated according to this provision, the terminating party is entitled to pursue any available legal remedies against the other party.

**48. INTERPRETATIONS:** As this Lease was jointly prepared by both parties, the language in all parts of this Lease shall be construed, in all cases, according to its fair meaning, and not for or against either party hereto.

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49. **AUTHORIZED SIGNATORS:** Both parties to this Lease represent that the signators executing this document are fully authorized to enter into this agreement.

**COUNTY OF SAN BERNARDINO**

**TENANT: CHINO BASIN  
WATERMASTER**

\_\_\_\_\_  
Josie Gonzales, Chair, Board of Supervisors

By: \_\_\_\_\_  
Ken Jeske

Date: \_\_\_\_\_

Title: Interim CEO

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

Date: \_\_\_\_\_

LAURA H. WELCH, Clerk of the Board of  
Supervisors

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

Date: \_\_\_\_\_

Approved as to Legal Form:

JEAN-RENE BASLE, County Counsel  
San Bernardino County, California

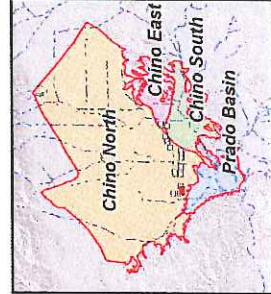
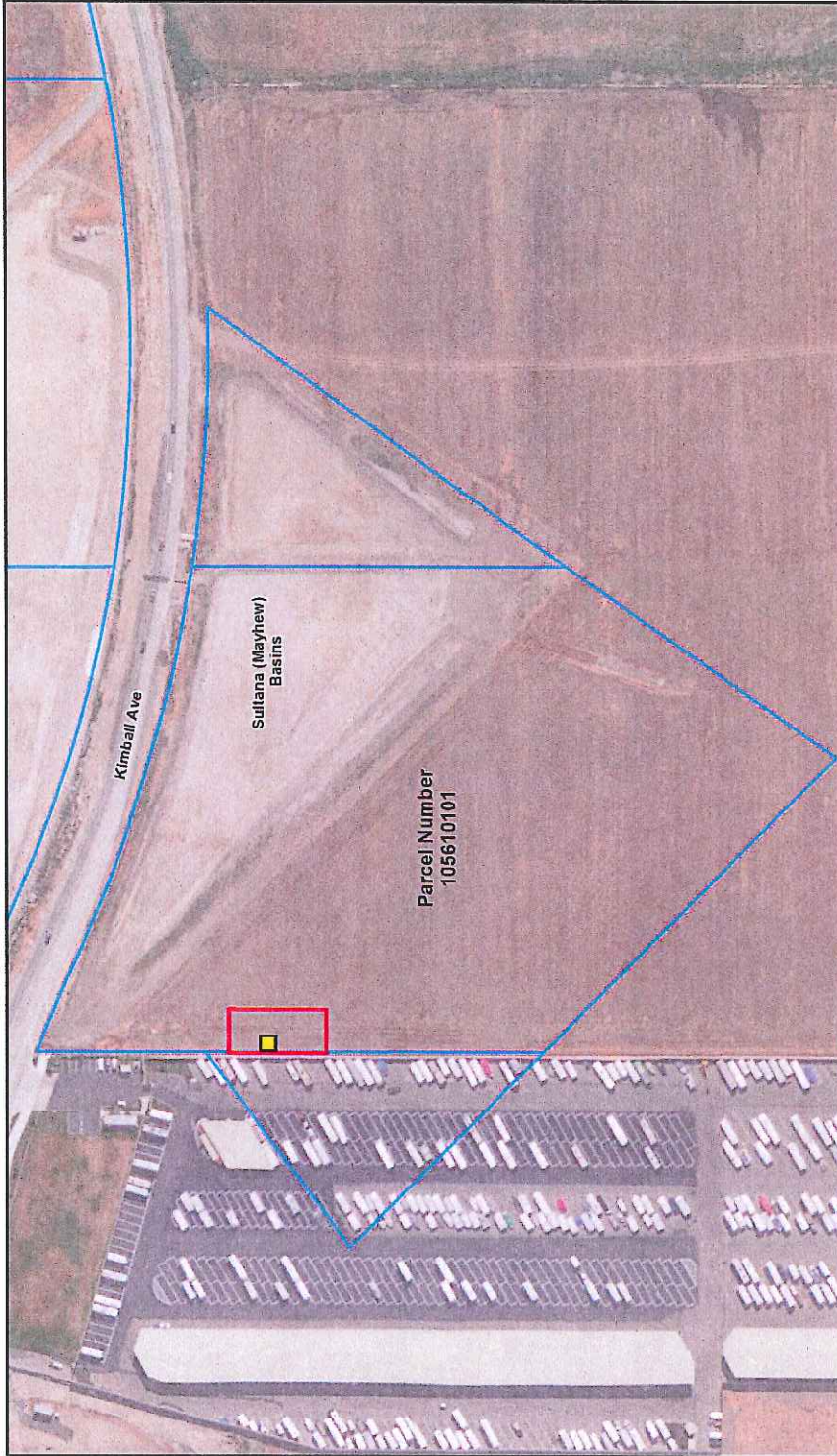
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Date: \_\_\_\_\_

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# EXHIBIT "A" PREMISES



Produced for:

Premises for the  
CCWF Extensometer Facility  
Exhibit "A"

- Approximate Temporary Construction Work Area  
60 by 130 feet
- Approximate Lease Area  
20 by 20 feet
- Parcels  
San Bernardino County Airport



Produced by:  
**WILDERMUTH**  
ENVIRONMENTAL, INC.  
www.wildermonthenvironmental.com

Author: TCR  
Date: 2/12/2011  
File: County\_Property\_Dec\_20111219.mxd



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EXHIBIT "B"  
IMPROVEMENTS

**Project Summary:** Drill one 17.5-inch diameter borehole to about 600 feet below the ground surface. Install and develop two 4-inch diameter PVC piezometers within the borehole. Install one cable extensometer within each piezometer. The well head completion will be about 4 feet underground within a 6 feet by 6 feet concrete vault that will be approximately flush with the ground surface. The extensometer instrumentation, a deep-cycle battery, and a data logger will be installed within vault.

**Project Location:** The approximate location for the facility is shown in Exhibit "A". The Assessor's Parcel Number for the property is 1056101010000.

**Construction Schedule:** The project is scheduled to begin in early March, 2012. The total time for construction will be approximately eight to eleven weeks:

- *Piezometers.* Borehole drilling and well construction will take approximately three to four weeks. This phase will include 24-hour per day work, and could include weekend work. Well development and wellhead completion will take approximately two to three weeks and will be conducted during daylight hours only.
- *Cable Extensometers.* Construction of the cable extensometers will take approximately three to four weeks immediately following the completion of the piezometers. This work will be conducted during weekdays and daylight hours only.

**Temporary Construction Work Area:** A temporary construction work area with an area of approximately 7,800 square feet (sq. ft.) and dimensions of at least 60 feet by 130 feet is required for the drilling rig and ancillary equipment during piezometer installation. The drilling rig mast height is approximately 65 feet above ground level. An area of approximately 900 sq. ft. and dimensions of approximately 30 feet by 30 feet is required for installation of the cable extensometer equipment.

**Final Lease Area and Final Facility Size:** The well head and monitoring equipment will be contained within a precast underground concrete vault with inside dimensions of approximately six feet long by six feet wide by four feet deep. The vault will have dual hinged doors that are traffic-rated to 16,000 pounds of wheel load. The vault will extend three to four inches above grade to allow for future settling so that surface water will drain away from the vault. If site conditions allow, four bollards will be installed near the corners of the vault. A permanent easement of approximately 400 sq. ft. and dimensions of approximately 20 feet by 20 feet is requested. The space above the easement should remain unoccupied so that the facility can be serviced using a crane or rig with a derrick, if necessary in the future.

**Long-term Facility Access:** Watermaster staff will visit the site periodically to download data and maintain the facility. Visits will take place on weekdays during daylight hours:

- Routine data retrieval and facility maintenance will take place one day per month for

approximately one to three hours. Access to the site will include the use of a pick-up truck or utility van.

- Infrequently, additional maintenance of the facility may be required. For example, well redevelopment may be necessary after several years of operation. Redevelopment rigs are typically about 20 feet long and have mast heights of 25 to 36 feet.

DRAFT

**EXHIBIT "C"**

**LIST OF FORMER COUNTY OFFICIALS**

INSTRUCTIONS: List the full name of the former COUNTY Administrative Official, the title/description of the Official's last position with the COUNTY, the date the Official terminated COUNTY employment, the Official's current employment and/or representative capacity with the TENANT, the date the Official entered TENANT's employment and/or representation.

OFFICIAL'S NAME:

REQUIRED INFORMATION

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# CHINO BASIN WATERMASTER

## II. BUSINESS ITEM

### E. APPLICATIONS FOR RECHARGE

1. **Consider Approval for Applications for Recharge -**  
The City of Upland has submitted an application for recharge for 9,500.000 acre-feet to be placed into a Local Supplemental Storage Account. Date of Application: November 29, 2011
2. **Consider Approval for Applications for Recharge -**  
San Antonio Water Company has submitted an application for a recharge for 2,000.000 acre-feet to be placed into a Local Supplemental Storage Account. Date of Application: December 1, 2011







# CHINO BASIN WATERMASTER

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

## STAFF REPORT

**DATE:** February 23, 2012  
**TO:** Board Members  
**SUBJECT:** City of Upland Application for Recharge

### SUMMARY

**Issue** – On November 29, 2011, the City of Upland submitted an application for a Local Storage Agreement for 9,500,000 acre-feet to be placed into a Local Supplemental Storage Account, inclusive of an Application for Recharge. Upland has requested prompt Watermaster action on its application. However, there are seven pending applications for Local Storage Agreements (collectively “Applications”) that have been deferred pending review of their contents for: (1) completeness; (2) consistency with the Peace II Measures and their relative priority; (3) analysis of Material Physical Injury; and (4) stakeholder input and a Watermaster determination on the general terms and conditions concerning Preemptive Replenishment Storage. The City of Upland application has been deemed complete and Wildermuth Environmental, Inc. has opined that the City of Upland application would not cause Material Physical Injury. However, there still remain open questions concerning the availability of Local Storage under present accounting (Second Amendment to the Peace Agreement), the relative priority among pending applications and the complete set of Preemptive Replenishment and Storage rules.

**Recommendation** – Approve the City of Upland’s Application for Recharge, exclusive of recycled water, and direct Watermaster to account for this supplemental water recharged in the City of Upland’s existing local supplemental storage account.

**Fiscal Impact** – Potential increases to recharge basin O&M costs.

### BACKGROUND

The Court approved the Peace Agreement, the Implementation Plan and the goals and objectives identified in the OBMP Phase I Report on July 13, 2000, and ordered Watermaster to proceed in a

manner consistent with the Peace Agreement. Under the Peace Agreement, Watermaster approval is required for applications to store, recapture, recharge or transfer water, as well as for applications for credits or reimbursements and storage and recovery programs.

On November 29, 2011, the City of Upland submitted Form 1, an Application for a Local Storage Agreement. The Application identifies the maximum quantity of the storage account to be 9,500.00 acre-feet to be placed into a Local Supplemental Storage Account. The Application states the purposes of storing the water is to stabilize or reduce further water costs/assessments, facilitate utilization of other available sources of supply, and to transfer to other parties.

The Application states that the method of placement in storage is via percolation/recharge and a Form 2 (Application for Recharge) was included. The Form 2 (attached for reference) states that the Upland Basin will be utilized. The Application states that the method and location of recapture from storage is transfer to another Party to the Judgment. At that point, the City of Upland and the other Party will need to submit appropriate water transfer forms.

On December 2, 2011, a Notice was issued for the City of Upland's Application for a Local Storage Agreement for 9,500.000 acre-feet to be placed into a Local Supplemental Storage Account. Inclusive of this Notice was their Application for Recharge for 9,500.000 acre-feet of Six Basins area groundwater, San Antonio Creek water, Cucamonga Basin groundwater, and IEUA recycled water through Upland Basin.

## **DISCUSSION**

The Application for a Local Storage Agreement, inclusive of the Application for Recharge, was placed on the December 8, 2011 Appropriative Pool, Non-Ag Pool, and Agricultural Pool meeting agendas. The applications were discussed extensively during the Pool meetings. The Appropriative Pool and Non-Ag Pool deferred the items. The Agricultural Pool took unanimous action to defer the Local Supplemental Storage Agreement, but to approve by majority vote the Application for Recharge. The issue was then discussed at the Advisory Committee and Board meeting. The Board directed Staff to analyze all of the pending Applications for Local Supplemental Storage Accounts for Material Physical Injury, and to agendize the Application for Recharge on the January Pool meetings.

The Material Physical Injury analysis was performed by Wildermuth Environmental, Inc., and was presented in all of the January Watermaster meetings as a receive and file action. Based on the Material Physical Injury analysis, there will be no Material Physical Injury from the proposed Application for the recharge of Six Basins area groundwater, San Antonio Creek water, and Cucamonga Basin groundwater. The recharge of recycled water at the Upland Basin is not covered in the existing Watermaster and IEUA recharge permit nor does the City of Upland currently possess a permit to recharge recycled water in the Upland Basin. The City will need to conduct investigations pursuant to the requirements of the Department of Public Health and the Regional Board and supply the results of this investigation to Watermaster prior to Watermaster completing a Material Physical Injury analysis for the recharge of recycled water. It is the understanding of Watermaster Staff that the City of Upland will not have the ability to recharge recycled water for a few years. Staff requests that the City of Upland submit applicable documents for the recharge of recycled water at an appropriate time in the future so that Watermaster may perform the necessary Material Physical Injury analysis on its potential impacts.

The Application for Recharge was again considered by each of the respective Pool committees on January 12, 2012. Each of the Pools approved unanimously the Recharge Applications for the City of Upland and San Antonio Water Company, exclusive of recycled water, and directed Watermaster to account for supplemental water recharged in the existing local supplemental storage accounts. Per the Watermaster Rules and Regulations, this Application must be scheduled for consideration by the Advisory Committee no earlier than thirty days from the date of the notice and a minimum of twenty-one calendar days after the last pool committee reviews it. The Application was therefore then considered by

the Advisory Committee on February 16, 2012, and the Advisory Committee took action to approve both Applications for Recharge as recommended by the Pools.

Once approved, the City of Upland may begin recharging the water as described in the application. However, the City of Upland is recharging the water at some risk because Watermaster's approval of the storage element of the Local Supplemental Storage Agreement is subject to further Watermaster determinations concerning: (1) the determination of available capacity for Local Supplemental Storage Agreements pursuant to Section 2 of the Second Amendment to the Peace Agreement (100,000 acre-foot cap); (2) the establishment of rules concerning the priority among competing applications for Local Supplemental Storage; and (3) the general terms and conditions applicable to Storage and Preemptive Replenishment in connection with the Recharge Master Plan. Accordingly until these determinations have been made, the storage and recovery of any water recharged by the City of Upland is not guaranteed. Moreover, no party with a pending application for Local Supplemental Storage Agreements will be prejudiced by Watermaster's conditional action on Upland's application.

**Actions:**

January 12, 2012 Appropriative Pool – Approved unanimously the Recharge Applications for the City of Upland and San Antonio Water Company Applications for Recharge exclusive of recycled water and to direct Watermaster to account for supplemental water recharged in the existing local supplemental storage account

January 12, 2012 Non-Agricultural Pool – Approved unanimously the Recharge Applications for the City of Upland and San Antonio Water Company exclusive of recycled water and account for the water in existing local supplemental storage accounts, subject to any changes which the Chair of the Non-Ag Pool and Chair of the Advisory Committee determines appropriate

January 12, 2012 Agricultural Pool – Approved unanimously the Recharge Applications for the City of Upland and San Antonio Water Company Applications for Recharge exclusive of recycled water and to direct Watermaster to account for supplemental water recharged in the existing local supplemental storage account

February 16, 2012 Advisory Committee – Approved unanimously the Recharge Applications for the City of Upland and San Antonio Water Company

February 23, 2012 Watermaster Board –

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**PUBLIC WORKS DEPARTMENT**  
1370 North Benson Avenue  
Upland, California 91786-0460  
Telephone (909) 291-2930  
Facsimile (909) 291-2974

November 29, 2011

Danielle D. Maurizio, PE, Senior Engineer, Interim CEO  
Chino Basin Watermaster  
9641 San Bernardino Rd.  
Rancho Cucamonga, CA. 91730

Subject: Local Storage Agreement, Chino Groundwater Basin

Dear Mrs. Maurizio:

This letter is the City of Upland's formal submission of the appropriate application for Local Storage Agreement (Form 1), application for recharge (Form 2), and request for a Standard Local Storage Agreement (Form 8). The City of Upland completed the construction of a large storm, supplemental/imported water recharge basin (Upland Basin) located approximately on the south east corner of Monte Vista Avenue and Arrow Route through a significant investment by its local community. The City has allowed Chino Basin Watermaster to use the Upland Basin for the benefit of the regional recharge program.

The City of Upland makes this request to exercise and use its Upland Basin for recharge of local non-native water resources up to 9,500AF, which it has as part of its water resource supply portfolio. These local non-native water supplies include the City's direct water and water through its shareholder entitlement and partnerships with San Antonio Water Company and West End Consolidated Water Company, and Inland Empire Utilities Agency. These non-native local water supplies include water resources from San Antonio Canyon, Six Basins, and Cucamonga Basin. The recharge of this local non-native water is consistent with the groundwater recharge objectives, increase reliability of local water supplies, and reduced dependence on imported water. Furthermore, these local water supplies are of high water quality improving the overall long-term water quality characteristics in the Chino Groundwater Basin.

Pursuant to the judgment and supplemental filings "Watermaster shall approve the storage of Supplemental water under a Local Storage Agreement" so long as:

- (1) The total quantity of Supplemental Water authorized to be held in Local Storage under all then existing Local storage Agreement, other than amounts classified as Supplemental water under the procedures set forth in Article VII Section 8.1, for all parties does not exceed the cumulative total of 100,000 AF (Peace II Provision);
- (2) The party to the judgment making the request provides their own Recharge facilities for the purpose of placing the Supplemental Water into Local Storage (Upland Basin);
- (3) The agreement will not result in Material Physical Injury to any party to the judgment or the basin. Watermaster may approve a proposed agreement with conditions that mitigate any threatened potential Material Physical Injury.

It is anticipated, this storage will be used to assist parties to the judgment in their groundwater production or over production replenishment obligations.


**City of Upland**

460 North Euclid Avenue, Upland, CA 91786-4732 • (909) 931-4100 • Fax (909) 931-4123 • TDD (909) 735-2929 • [www.ci.upland.ca.us](http://www.ci.upland.ca.us)

For the aforementioned reasons, this request is consistent with the basin management objectives and development of local high quality water supply.

I look forward to the positive and timely prosecution of these applications, as the City would like to commence recharge activities at this location. Should you require additional information or a clarification on these submittals please contact me at (909) 291-2931.

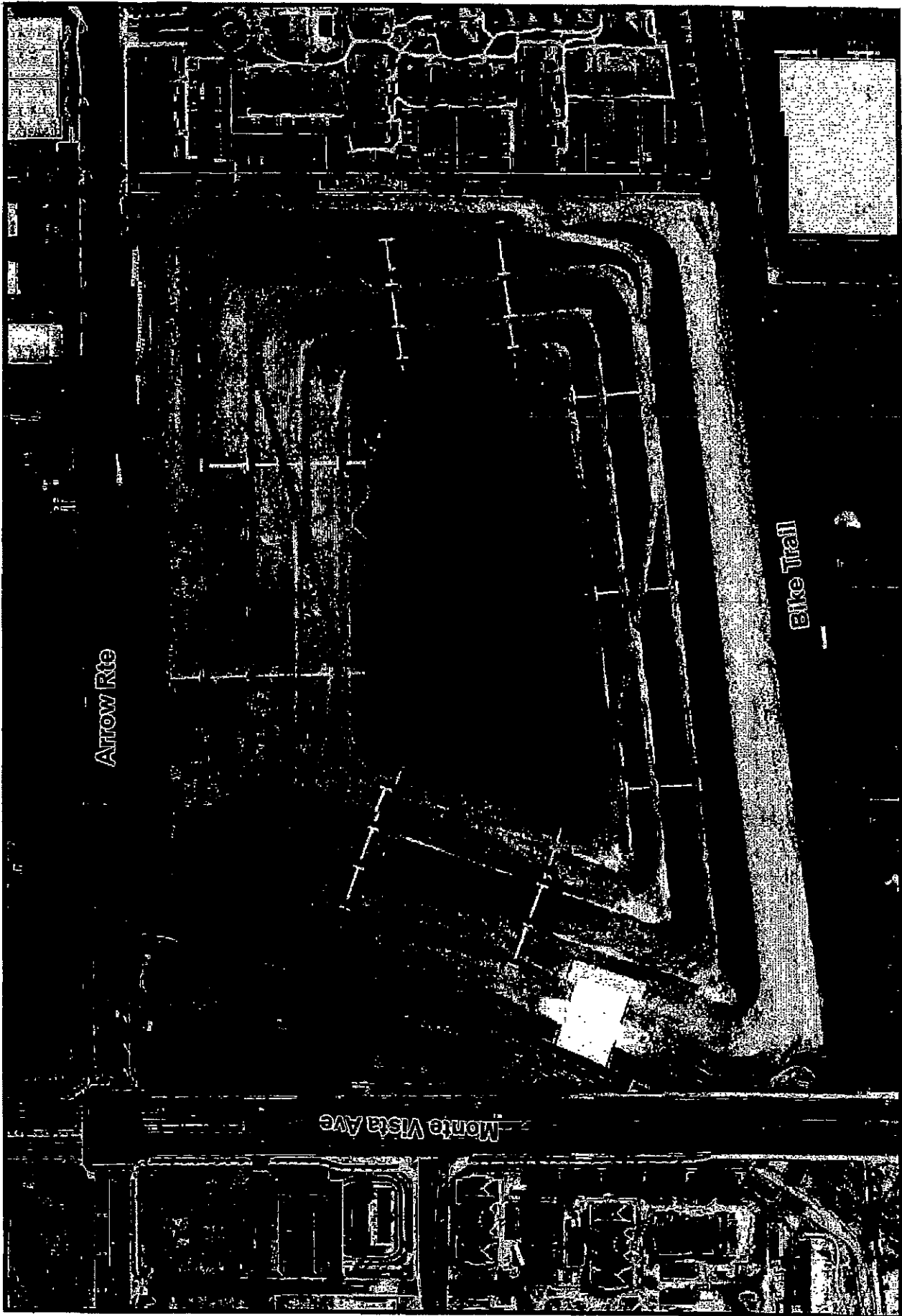
Sincerely,

  
Rosemary Hearn, PE  
Public Works Director/City Engineer  
City of Upland

Att. Form 1 Application for Local Storage Agreement  
Form 2 Application for Recharge & Location Map  
Form 8 Chino Basin Watermaster, Standard Local Storage Agreement

cc: Ken Willis, Chino Basin Watermaster Chair  
Stephen Dunn, City Manager





# Upland Basin



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APPLICATION  
FOR  
RECHARGE

APPLICANT

City of Upland			11/29/11	
Name of Party			Date Requested	Date Approved
460 N. Euclid Ave.			9,500	
Street Address			Amount Requested	Amount Approved
Upland	CA	91786	1 Foot Per day	Varies
City	State	Zip Code	Projected Rate of Recharge	Projected Duration of Recharge
Telephone: 909-291-2931			Facsimile: 909-291-2974	

SOURCE OF SUPPLY

Water from:

- State Water Project
- Colorado River
- Local Supplemental Upland/SAW Co-Six Basins, San Antonio Canyon, and Cucamonga Basin
- Recycled Water Source: Water and IEUA Recycled Water
- Other, explain

METHOD OF RECHARGE

<input checked="" type="checkbox"/> PERCOLATION	Basin Name	Upland Basin
	Location	SEC Monte Vista Ave. & Arrow Rte., Upland
<input type="checkbox"/> INJECTION	Well Number	N.A.
	Location (attach map)	
<input type="checkbox"/> EXCHANGE	Facility Name	Upland Basin
	Share of Safe Yield	5.202%
	Carry Over Right	Per Judgement
	Water in Storage	
	Pumping Capacity (cfs)	

WATER QUALITY AND WATER LEVELS

What is the existing water quality and what are the existing water levels in the areas that are likely to be affected?

Recharge water will be high quality. Groundwater levels will be similar, as this is an existing recharge basin facility

**MATERIAL PHYSICAL INJURY**

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

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**ADDITIONAL INFORMATION ATTACHED**

Yes [✓] No [ ]

*Rosemary Heermans*  
Applicant, City of Upland

**TO BE COMPLETED BY WATERMASTER:**

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: \_\_\_\_\_

DATE OF APPROVAL FROM AGRICULTURAL POOL: \_\_\_\_\_

DATE OF APPROVAL FROM APPROPRIATIVE POOL: \_\_\_\_\_

HEARING DATE, IF ANY: \_\_\_\_\_

DATE OF ADVISORY COMMITTEE APPROVAL: \_\_\_\_\_

DATE OF BOARD APPROVAL: \_\_\_\_\_ Agreement # \_\_\_\_\_



# CHINO BASIN WATERMASTER

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

## STAFF REPORT

**DATE:** February 23, 2012  
**TO:** Board Members  
**SUBJECT:** San Antonio Water Company Application for Recharge

### SUMMARY

**Issue** – On December 1, 2011, the San Antonio Water Company (SAWCO) submitted an application for a Local Storage Agreement for 2,000,000 acre-feet to be placed into a Local Supplemental Storage Account, inclusive of an Application for Recharge. SAWCO has requested prompt Watermaster action on its application. However, there are seven pending applications for Local Storage Agreements (collectively “Applications”) that have been deferred pending review of their contents for: (1) completeness; (2) consistency with the Peace II Measures and their relative priority; and (3) analysis of Material Physical Injury; and (4) stakeholder input and a Watermaster determination on the general terms and conditions concerning Preemptive Replenishment, Storage. The SAWCO application has been deemed complete and Wildermuth Environmental, Inc. has opined that the SAWCO application would not cause Material Physical Injury. However, there still remain open questions concerning the availability of Local Storage under present accounting (Second Amendment to the Peace Agreement), the relative priority among pending applications and the complete set of Preemptive Replenishment and Storage rules.

**Recommendation** – Approve SAWCO’s Application for Recharge and direct Watermaster to account for this supplemental water recharged in SAWCO’s existing local supplemental storage account.

**Fiscal Impact** – Potential increases to recharge basin O&M costs.

### BACKGROUND

The Court approved the Peace Agreement, the Implementation Plan and the goals and objectives identified in the OBMP Phase I Report on July 13, 2000, and ordered Watermaster to proceed in a manner consistent with the Peace Agreement. Under the Peace Agreement, Watermaster approval is

required for applications to store, recapture, recharge or transfer water, as well as for applications for credits or reimbursements and storage and recovery programs.

On December 1, 2011, SAWCO submitted Form 1, an Application for a Local Storage Agreement. The Application identifies the maximum quantity of the storage account to be 2,000.00 acre-feet to be placed into a Local Supplemental Storage Account. The Application states the purpose of storing the water is to preserve pumping right for a changed future potential use.

The Application states that the method of placement in storage is via percolation/recharge and a Form 2 (Application for Recharge) was included. The Form 2 (attached for reference) states that the Upland and Montclair 1 Basins will be utilized. The Application does not state the method and location of recapture. At the time of recapture, SAWCO will need to submit appropriate water forms.

On December 2, 2011, a Notice was issued for SAWCO's Application for a Local Storage Agreement for 2,000.000 acre-feet to be placed into a Local Supplemental Storage Account. Inclusive of this Notice was their Application for Recharge for 1,500.000 acre-feet of San Antonio Creek water through Upland and Montclair 1 Basins.

## DISCUSSION

The Application for a Local Storage Agreement, inclusive of the Application for Recharge, was placed on the December 8, 2011 Appropriative Pool, Non-Ag Pool, and Agricultural Pool meeting agendas. The Application was discussed extensively during the Pool meetings. The Appropriative Pool and Non-Ag Pool deferred the item. The Agricultural Pool took unanimous action to defer the Local Supplemental Storage Agreement, but to approve by majority vote the Application for Recharge. The issue was then discussed at the Advisory Committee and Board meeting. The Board directed Staff to analyze all of the pending Applications for Local Supplemental Storage Accounts for Material Physical Injury, and to amend the Application for Recharge on the January Pool meetings.

The Material Physical Injury analysis was performed by Wildermuth Environmental, Inc., and was presented in all of the January Watermaster meetings as a receive and file action. Based on the Material Physical Injury analysis, there will be no Material Physical Injury from the proposed Application for the recharge of San Antonio Creek water.

The Application for Recharge was again considered by each of the respective Pool committees on January 12, 2012. Each of the Pools approved unanimously the Recharge Applications for the City of Upland and San Antonio Water Company, exclusive of recycled water, and directed Watermaster to account for supplemental water recharged in the existing local supplemental storage accounts. Per the Watermaster Rules and Regulations, this Application must be scheduled for consideration by the Advisory Committee no earlier than thirty days from the date of the notice and a minimum of twenty-one calendar days after the last pool committee reviews it. The Application was therefore then considered by the Advisory Committee on February 16, 2012, and the Advisory Committee took action to approve both Applications for Recharge as recommended by the Pools.

Once approved, SAWCO may begin recharging the water as described in the application. However, SAWCO is recharging the water at some risk because Watermaster's approval of the storage element of the Local Supplemental Storage Agreement is subject to further Watermaster determinations concerning: (1) the determination of available capacity for Local Supplemental Storage Agreements pursuant to Section 2 of the Second Amendment to the Peace Agreement (100,000 acre-foot cap); (2) the establishment of rules concerning the priority among competing applications for Local Supplemental Storage; and (3) the general terms and conditions applicable to Storage and Preemptive Replenishment in connection with the Recharge Master Plan. Accordingly until these determinations have been made, the storage and recovery of any water recharged by SAWCO is not guaranteed. Moreover, no party with a pending application for Local Supplemental Storage Agreements will be prejudiced by Watermaster's conditional action on SAWCO's application.



**Actions:**

January 12, 2012 Appropriative Pool – Approved unanimously the Recharge Applications for the City of Upland and San Antonio Water Company Applications for Recharge exclusive of recycled water and to direct Watermaster to account for supplemental water recharged in the existing local supplemental storage account

January 12, 2012 Non-Agricultural Pool – Approved unanimously the Recharge Applications for the City of Upland and San Antonio Water Company exclusive of recycled water and account for the water in existing local supplemental storage accounts, subject to any changes which the Chair of the Non-Ag Pool and Chair of the Advisory Committee determines appropriate

January 12, 2012 Agricultural Pool – Approved unanimously the Recharge Applications for the City of Upland and San Antonio Water Company Applications for Recharge exclusive of recycled water and to direct Watermaster to account for supplemental water recharged in the existing local supplemental storage account

February 16, 2012 Advisory Committee – Approved unanimously the Recharge Applications for the City of Upland and San Antonio Water Company

February 23, 2012 Watermaster Board –

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# San Antonio Water Company

Incorporated October 25, 1882

Serving the original Ontario Colony lands

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December 1, 2011

Ms. Danni Maurizio  
Interim General Manager  
Chino Basin Watermaster  
9641 San Bernardino Road  
Rancho Cucamonga, CA 91730

**SUBJECT: Application for Local Storage Agreement & Recharge**

Dear Danni:

Enclosed are the forms for the San Antonio Water Company's application for a Local Storage Agreement and Recharge into Chino Basin via Upland Basin or Montclair Basin 1 off of the San Antonio Channel.

We ask that you process our application for the Pool's approval. If you have any questions, please call me at 909.982.4107.

Sincerely,

Charles Moorrees  
General Manager  
/cm

Cc: File

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APPLICATION FOR RECHARGE

APPLICANT

SAN ANTONIO WATER CO.  
Name of Party

12-1-11  
Date Requested

Date Approved

139 N. EUCLID AVE.  
Street Address

1,500 Acre-feet  
Amount Requested

Acre-feet  
Amount Approved

LIPLAND CA 91786  
City State Zip Code

250 AF/MONTH  
Projected Rate of Recharge

JAN - JUNE  
Projected Duration of Recharge

Telephone: 909.982.4107

Facsimile: 909.920.3047

SOURCE OF SUPPLY

Water from:

- State Water Project
- Colorado River
- Local Supplemental
- Recycled Water
- Other, explain

Source: SAN ANTONIO CREEK

SAN ANTONIO WATER COMPANY ENJOYS A MAJORITY OF SURFACE WATER RIGHTS IN THE CREEK

METHOD OF RECHARGE

PERCOLATION

Basin Name LIPLAND BASIN & MONTCLAIR BASIN

Location SE MONTE VISTA & ARROW / B/O SA CHANNEL / S/O ARROW HWY.

INJECTION

Well Number

Location (attach map)

EXCHANGE

Facility Name

Share of Safe Yield

Carry Over Right

Water in Storage

Pumping Capacity (cfs)

WATER QUALITY AND WATER LEVELS

What is the existing water quality and what are the existing water levels in the areas that are likely to be affected?

EXCELLENT WATER QUALITY FROM THE SA CREEK WATERSHED. (WATERSHED SANITARY SURVEY FINDINGS & CONCLUSIONS ARE ATTACHED) POSITIVE AFFECT ON WATER LEVELS IN MZ 1.

**MATERIAL PHYSICAL INJURY**


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

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**ADDITIONAL INFORMATION ATTACHED**

Yes [X] No [ ]

  
Applicant CHARLES MOORREES

- SAN ANTONIO CREEK SANITARY SURVEY FINDINGS & CONCLUSIONS
- UPLAND & MONTCLAIR BASIN

**TO BE COMPLETED BY WATERMASTER:**

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: \_\_\_\_\_

DATE OF APPROVAL FROM AGRICULTURAL POOL: \_\_\_\_\_

DATE OF APPROVAL FROM APPROPRIATIVE POOL: \_\_\_\_\_

HEARING DATE, IF ANY: \_\_\_\_\_

DATE OF ADVISORY COMMITTEE APPROVAL: \_\_\_\_\_

DATE OF BOARD APPROVAL: \_\_\_\_\_ Agreement # \_\_\_\_\_



## SECTION 6

# WATERSHED SANITARY SURVEY FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

### FINDINGS

1. The monitoring of the watershed as recommended in the 2000 WSS has been performed and it is clear that cryptosporidium and giardia concentrations in San Antonio Creek are very low. So low that the City of Pomona's Pedley Filtration Plant has been given a "Bin1" classification under L2ESWTR.
2. The general mineral water quality of San Antonio Creek has not changed measurably since 1994 as shown in Table 4-2c presented in Section 4
3. Average monthly raw water turbidity in San Antonio Creek as determined by measurements at Pomona's Pedley Water Treatment Plant has not changed significantly from the previous period, though turbidity in 2001-2005 was higher than previous years. This is likely due to the Grand Prix Fire.
4. Average monthly total coliform levels in San Antonio Creek as determined by measurements at Pomona's Pedley Water Treatment Plant have changed significantly for the better from the 1995-99 period. This can be seen in Figure 4-9a.
5. Average monthly fecal coliform levels in San Antonio Creek as determined by measurements at Pomona's Pedley Water Treatment Plant have not changed significantly from previous periods. See Figure 4-9b.
6. Average monthly HPC levels in San Antonio Creek as determined by measurements at Pomona's Pedley Water Treatment Plant were higher in 2001 - 2005 than previous 5-year periods and the 2006 - 2010 period. See Figure 4-9c.
7. Evey Canyon intake to the City of Pomona's pipeline appears to a significant source of coliform and E. coli. The source of these microorganisms is not known. There are recommendations for increased monitoring of the this area to determine the possible sources. See Figures 4-11a and b. It is also noteworthy to look at Figures 4-19a and 4-19b. The total coliform concentration at SACWTP is substantially less than that measured at Evey Canyon and the Pedley Filtration Plant raw water inlet. The SACWTP source is the 60/40 weir box. This further supports the finding that Evey Canyon is a significant source of coliform found in the Pedley Filtration Plant inlet raw water.
8. THM and HAA5 levels in the treated water are well below the Disinfectant and Disinfection by-product rule requirements for both the Cities of Pomona and Upland. HAA5 concentrations are well below the MCL, even with the LRAA method of computation. TTHM concentrations were also well below the MCL even with the LRAA method of computation. See Table 4-4a, 4-4b, 4-7a, and 4-7b.
9. The City of Upland made major reductions in the TTHM concentration in the distribution system between the 2001-2005 period and the 2006-2010 period. See Tables 4-7a, and 4-7b

10. Recreational activities in the watershed continue to be a concern particularly as they relate to disposal of trash.
11. Septic tanks and subsurface wastewater disposal systems continue to exist and still pose a threat to water quality. Some could be impacted by high flood flows. The largest of the systems (portion of Mt. Baldy Village and Mt. Baldy School) are now under a Regional Water Quality Control Board Waste Discharge Permit which requires regular monitoring and reporting.
12. The SACMSC has made improvements to the wastewater disposal system for the portion of the Mt. Baldy Village which is served by the company. This included an "all gravity" system from Inlet to disposal which will minimize spills and overflows. The installation of the Pirana™ system has immensely improved the quality of the effluent which is percolated in the leach field.
13. Watershed signage which was recommended in the 2000 WSS has not been installed. The terrorist attacks on 9/11/01 forced water suppliers to think of security and not call attention to the fact that the creek is a source of water. The USFS has implemented a programs of "Leave No Trace" and "Tread Lightly" to educate the public to "pick up after themselves.
14. The City of Pomona and City of Upland water treatment plants will comply with the Stage 2 Disinfectant and Disinfection by-products rule and the Long Term 2 Enhanced Surface Water Treatment Rule.
15. The USFS has extended the leases of the private cabins on public lands for another 20 years. There are still concerns over the "permanent occupancy" of some of the cabins. The USFS reports that a prevention officer visits the cabins semi-annually to check on brush clearance and the USFS states that officer would also note any water quality issues. A follow-up for compliance is made. The Cities, SAWCO or the Watershed Committee however are not notified of the compliance orders. The USFS should make sure the prevention and compliance personnel are trained in observing conditions that could impact water quality.
16. The San Antonio Watershed Committee meets bi-monthly to discuss matters of mutual interest in the watershed.
17. Recreational use of the watershed is continuing at a high level. The imposition of the USFS \$5 use fee has not brought about a permanent reduction in recreational activities.
18. Permanent vault toilets have been constructed at Manker Campground and at the end of the road at Ice House Canyon. Portable toilets were observed at the ski area parking lot.
19. The "Friends of the River" have proposed making a portion of San Antonio Creek from the falls to its headwaters as "WILD and SCENIC." This will protect the area but not impact its recreational use.

## CONCLUSIONS

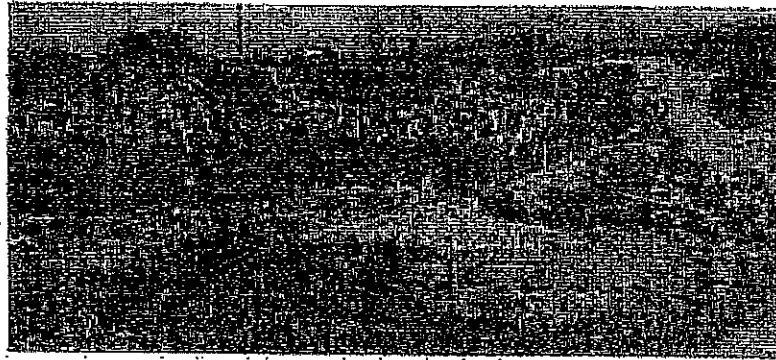
1. Water quality in San Antonio Creek continues to be of relatively high quality.

2. Microbiological contamination of the watershed is not showing any increasing trends. The City of Pomona's Evey Canyon intake appears to be a significant source of coliform.
3. Giardia and cryptosporidium concentrations in San Antonio Creek are minimal and the costly sampling could be reduced significantly.
4. The San Antonio Watershed Committee should continue their bimonthly meetings and their watershed activities.

## RECOMMENDATIONS

1. The cryptosporidium and giardia monitoring currently carried out at the Upper, Middle, Lower Intake and Ice House Canyon should be reduced to once every 2 years.
2. The City of Pomona should carefully monitor the total coliform and E. coli in the Evey Canyon intake and try to identify the sources if possible.
3. The USFS should keep the Watershed Committee (and the Agencies) informed of their inspections of the cabins and compliance orders.
4. The Watershed Committee should receive copies of the reports prepared by the SACMSC for the Regional Water Quality Control Board.
5. The intake pipelines, including the SCE pipelines should be inspected on an annual basis, preferably after the heavy spring runoff season. (This was one of the recommendations in the 1995 WSS and should be discussed at the Watershed meetings since SCE is a member of the Committee.)
6. A mechanism needs to be put in place, if it is not already in place, to alert the Agencies of vehicle accidents which could discharge chemicals or contaminants into the watercourse. (This was one of the recommendations in the 1995 WSS.)
7. The Agencies in conjunction with the USFS should continue and, if possible, expand their public education program of the need to protect the San Antonio Creek watershed. (This was one of the recommendations in the 1995 WSS.)
8. The County of Los Angeles and the County of San Bernardino Building and Safety Departments should notify the Watershed Committee when there are modifications or replacements of existing septic tank systems or any new systems installed or failure or overflow of existing systems.
9. The USFS should locate the septic tank and leach field at the Lower San Antonio Fire Station at Shinn Road and provide the Watershed Committee with a report on when it is pumped.
10. The USFS should require special use cabin owners (or the septic tank pumpers) to provide records to the USFS when these cabin septic tanks are pumped. These reports should be provided to the Watershed Committee on an annual basis.
11. There needs to be communication between the Los Angeles County Department of Public Works Crews and Contractors when they are planning on working in the Creek as the impact on the water supply intakes from the turbidity is significant.

### Upland Basin



#### Location

Management Zone No. 1

Upland Basin is located in the southeast corner of Monte Vista Avenue and Arrow Route in the City of Montclair, California.

#### Ownership

City of Upland

#### Potential Recharge Water Supply Sources

- \* Storm Water
- \* Recycled Water
- \* Imported Water (SWP)

#### Effective Spreading Area

10.1 acres

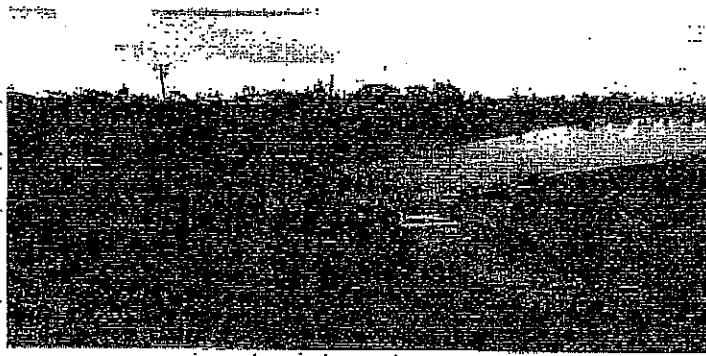
#### Percolation Rate

3.0 ft/day

#### Description

Upland Basin was once a quarry mining area. There exists one inlet for local runoff into the basin. There are no outlets for the basin.

### Montclair Basins



#### Location

Management Zone No. 1

Montclair Basins consists of four basins (M1-M4) located in series to the east of San Antonio Channel between Arrow Highway and San Bernardino Avenue.

#### Ownership

Chino Basin Water Conservation District

#### Potential Recharge Water Supply Sources

- Storm Water Captured from the San Gabriel Mountain Watersheds
- Recycled Water
- Imported Water (SWP)

#### Effective Spreading Area

Montclair 1	6.8 acres
Montclair 2	10.9 acres
Montclair 3	3.9 acres
Montclair 4	6.6 acres

#### Percolation Rate

Montclair 1	2.0 ft/day
Montclair 2	2.5 ft/day
Montclair 3	1.5 ft/day
Montclair 4	1.0 ft/day

#### Description

Montclair 1 (M1) receives water from the San Antonio channel via a drop inlet structure and 48-inch RCP. There are two additional storm water inlets for M1. A 24-inch gate outlet and a spillway structure convey flows underneath Moreno Avenue from M1 to Montclair 2 (M2).

In addition to the inlet structure from M1, there is also a 36-inch diameter storm water inlet into the spreading basin. On the west side of the basin is a low-flow outlet and an overflow, concrete spillway that leads into San Antonio Channel. The outlet structure conveying flows to Montclair 3 (M3) consists of two 36-inch diameter pipes that run beneath San Jose Avenue.

In addition to the inlet structure from M2, an open channel delivers storm water runoff from Montclair Plaza and the surrounding areas. There is an overflow spillway that conveys water under I-10 and into San Antonio Channel. An 8-foot by 6-foot outlet box delivers water to Montclair 4 (M4).

In addition to the inlet structure from M3, there is also a 16-inch diameter storm water inlet. A concrete, rectangular, outlet structure at the south end of the basin delivers water to San Antonio Channel.

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# CHINO BASIN WATERMASTER

## IV. INFORMATION

1. Cash Disbursements for January 2012



CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of  
As of January 31, 2012

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt - Check Bill	01/10/2012 11/30/2011	15682	AMERON	3rd of 4 payments 3rd of 4 payments, beginning 1/2010	1012 · Bank of America Gen'l Ckg 5105 · Purchase of Non-Ag Pool Water	109,071.65 109,071.65
TOTAL						
Bill Pmt - Check Bill	01/10/2012 12/31/2011	15683 2040	APPLIED COMPUTER TECHNOLOGIES	2040 Database Services - December 2011	1012 · Bank of America Gen'l Ckg 6052.2 · Applied Computer Technol	1,984.10 1,984.10
TOTAL						
Bill Pmt - Check Bill	01/10/2012 11/30/2011	15684	AQUA CAPITAL MANAGEMENT LP	3rd of 4 payments 3rd of 4 payments, beginning 1/2010	1012 · Bank of America Gen'l Ckg 5105 · Purchase of Non-Ag Pool Water	503,912.94 503,912.94
TOTAL						
Bill Pmt - Check Bill	01/10/2012 12/31/2011	15685 0023230253	ARROWHEAD MOUNTAIN SPRING WATER	0023230253 Office Water Bottle - December 2011	1012 · Bank of America Gen'l Ckg 6031.7 · Other Office Supplies	26.65 26.65
TOTAL						
Bill Pmt - Check Bill	01/10/2012 11/30/2011	15686	AUTO CLUB SPEEDWAY	3rd of 4 payments 3rd of 4 payments, beginning 1/2010	1012 · Bank of America Gen'l Ckg 5105 · Purchase of Non-Ag Pool Water	78,446.24 78,446.24
TOTAL						
Bill Pmt - Check Bill	01/10/2012 11/30/2011	15687 444585	BROWNSTEIN HYATT FARBEN SCHRECK	444585 - BHFS Legal - Appropriative Pool 444585 - BHFS Legal - Agricultural Pool 444585 - BHFS Legal - Non-Ag Pool 444585 - BHFS Legal - Advisory Committee 444585 - BHFS Legal - Board Meeting 444585 - BHFS Legal - Restated Judgment 444585 - BHFS Legal - Personnel Matters 444585 - BHFS Legal - Interagency Issues 444585 - BHFS Legal - Replenishmnt Water 444585 - BHFS Legal - Miscellaneous 444585 - Recharge Master Plan	1012 · Bank of America Gen'l Ckg 8375 · BHFS Legal - Appropriative Pool 8475 · BHFS Legal - Agricultural Pool 8575 · BHFS Legal - Non-Ag Pool 6275 · BHFS Legal - Advisory Committee 6375 · BHFS Legal - Board Meeting 6072 · BHFS Legal - Restated Judgment 6073 · BHFS Legal - Personnel Matters 6074 · BHFS Legal - Interagency Issues 6075 · BHFS Legal - Replenishmnt Water 6078 · BHFS Legal - Miscellaneous 6907.39 · Recharge Master Plan	2,190.15 2,190.15 1,586.15 4,833.00 4,761.00 355.50 4,606.20 631.80 8,376.30 3,712.62 2,947.95
Bill	11/30/2011	444586		444586 - BHFS Legal - Personnel Matters	6073 · BHFS Legal - Personnel Matters	16,900.65
Bill	11/30/2011	444587		444587 - Santa Ana River Water Rights	6907.34 · Santa Ana River Water Rights	1,979.84
Bill	11/30/2011	444588		444588 - Desalter Negotiations	6907.33 · Desalter Negotiations	777.15
Bill	11/30/2011	444589		444589 - Paragraph 31 Motion	6907.35 · Paragraph 31 Motion	462.15
TOTAL						56,320.61
Bill Pmt - Check Bill	01/10/2012 12/31/2011	15688 1394905143	CALPERS	1394905143 Medical Premiums - January 2012	1012 · Bank of America Gen'l Ckg 60182.1 · Medical Insurance	5,899.48 5,899.48
TOTAL						

TOTAL 177

Type	Date	Numb	Name	Memo	Account	Paid Amount
Bill Pmt -Check	01/10/2012	15689	CSI	3rd of 4 payments	1012 - Bank of America Gen'l Ckg	175,900.55
Bill	11/30/2011			3rd of 4 payments, beginning 1/2010	5105 - Purchase of Non-Ag Pool Water	175,900.55
TOTAL						
Bill Pmt -Check	01/10/2012	15690	DE BOOM, NATHAN	AG Pool Member Meeting Compensation	1012 - Bank of America Gen'l Ckg	125.00
Bill	12/08/2011	12/08 Ag Pool Mtg		12/08/11 Ag Pool Meeting	8470 - Ag Meeting Attend -Special	125.00
TOTAL						
Bill Pmt -Check	01/10/2012	15691	DGO AUTO DETAILING	Wash 3 trucks on 12/14/11	1012 - Bank of America Gen'l Ckg	75.00
Bill	12/19/2011				6177 - Vehicle Repairs & Maintenance	75.00
TOTAL						
Bill Pmt -Check	01/10/2012	15692	DIRECTV	019447404	1012 - Bank of America Gen'l Ckg	86.99
Bill	12/31/2011	019447404		Direct TV Service for 12/19/11-01/18/12	6031.7 - Other Office Supplies	86.99
TOTAL						
Bill Pmt -Check	01/10/2012	15693	ELIE, STEVEN	12/15/11 Board Meeting	1012 - Bank of America Gen'l Ckg	125.00
Bill	12/15/2011	12/15 Board Mtg		12/15/11 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						
Bill Pmt -Check	01/10/2012	15694	FEENSTRA, BOB	12/08/11 Ag Pool Meeting	1012 - Bank of America Gen'l Ckg	125.00
Bill	12/08/2011	12/08 Ag Pool Mtg		12/08/11 Ag Pool Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	12/13/2011	12/13 Personnel Comm		12/13/11 Personnel Committee Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	12/15/2011	12/15 Advisory Comm		12/15/11 Advisory Committee Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	12/15/2011	12/15 Board Mtg		12/15/11 Board Meeting	8470 - Ag Meeting Attend -Special	125.00
TOTAL						500.00
Bill Pmt -Check	01/10/2012	15695	GENON WEST LP	3rd of 4 payments	1012 - Bank of America Gen'l Ckg	334,722.24
Bill	11/30/2011			3rd of 4 payments, beginning 1/2010	5105 - Purchase of Non-Ag Pool Water	334,722.24
TOTAL						
Bill Pmt -Check	01/10/2012	15696	HALL, PETE*	12/15/11 Land Subsidence Meeting	1012 - Bank of America Gen'l Ckg	125.00
Bill	12/15/2011	12/15 Meeting		12/15/11 Land Subsidence Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	12/15/2011	12/15 Advisory Comm		12/15/11 Advisory Committee Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	12/15/2011	12/15 Board Mtg		12/15/11 Board Meeting	8470 - Ag Meeting Attend -Special	125.00
TOTAL						375.00
Bill Pmt -Check	01/10/2012	15697	HAUGHEY, TOM	12/15/11 Board Meeting	1012 - Bank of America Gen'l Ckg	125.00
Bill	12/15/2011	12/15 Board Mtg		12/15/11 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						
Bill Pmt -Check	01/10/2012	15698	HSBC BUSINESS SOLUTIONS	7003-7309-1000-2744	1012 - Bank of America Gen'l Ckg	627.09
Bill	12/31/2011	7003730910002744		Miscellaneous office supplies	6031.7 - Other Office Supplies	627.09
TOTAL						

CHINO BASIN WATERMASTER  
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Type	Date	Num	Name	Memo	Account	Paid Amount
TOTAL						627.09
Bill Pmt -Check	01/10/2012	15699	HUITSING, JOHN	Ag Pool Member Compensation	1012 · Bank of America Gen'l Ckg	
Bill	12/08/2011	12/08 Ag Pool Mtg		12/08/11 Ag Pool Meeting	8470 · Ag Meeting Attend -Special	125.00
TOTAL						125.00
Bill Pmt -Check	01/10/2012	15700	INLAND EMPIRE UTILITIES AGENCY	90008862	1012 · Bank of America Gen'l Ckg	552.90
Bill	12/31/2011	90008862		Readiness to Serve charges	8456 · IEUA Readiness To Serve	552.90
TOTAL						552.90
Bill Pmt -Check	01/10/2012	15701	JAMES JOHNSTON	249	1012 · Bank of America Gen'l Ckg	855.00
Bill	12/31/2011	249		Website Consulting - December 2011	6052.3 · Website Consulting	855.00
TOTAL						855.00
Bill Pmt -Check	01/10/2012	15702	JESKE, KEN	12/15/2011 Board Meeting	1012 · Bank of America Gen'l Ckg	125.00
Bill	12/15/2011	12/15 Board Mtg		12/15/2011 Board Meeting	6311 · Board Member Compensation	125.00
TOTAL						125.00
Bill Pmt -Check	01/10/2012	15703	KOOPMAN, GENE	AG Pool Member Meeting Compensation	1012 · Bank of America Gen'l Ckg	25.00
Bill	12/08/2011	12/08 Ag Pool Mtg		12/08/11 Ag Pool Meeting	8411 · Compensation	25.00
				AG Pool Member Meeting Compensation	8470 · Ag Meeting Attend -Special	100.00
TOTAL						125.00
Bill Pmt -Check	01/10/2012	15704	KUHN, BOB	12/08/11 Appropriative Pool Meeting	1012 · Bank of America Gen'l Ckg	125.00
Bill	12/08/2011	12/08 Appro Pool Mtg		12/12/11 Administrative Meeting	6311 · Board Member Compensation	125.00
Bill	12/12/2011	12/12 Admin Mtg		12/13/11 Personnel Committee Meeting	6311 · Board Member Compensation	125.00
Bill	12/13/2011	12/13 Personnel Comm		12/15/11 Board Meeting	6311 · Board Member Compensation	125.00
Bill	12/15/2011	12/15 Board Mtg		12/19/11 Administrative Meeting	6311 · Board Member Compensation	125.00
Bill	12/19/2011	12/19 Admin Mtg			6311 · Board Member Compensation	125.00
TOTAL						625.00
Bill Pmt -Check	01/10/2012	15705	LANTZ, PAULA	12/08/11 Appropriative Pool Meeting	1012 · Bank of America Gen'l Ckg	125.00
Bill	12/08/2011	12/08 Appro Pool Mtg		12/15/11 Board Meeting	6311 · Board Member Compensation	125.00
Bill	12/15/2011	12/15 Board Mtg		12/19/11 Administrative Meeting	6311 · Board Member Compensation	125.00
Bill	12/19/2011	12/19 Admin Mtg			6311 · Board Member Compensation	375.00
TOTAL						375.00
Bill Pmt -Check	01/10/2012	15706	MCCALL'S METER SALES & SERVICE	21752	1012 · Bank of America Gen'l Ckg	875.00
Bill	12/09/2011	21752		21752	7102.8 · In-line Meter-Callib & Test	875.00
TOTAL						875.00
Bill Pmt -Check	01/10/2012	15707	MOBILE COMMUNITY MGMT	3rd of 4 payments	1012 · Bank of America Gen'l Ckg	146,346.75
Bill	11/30/2011			3rd of 4 payments, beginning 1/2010	5105 · Purchase of Non-Ag Pool Water	146,346.75
TOTAL						146,346.75

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For Informational Purposes Only

Type	Date	Num	Name	Memo	Account	Paid Amount
<b>TOTAL</b>						146,346.76
Bill Pmt -Check	01/10/2012	15708	MWH LABORATORIES		1012 - Bank of America Gen'l Ckg	
Bill	11/22/2011	L0074529		L0074529 - Grdwtr Qual-Lab Svcs	7103.5 - Grdwtr Qual-Lab Svcs	1,066.00
Bill	11/22/2011	L0074065		L0074065 - Grdwtr Qual-Lab Svcs	7103.5 - Grdwtr Qual-Lab Svcs	1,554.00
Bill	11/30/2011	L0073666		L0073666 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	1,475.00
Bill	11/30/2011	L0073528		L0073528 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	1,532.00
Bill	11/30/2011	L0073529		L0073529 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	2,065.00
Bill	11/30/2011	L0073530		L0073530 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	615.00
Bill	11/30/2011	L0073878		L0073878 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	1,830.00
Bill	11/30/2011	L0074071		L0074071 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	615.00
Bill	11/30/2011	L0074525		L0074525 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	2,065.00
Bill	11/30/2011	L0074681		L0074681 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	1,770.00
Bill	11/30/2011	L0074972		L0074972 - Hydraulic Control-Lab Svcs	7108.4 - Hydraulic Control-Lab Svcs	2,135.00
<b>TOTAL</b>						16,722.00
Bill Pmt -Check	01/10/2012	15709	ONTARIO, CITY OF*	3rd of 4 payments	1012 - Bank of America Gen'l Ckg	
Bill	11/30/2011			3rd of 4 payments, beginning 1/2010	5105 - Purchase of Non-Ag Pool Water	758,479.54
<b>TOTAL</b>						758,479.54
Bill Pmt -Check	01/10/2012	15710	PARK PLACE COMPUTER SOLUTIONS, INC.	458	1012 - Bank of America Gen'l Ckg	
Bill	12/31/2011	458		IT Services - December 2011	6052.1 - Park Place Comp Solutn	3,150.00
<b>TOTAL</b>						3,150.00
Bill Pmt -Check	01/10/2012	15711	PAUL HASTINGS LLP	1919701	1012 - Bank of America Gen'l Ckg	
Bill	12/31/2011	1909701		Ag Pool Legal Services - November 2011	8467 - Ag Legal & Technical Services	8,117.50
<b>TOTAL</b>						8,117.50
Bill Pmt -Check	01/10/2012	15712	PETTY CASH	2386-2396	1012 - Bank of America Gen'l Ckg	
Bill	01/09/2012			Supplies for 10/25 RMP Workshop	7204 - Comp Recharge-Supplies	14.56
				Parking-G. Greene-10/18 CORO Luncheon	6191 - Conferences - General	35.00
				Water quality monitoring supplies	7103.6 - Grdwtr Qual-Supplies	45.96
				Supplies-11/07 Personnel Committee Meeting	6141.2 - Committee Meetings	62.26
				Supplies-11/10 & 12/08 Appropriative Pool Mtgs	8312 - Meeting Expenses	54.95
				Metrolink fare-Maurizio-MWD Replen. workshops	6170 - Travel & Transportation	49.50
				Reimburse-Maurizio for plug adapter for computer	6055 - Computer Hardware	9.67
				Supplies for 12/15 Advisory Committee mtg	6212 - Meeting Expense	35.97
				Purchase cake for Ken Willis-12/15 Board Mtg	6312 - Meeting Expenses	17.99
				Purchase remote for back office entry gate	6031.7 - Other Office Supplies	33.91
<b>TOTAL</b>						359.77
Bill Pmt -Check	01/10/2012	15713	PIERSON, JEFFREY	12/08/11 Ag Pool Meeting	1012 - Bank of America Gen'l Ckg	
Bill	12/08/2011				8470 - Ag Meeting Attend -Special	125.00

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Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	12/15/2011	12/15 Advisory Comm		12/15/11 Advisory Committee Meeting	8470 · Ag Meeting Attend -Special	125.00
Bill	12/15/2011	12/15 Board Mtg		12/15/11 Board Meeting	8470 · Ag Meeting Attend -Special	125.00
TOTAL						375.00
Bill Pmt -Check	01/10/2012	15714	PRAXAIR	3rd of 4 payments	1012 · Bank of America Gen'l Ckg	
Bill	11/30/2011			3rd of 4 payments, beginning 1/2010	5105 · Purchase of Non-Ag Pool Water	248,306.72
TOTAL						248,306.72
Bill Pmt -Check	01/10/2012	15715	LEGAL SHIELD	111802	1012 · Bank of America Gen'l Ckg	
Bill	12/20/2011	111802		Employee deductions - December 2011	60194 · Other Employee Insurance	51.80
TOTAL						51.80
Bill Pmt -Check	01/10/2012	15716	PRINTING RESOURCES	57504	1012 · Bank of America Gen'l Ckg	
Bill	12/20/2011	57504		Nameplates for Kathy Tiegs, Joe LeClaire	6031.7 · Other Office Supplies	48.71
TOTAL						48.71
Bill Pmt -Check	01/10/2012	15717	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	Payor #3493	1012 · Bank of America Gen'l Ckg	
General Journal	12/24/2011	12/24/2011		CalPERS retirement for 12/11/11-12/24/11	2000 · Accounts Payable	8,357.23
TOTAL						8,357.23
Bill Pmt -Check	01/10/2012	15718	PURCHASE POWER	8000909000168851	1012 · Bank of America Gen'l Ckg	
Bill	12/31/2011	8000909000168851		Postage refill, meter supplies, misc. shipments	6042 · Postage - General	2,419.50
TOTAL						2,419.50
Bill Pmt -Check	01/10/2012	15719	SAN BERNARDINO COUNTY - DEPT. AIRPORTS	3rd of 4 payments	1012 · Bank of America Gen'l Ckg	
Bill	11/30/2011			3rd of 4 payments, beginning 1/2010	5105 · Purchase of Non-Ag Pool Water	10,237.34
TOTAL						10,237.34
Bill Pmt -Check	01/10/2012	15720	SOUTHERN CALIFORNIA EDISON COMPANY	3rd of 4 payments	1012 · Bank of America Gen'l Ckg	
Bill	11/30/2011			3rd of 4 payments, beginning 1/2010	5105 · Purchase of Non-Ag Pool Water	11,825.90
TOTAL						11,825.90
Bill Pmt -Check	01/10/2012	15721	STANDARD INSURANCE CO.	Policy # 00-640888-0009	1012 · Bank of America Gen'l Ckg	
Bill	12/31/2011	00640888-0009		Life and AD&D premium	60191 · Life & Disab. Ins Benefits	539.66
TOTAL						539.66
Bill Pmt -Check	01/10/2012	15722	STATE COMPENSATION INSURANCE FUND	1970970-11	1012 · Bank of America Gen'l Ckg	
Bill	12/31/2011	1970970-11		Workers Comp Insurance - December 2011	60183 · Worker's Comp Insurance	1,708.82
TOTAL						1,708.82
Bill Pmt -Check	01/10/2012	15723	THE LAWTON GROUP	6017	1012 · Bank of America Gen'l Ckg	
Bill	12/20/2011	1VC070000017924		Week ending 12/11/11	6017 · Temporary Services	659.20
Bill	12/31/2011	1VC070000017954		Week ending 12/18/11	6017 · Temporary Services	659.20



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Type	Date	Num	Name	Memo	Account	Paid Amount
TOTAL	12/31/2011	1VC070000017980		Week ending 12/25/11	6017 - Temporary Services	751.90
Bill						2,070.30
Bill Pmt -Check	01/10/2012	15724	UNITED HEALTHCARE	0026237178	1012 - Bank of America Gen'l Ckg	
Bill	12/31/2011	0026237178		Dental premium - January 2012	60182.2 - Dental & Vision Ins	447.47
TOTAL						447.47
Bill Pmt -Check	01/10/2012	15725	VANDEN HEUVEL, GEOFFREY	6311	1012 - Bank of America Gen'l Ckg	
Bill	12/08/2011	12/08 Ag Pool Mtg		12/08/11 Ag Pool Meeting	6311 - Board Member Compensation	125.00
Bill	12/15/2011	12/15 Board Mtg		12/15/11 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						250.00
Bill Pmt -Check	01/10/2012	15726	VERIZON		1012 - Bank of America Gen'l Ckg	
Bill	12/20/2011	012561121521714508		012561121521714508	7405 - PE4-Other Expense	167.27
Bill	12/20/2011	012519116950792103		012519116950792103	6022 - Telephone	483.79
TOTAL						651.06
Bill Pmt -Check	01/10/2012	15727	VISION SERVICE PLAN	00-101789-0001	1012 - Bank of America Gen'l Ckg	
Bill	12/20/2011	001017890001		Vision insurance premium - January 2012	60182.2 - Dental & Vision Ins	26.71
TOTAL						26.71
Bill Pmt -Check	01/10/2012	15728	WILDERMUTH ENVIRONMENTAL INC		1012 - Bank of America Gen'l Ckg	
Bill	11/30/2011	2011435		2011435 - Grd Level-Engineering	7107.2 - Grd Level-Engineering	5,025.00
Bill	11/30/2011	2011436		2011436 - OBMP - Watermaster Model Update	6906.1 - OBMP - Watermaster Model Update	39,123.28
Bill	11/30/2011	2011437		2011437 - OBMP Engineering Services	6906 - OBMP Engineering Services	7,095.00
Bill	11/30/2011	2011438		2011438 - OBMP Engineering Services	6906 - OBMP Engineering Services	125.00
Bill	11/30/2011	2011439		2011439 - OBMP Engineering Services	6906 - OBMP Engineering Services	530.00
Bill	11/30/2011	2011440		2011440 - OBMP Engineering Services	6906 - OBMP Engineering Services	3,210.00
Bill	11/30/2011	2011441		2011441 - Grdwtr Level-Engineering	7104.3 - Grdwtr Level-Engineering	23,131.75
Bill	11/30/2011	2011442		2011442 - Grdwtr Qual-Engineering	7103.3 - Grdwtr Qual-Engineering	17,927.50
Bill	11/30/2011	2011443		2011443 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	9,774.00
Bill	11/30/2011	2011444		2011444 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	1,164.10
Bill	11/30/2011	2011445		2011445 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	9,393.12
Bill	11/30/2011	2011447		2011447 - PE3&5-Engineering	7303 - PE3&5-Engineering	2,000.00
Bill	11/30/2011	2011448		2011448 - PE4-Engineering	7402 - PE4-Engineering	5,111.34
Bill	11/30/2011	2011449		2011449 - Recharge & Well - Engineering	7109.3 - Recharge & Well - Engineering	1,990.00
Bill	11/30/2011	2011450		2011450 - Comp Recharge-Implementation	7202.3 - Comp Recharge-Implementation	13,135.00
Bill	11/30/2011	2011451		2011451 - PE6&7-Engineering	7502 - PE6&7-Engineering	13,745.00
Bill	11/30/2011	2011446		2011446 - Grd Level-Engineering	7107.2 - Grd Level-Engineering	6,074.93
Bill	11/30/2011	2011446		2011446 - Grd Level-Contract Svcs	7107.6 - Grd Level-Contract Svcs	18,000.00
TOTAL						176,555.02
Bill Pmt -Check	01/10/2012	15729	WILLIS, KENNETH		1012 - Bank of America Gen'l Ckg	

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Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	12/13/2011	12/13 Personnel Comm		12/13/11 Personnel Committee Meeting	6311 - Board Member Compensation	125.00
Bill	12/15/2011	12/15 Board Mtg		12/15/11 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						250.00
General Journal	01/13/2012	01/13/2012	Record Payroll & Taxes for 12/25/11 - 01/07/12	Record Payroll & Taxes for 12/25/11 - 01/07/12	1012 - Bank of America Gen'l Ckg	11,013.34
				Payroll taxes for 12/25/11-01/07/12	1012 - Bank of America Gen'l Ckg	26,167.24
				Direct deposits for 12/25/11-01/07/12	1012 - Bank of America Gen'l Ckg	37,180.58
TOTAL						74,361.16
Bill Pmt -Check	01/17/2012	15730	CALIFORNIA GROUNDWATER COALITION	2012 Membership Dues	1012 - Bank of America Gen'l Ckg	4,750.00
Bill	01/16/2012			2012 Membership Dues-Jan/Jun	6111 - Membership Dues	4,750.00
				2012 Membership Dues-Jul/Dec	1433 - Prepaid Membership Dues	9,500.00
TOTAL						19,000.00
Bill Pmt -Check	01/17/2012	15731	CALPERS 457 PLAN	Record Payroll and Taxes for 12/25/11-01/07/12	1012 - Bank of America Gen'l Ckg	2,805.62
General Journal	01/13/2012	01/13/2012	CALPERS 457 PLAN	457 Employee payments for 12/25/11-01/07/12	2000 - Accounts Payable	2,805.62
TOTAL						5,611.24
Bill Pmt -Check	01/17/2012	15732	CHINO HILLS, CITY OF	3	1012 - Bank of America Gen'l Ckg	733.50
Bill	01/10/2012	3		3	7107.6 - Grd Level-Contract Svcs	733.50
TOTAL						1,467.00
Bill Pmt -Check	01/17/2012	15733	CORELOGIC INFORMATION SOLUTIONS	80394552	1012 - Bank of America Gen'l Ckg	62.50
Bill	12/31/2011	80394552		80394552	7103.7 - Grdwtr Qual-Computer Svc	62.50
				80394552	7101.4 - Prod Monitor-Computer	125.00
TOTAL						250.00
Bill Pmt -Check	01/17/2012	15734	CUCAMONGA VALLEY WATER DISTRICT	Lease Due February 1, 2012	1012 - Bank of America Gen'l Ckg	5,984.00
Bill	01/16/2012			Lease Due February 1, 2012	1422 - Prepaid Rent	5,984.00
TOTAL						11,968.00
Bill Pmt -Check	01/17/2012	15735	GREAT AMERICA LEASING CORP.	11750190	1012 - Bank of America Gen'l Ckg	2,788.53
Bill	12/31/2011	11750190		Copier lease invoice	6043.1 - Ricoh Lease Fee	180.51
				Usage for Black Copies	6043.2 - Ricoh Usage & Maintenance Fee	379.47
				Usage for Color Copies	6043.2 - Ricoh Usage & Maintenance Fee	3,348.51
TOTAL						6,596.01
Bill Pmt -Check	01/17/2012	15736	GUARANTEED JANITORIAL SERVICE, INC.	28548	1012 - Bank of America Gen'l Ckg	865.00
Bill	01/16/2012	28548		Janitorial service - January 2012	6024 - Building Repair & Maintenance	865.00
TOTAL						1,730.00
Bill Pmt -Check	01/17/2012	15737	HAUGHEY, TOM	12/13/2011 Personnel Committee Meeting	1012 - Bank of America Gen'l Ckg	125.00
Bill	12/13/2011	12/13 Personnel Comm		12/13/11 Personnel Committee Meeting	6311 - Board Member Compensation	125.00
TOTAL						250.00

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Type	Date	Num	Name	Memo	Account	Paid Amount
TOTAL						125.00
Bill Pmt -Check	01/17/2012	15738	HOGAN LOVELLS	2634088	1012 - Bank of America Gen'l Ckg	
Bill	12/31/2011	2634088		Non-Ag Pool legal services - November 2011	8567 - Non-Ag Legal Service	1,455.74
TOTAL						1,455.74
Bill Pmt -Check	01/17/2012	15739	MUJAC ALARM	311502	1012 - Bank of America Gen'l Ckg	
Bill	01/16/2012	311502		Commercial monitoring from 1/01/12 - 3/31/12	6026 - Security Services	147.00
TOTAL						147.00
Bill Pmt -Check	01/17/2012	15740	PAYCHEX	2011122900	1012 - Bank of America Gen'l Ckg	
Bill	12/31/2011	2011122900		Payroll services - December 2011	6012 - Payroll Services	244.02
TOTAL						244.02
Bill Pmt -Check	01/17/2012	15741	PREMIERE GLOBAL SERVICES	10285534	1012 - Bank of America Gen'l Ckg	
Bill	12/30/2011	10285534		11/29/11 call re: Archibald South Plume	7103.6 - Grdwtr Quat-Supplies	87.82
				12/01 call re: Supplemental Water Recharge	7204 - Comp Recharge-Supplies	42.31
				12/08 Non Ag Pool Mtg	8512 - Meeting Expense	167.78
				Monthly service fees	6022 - Telephone	21.98
TOTAL						319.89
Bill Pmt -Check	01/17/2012	15742	PRINTING RESOURCES	57586	1012 - Bank of America Gen'l Ckg	
Bill	01/16/2012	57586		Nameplates for Bill Kruger, Peter Rogers	6031.7 - Other Office Supplies	48.71
TOTAL						48.71
Bill Pmt -Check	01/17/2012	15743	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	Payor #3493	1012 - Bank of America Gen'l Ckg	
General Journal	01/13/2012	01/13/2012		CalPERS retirement pymts for 12/25/11-01/07/12	2000 - Accounts Payable	8,317.10
TOTAL						8,317.10
Bill Pmt -Check	01/17/2012	15744	R&D PEST SERVICES	0151257	1012 - Bank of America Gen'l Ckg	
Bill	01/10/2012	0151257		Continuing treatment outside/inside bldg.	6024 - Building Repair & Maintenance	85.00
TOTAL						85.00
Bill Pmt -Check	01/17/2012	15745	SAFEGUARD DENTAL & VISION	4135450	1012 - Bank of America Gen'l Ckg	
Bill	01/02/2012	4135450		Dental premium - January 2012	60182.2 - Dental & Vision Ins	7.91
TOTAL						7.91
Bill Pmt -Check	01/17/2012	15746	SPAM SOAP, INC	S63016	1012 - Bank of America Gen'l Ckg	
Bill	01/06/2012	S63016		Semi-annual billing-spam software licenses	6054 - Computer Software	201.60
TOTAL						201.60
Bill Pmt -Check	01/17/2012	15747	STAULA, MARY L	Retiree Medical	1012 - Bank of America Gen'l Ckg	
Bill	01/31/2012				60182.4 - Retiree Medical	136.61

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Type	Date	Num	Name	Memo	Account	Paid Amount
TOTAL						136.61
Bill Pmt -Check	01/17/2012	15748	UNION 76	300-732-989	1012 - Bank of America Gen'l Ckg	
Bill	12/31/2011	300732989		Fuel costs - December 2011	8175 - Vehicle Fuel	153.47
TOTAL						153.47
Bill Pmt -Check	01/17/2012	15749	UNITED PARCEL SERVICE	2x81x0	1012 - Bank of America Gen'l Ckg	
Bill	12/31/2011	2x81x0		Packages for the month	6042 - Postage - General	61.91
TOTAL						61.91
Bill Pmt -Check	01/17/2012	15750	VERIZON BUSINESS	63285938	1012 - Bank of America Gen'l Ckg	
Bill	01/16/2012	63285938			6053 - Internet Expense	1,562.96
TOTAL						1,562.96
Bill Pmt -Check	01/17/2012	15751	VILLEGAS, VICTORIA E.	10/28/2011 Hearing Transcript	1012 - Bank of America Gen'l Ckg	
Bill	01/16/2012			1/21/2011 Hearing Transcript	6909.4 - Printing	1,595.00
TOTAL						1,595.00
Bill Pmt -Check	01/17/2012	15752	WESTERN DENTAL SERVICES, INC.	002483	1012 - Bank of America Gen'l Ckg	
Bill	01/16/2012	002483		Dental premium - February 2012	60182.2 - Dental & Vision Ins	28.88
TOTAL						28.88
Bill Pmt -Check	01/17/2012	15753	YUKON DISPOSAL SERVICE	08-K2 213849	1012 - Bank of America Gen'l Ckg	
Bill	01/10/2012	08-K2 213849		Disposal service for January 2012	6024 - Building Repair & Maintenance	106.53
TOTAL						106.53
Bill Pmt -Check	01/25/2012	15754	BANK OF AMERICA	XXXX-XXXX-XXXX-9341	1012 - Bank of America Gen'l Ckg	
Bill	12/31/2011	XXXX-XXXX-XXXX-9341		Holiday luncheon for staff	6141.3 - Admin Meetings	306.80
				To purchase ink cartridges for CFO printer	6031.7 - Other Office Supplies	42.84
				Lunch for 12/15 Board meeting	6312 - Meeting Expenses	556.64
TOTAL						906.28
Bill Pmt -Check	01/25/2012	15755	g.Neil	0245951	1012 - Bank of America Gen'l Ckg	
Bill	01/18/2012	0245951		Poster guard protection-Federal HR Posters	6031.7 - Other Office Supplies	59.99
TOTAL						59.99
Bill Pmt -Check	01/25/2012	15756	GROOMAN'S PUMP & WELL DRILLING, INC.	12930	1012 - Bank of America Gen'l Ckg	
Bill	12/31/2011	12930			7703 - Inactive Well-Contract Svcs	167.87
Bill	12/31/2011	12937			7103.4 - Growtr Quat-Contract Svc	475.00
Bill	12/31/2011	12927			7102.8 - In-line Meter-Callib & Test	209.74
Bill	12/31/2011	12936			7102.8 - In-line Meter-Callib & Test	593.33
Bill	12/31/2011	12926			7102.8 - In-line Meter-Callib & Test	453.72
TOTAL						1,899.76

CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of  
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Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	01/25/2012	15757	LEGAL SHIELD	111802	1012 - Bank of America Gen'l Ckg	51.80
Bill	01/18/2012	111802		Employee deductions - January 2012	60194 - Other Employee Insurance	51.80
TOTAL						
Bill Pmt -Check	01/25/2012	15758	MCCALL'S METER SALES & SERVICE	21853	1012 - Bank of America Gen'l Ckg	211.68
Bill	01/10/2012	21853		21853	7102.5 - In-line Meter-Computer	2,503.94
				21853	7102.7 - In-line Meter	1,500.00
				21853	7102.8 - In-line Meter-Calib & Test	4,215.62
TOTAL						
Bill Pmt -Check	01/25/2012	15759	PITNEY BOWES CREDIT CORPORATION	6684246	1012 - Bank of America Gen'l Ckg	546.30
Bill	01/18/2012	6684246		Leasing charge	6044 - Postage Meter Lease	546.30
TOTAL						
Bill Pmt -Check	01/25/2012	15760	PUMP CHECK	4482	1012 - Bank of America Gen'l Ckg	117.34
Bill	12/31/2011	4482		4482	7102.5 - In-line Meter-Computer	190.00
				4479	7102.8 - In-line Meter-Calib & Test	2,850.00
				4479	7102.5 - In-line Meter-Computer	75.00
				4479	7103.4 - Grdwtr Qual-Contract Svc	112.50
TOTAL						3,344.84
Bill Pmt -Check	01/25/2012	15761	TELECOM SERVICES	5478	1012 - Bank of America Gen'l Ckg	125.00
Bill	01/18/2012	5478		Changes to voice-mail system	6022 - Telephone	125.00
TOTAL						
Bill Pmt -Check	01/25/2012	15762	VERIZON WIRELESS	1045449179	1012 - Bank of America Gen'l Ckg	336.77
Bill	01/08/2012	1045449179		Monthly cell phone service	6022 - Telephone	336.77
TOTAL						
Bill Pmt -Check	01/25/2012	15763	WILDERMUTH ENVIRONMENTAL INC	2011468 - Grd Level-Engineering	1012 - Bank of America Gen'l Ckg	1,800.00
Bill	12/31/2011	2011468		2011469 - OBMP Engineering Services	7107.2 - Grd Level-Engineering	10,453.75
Bill	12/31/2011	2011469		2011470 - OBMP Engineering Services	6906 - OBMP Engineering Services	4,081.51
Bill	12/31/2011	2011470		2011471 - Grdwtr Level-Engineering	7104.3 - Grdwtr Level-Engineering	23,420.94
Bill	12/31/2011	2011471		2011472 - Grdwtr Qual-Engineering	7103.3 - Grdwtr Qual-Engineering	4,961.25
Bill	12/31/2011	2011472		2011473 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	14,299.00
Bill	12/31/2011	2011473		2011474 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	1,102.50
Bill	12/31/2011	2011474		2011475 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	6,346.98
Bill	12/31/2011	2011475		2011476 - Grd Level-Engineering	7107.2 - Grd Level-Engineering	6,271.88
Bill	12/31/2011	2011476		2011476 - Associated Engineers	7107.6 - Grd Level-Contract Svcs	96,000.00
Bill	12/31/2011	2011476		2011476 - Michael C. Carpenter	7107.6 - Grd Level-Contract Svcs	4,017.28

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CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of  
As of January 31, 2012

For Informational Purposes Only

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	12/31/2011	2011477		2011476 - Western Gunn Hydrology, LLC	7107.6 - Grd Level-Contract Svcs	2,298.31
Bill	12/31/2011	2011478		2011477 - PE3&5-Engineering	7303 - PE3&5-Engineering	6,511.25
Bill	12/31/2011	2011479		2011478 - PE4-Engineering	7402 - PE4-Engineering	2,575.00
Bill	12/31/2011	2011480		2011479 - OBMP Engineering Services	6906 - OBMP Engineering Services	1,422.50
Bill	12/31/2011	2011481		2011480 - Comp Recharge-Implementation	7202.3 - Comp Recharge-Implementation	5,132.50
Bill	12/31/2011	2011482		2011481 - PE6&7-Engineering	7502 - PE6&7-Engineering	8,617.18
Bill	12/31/2011	2011482		2011482 - Bill To Lewis Brisbois	6906 - OBMP Engineering Services	5,335.00
TOTAL						144,826.83
Bill Pmt -Check	01/25/2012	15764	BROWNSTEIN HYATT FARBBER SCHRECK		1012 - Bank of America Gen'l Ckg	1,560.98
Bill	12/31/2011	445074		445074 - BHFS Legal - Appropriative Pool	8375 - BHFS Legal - Appropriative Pool	1,560.98
				445074 - BHFS Legal - Agricultural Pool	8475 - BHFS Legal - Agricultural Pool	1,876.87
				445074 - BHFS Legal - Non-Ag Pool	8575 - BHFS Legal - Non-Ag Pool	2,865.38
				445074 - BHFS Legal - Advisory Committee	6275 - BHFS Legal - Advisory Committee	5,800.18
				445074 - BHFS Legal - Board Meeting	6375 - BHFS Legal - Board Meeting	1,146.70
				445074 - BHFS Legal - Personnel Matters	6073 - BHFS Legal - Personnel Matters	579.15
				445074 - BHFS Legal - Replenishmnt Water	6075 - BHFS Legal - Replenishmnt Water	10,348.65
				445074 - BHFS Legal - Miscellaneous	6078 - BHFS Legal - Miscellaneous	7,213.05
				445074 - Recharge Master Plan	6907.98 - Recharge Master Plan	9,630.90
				445075 - BHFS Legal - Personnel Matters	6073 - BHFS Legal - Personnel Matters	210.60
				445076 - S. Archibald Plume-Formerly OIA	6907.31 - S. Archibald Plume-Formerly OIA	42,793.40
TOTAL						50.00
Bill Pmt -Check	01/25/2012	15765	CUCAMONGA VALLEY IAAP	Jan. 23, 2012 Cucamonga Valley IAAP Mtg	1012 - Bank of America Gen'l Ckg	50.00
Bill	01/23/2012			Fee for J. Wilson and S. Molino	6192 - Training & Seminars	50.00
TOTAL						552.90
Bill Pmt -Check	01/25/2012	15766	INLAND EMPIRE UTILITIES AGENCY		1012 - Bank of America Gen'l Ckg	552.90
Bill	12/31/2011	90009071		Readiness to serve	8456 - IEUA Readiness To Serve	552.90
TOTAL						1,066.00
Bill Pmt -Check	01/25/2012	15767	MWH LABORATORIES		1012 - Bank of America Gen'l Ckg	1,066.00
Bill	12/31/2011	L0076453		L0076453 - Grdwtr Qual-Lab Svcs	7103.5 - Grdwtr Qual-Lab Svcs	1,066.00
Bill	12/31/2011	L0077437		L0077437 - Grdwtr Qual-Lab Svcs	7103.5 - Grdwtr Qual-Lab Svcs	578.00
Bill	12/31/2011	L0075987		L0075987 - Grdwtr Qual-Lab Svcs	7103.5 - Grdwtr Qual-Lab Svcs	2,074.00
Bill	12/31/2011	L0076106		L0076106 - Grdwtr Qual-Lab Svcs	7103.5 - Grdwtr Qual-Lab Svcs	838.00
Bill	12/31/2011	L0075979		L0075979 - Grdwtr Qual-Lab Svcs	7103.5 - Grdwtr Qual-Lab Svcs	1,456.00
Bill	12/31/2011	L0074680		L0074680 - Grdwtr Qual-Lab Svcs	7103.5 - Grdwtr Qual-Lab Svcs	488.00
Bill	12/31/2011	L0075313		L0075313 - Grdwtr Qual-Lab Svcs	7103.5 - Grdwtr Qual-Lab Svcs	1,456.00
Bill	12/31/2011	L0074687		L0074687 - Grdwtr Qual-Lab Svcs	7103.5 - Grdwtr Qual-Lab Svcs	578.00
Bill	12/31/2011	L0074688		L0074688 - Grdwtr Qual-Lab Svcs	7103.5 - Grdwtr Qual-Lab Svcs	578.00
Bill	12/31/2011	L0074684		L0074684 - Grdwtr Qual-Lab Svcs	7103.5 - Grdwtr Qual-Lab Svcs	578.00
Bill	12/31/2011	L0074980		L0074980 - Grdwtr Qual-Lab Svcs	7103.5 - Grdwtr Qual-Lab Svcs	3,684.00

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CHINO BASIN WATERMASTER  
Cash Disbursements For The Month of  
As of January 31, 2012

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	12/31/2011	L0075977		L0075970 - Grdwtr Qual-Lab Svcs	7103.5 - Grdwtr Qual-Lab Svcs	1,086.00
Bill	12/31/2011	L0076461		L0076461 - Grdwtr Qual-Lab Svcs	7103.5 - Grdwtr Qual-Lab Svcs	1,456.00
<b>TOTAL</b>						
Bill Pmt -Check	01/25/2012	15768	THE LAWTON GROUP	6017	1012 - Bank of America Gen'l Ckg	659.20
Bill	01/08/2012	1VC070000018027		Week ending 1/08/12	6017 - Temporary Services	824.00
Bill	01/23/2012	1VC070000018050		Week ending 1/15/12	6017 - Temporary Services	824.00
<b>TOTAL</b>						
General Journal	01/27/2012	01/27/2012	Payroll and taxes for 01/08/12-01/21/12	Payroll and taxes for 01/08/12-01/21/12	1012 - Bank of America Gen'l Ckg	12,143.73
			Payroll taxes for 01/08/12-01/21/12	Payroll taxes for 01/08/12-01/21/12	1012 - Bank of America Gen'l Ckg	29,198.49
			Direct deposits for 01/08/12-01/21/12	Direct deposits for 01/08/12-01/21/12	1012 - Bank of America Gen'l Ckg	41,342.22
<b>TOTAL</b>						
<b>Total Disbursements:</b>						<u><u>3,002,956.70</u></u>



# CHINO BASIN WATERMASTER

## IV. INFORMATION

### 2. Newspaper Articles





## NEWS

**Inland water agencies are prepared for a dry year**[Print Page](#)***Agencies in Riverside and San Bernardino counties took advantage of heavy runoff last winter and recharged local groundwater basins***

By Douglas Headrick  
General Manager  
San Bernardino Valley  
Municipal Water District

Published: Wednesday, February 1, 2012 3:38 PM PST

As recently as October, weather forecasters were predicting that California ski resorts would have another wet winter, potentially matching last winter's record snowfall.

Unfortunately, the anticipated wet winter hasn't materialized. And if the current dry weather pattern persists, we could actually wind up with one of the driest winters on record.

But while the continuing dry spell is worrisome, inland Southern California water agencies are well prepared for a dry spell because they stored a record amount of water underground last year – about 78,000 acre feet. That's enough water to sustain 300,000 people for a year.

"When it comes to water, it's feast or famine in Southern California," said Bob Tincher, manager of engineering and planning for San Bernardino Valley Municipal Water District. "So when we do get a lot of rainfall, we capitalize on it and store as much as we can underground. That way we can use it during droughts."

The heavily populated areas of western San Bernardino County depend on local mountain runoff for about 70 percent of their water supply. Some of the runoff is diverted by local water agencies into spreading basins, where it percolates into the ground, recharging local groundwater basins that supply local agencies with most of their water supply.

Inland agencies supplement the balance of their water supply with imported State Water Project water from Northern California, which is used for both direct deliveries and groundwater recharge.

"We have a very high level of coordination and cooperation with one another, which enables us to make the best use of our local and imported water resources," Tincher said of Valley District's relationship with other water agencies.

Indeed, while Valley District is the inland region's primary supplier of imported water, it works closely with its partners to save runoff from the Santa Ana River. Through these partnerships, water is recharged into basins owned by the San Bernardino Valley Conservation District.

"We received nearly 53,000 acre feet of San Bernardino Mountain water recharged into the Mill Creek and Santa Ana spreading basins last year," said Daniel Cozad, the conservation district's general manager, adding that last year was the third biggest year for groundwater recharge in a century.

Another 22,000 acre-feet of imported water was also recharged into the groundwater basin using the conservation district's facilities.

Inland water agencies coordinate their groundwater recharge operations through the Basin Technical Advisory Committee or BTAC, a collaborative group that includes representatives from 13 agencies serving a 300-square mile area of western Riverside and San Bernardino counties.

Agencies actively participating in the BTAC include San Bernardino Valley Municipal Water District, East Valley Water District, West Valley Water District, City of San Bernardino Water Department, Western Municipal Water District, City of Riverside Public Utilities, Yucaipa Valley Water District, San Bernardino Valley Water Conservation District, City of Redlands, San Bernardino County Flood Control District and City of Loma Linda but is open to all agencies who wish to participate.

BTAC meetings are held at 1:30 p.m. on the first Monday of every month at Valley District's headquarters at 380 E. Vanderbilt Way, San Bernardino. More information about the BTAC is available at [www.sbvmwd.com](http://www.sbvmwd.com).

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## PG & E agrees to \$3.6 million settlement; half goes to Hinkley school

By Jim Steinberg, Staff Writer

Posted: 02/01/2012 08:53:00 PM PST

HINKLEY - Pacific Gas & Electric Co. has agreed to pay a \$3.6 million fine for violating a regulatory agency's order to contain a plume of chromium 6 contaminated water to the boundaries known in 2008, company and regulatory officials confirmed Wednesday night.

Since the third quarter of 2011, the known plume boundary has grown northward by about two miles, although officials say the plume may have been in that space for some time previously.

At PG & E's insistence, half of the fine will go to Hinkley Elementary School to develop a whole water replacement system.

A water board official said PG & E is planning to pipe drinking water into the school from outside the Hinkley area.

Drinking

fountains at the school were shut down - for the first time - last fall, at the request of parents.

Between 1952 and 1966, PG & E used chromium 6, also known as hexavalent chromium, to reduce corrosion in cooling towers at its natural gas compressor station in Hinkley.

At that time, the cancer-causing aspects of chromium 6 were not known.

Wastewater from the cooling towers were discharged in unlined ponds at the site, allowing the chromium 6 contaminated liquids to

percolate into the groundwater.

Jeff Smith, a PG & E spokesman said, "PG & E felt it was important that as much of the settlement as possible be returned to the Hinkley community."

At community advisory committee meetings -

a group PG & E organized in the community - members have noted their concerns about the health of schoolchildren at the school, Smith said.

Lauri Kemper, assistant executive officer, of the Lahontan Regional Water Control Board, said chromium 6 levels at the wells that serve the school have varied between one and two parts per billion, below what a controversial PG & E study determined was the natural background level for the area.

The findings of that background level study are under review.

"This is excellent. This is what we have been fighting for," said Joel Valenzuela, who has two daughters attending the school. "We have been fighting for them (PG & E) to take responsibility."

"The school is the centerpiece of our



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sbsun.com

community," he said, adding that he was concerned the Barstow school district, which runs the Hinkley school, would siphon some of the money.

Kemper said the way the settlement agreement is structured, that won't happen.

Kemper said that the water agency was motivated to work out a settlement with PG & E because the company had proposed that much of its fine be spent for the benefit of the Hinkley community.

"That sounds good. That sounds real good," said James Dodd, who serves on the community advisory board with Valenzuela, and has lived in Hinkley for 34 years.

"I'm glad to see the water board is stepping up and doing something...we are now starting to see some action."

Valenzuela said that because the water agency did not warn parents about the extent of chromium 6 contamination in the school's water, it should not be allowed to keep any of the settlement funds.

Instead of sending half of the settlement to the state, that should be used to establish a college fund for the school's graduates, he said.

"Our children have been damaged by this (drinking the water at school)," Valenzuela said.

"I have spent thousands of dollars to protect my children at home with water purification systems, and bottled water, and then I find out my kids have been drinking contaminated water at school."

Valenzuela said that Hinkley's population - and the school's students - have dwindled dramatically in recent years because of the chromium 6 plume.

Kemper said that the water board notified the school district of the well sampling results and "it was up to them to decide whether or not to tell parents."

Half of the \$1.8 million settlement goes into the state Water Resources Control Board Waste Discharge Permit Fund, Kemper said.

The settlement agreement will go to the water agency's board of directors for final approval when it meets at the Hampton Inn in Barstow on March 14 and 15, Kemper said.

Reach Jim [via email](#), or call him at 3855.



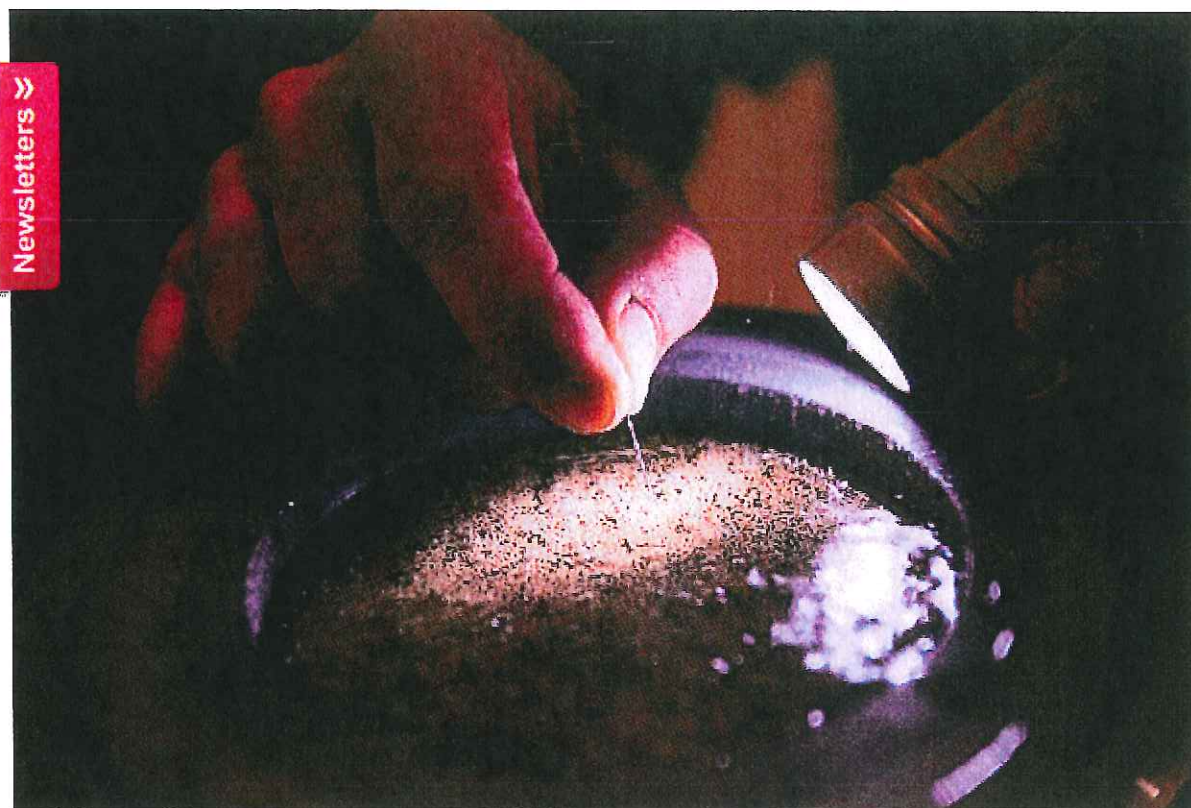
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National Geographic Daily News

# Reclaimed Wastewater for Drinking: Safe But Still a Tough Sell

A new report highlights advancements in reclamation technology and predicts growth in treatment programs.



Mechanic Jimmy Pennella uses a flashlight and a needle to stop fibers in membranes from leaking at the Groundwater Replenishing System in Orange County Water District in Fountain Valley, California.

*Photograph by Ann Johansson, Corbis*

**Ker Than**

For National Geographic News

Published January 31, 2012

*This story is part of a special National Geographic News series on global water issues.*

**Water filtration technology has advanced to the point where wastewater can be rendered safe for drinking, according to a new report, but legislative and psychological hurdles will need to be overcome before widespread adoption can happen.**

"Expanding water reuse could significantly increase the nation's water resource, particularly in coastal communities," said Rhodes Trussell, president of Trussell Technologies in Pasadena, California, and chair of the committee that wrote the report.

Treated wastewater, also known as reclaimed water, is commonly used for irrigation and industry. And many towns already rely on reused water simply because they draw water downstream from other municipalities' wastewater release pipes.

"De facto reuse takes place throughout the country," Trussell said.

But getting the public to knowingly drink treated wastewater has been a tough sell.

(Related: "Raiding the Bread Basket: Use and Abuse of the Mississippi River Basin")

### **New Report Underscores Safety**

A new report by the National Research Council (NRC) that reviewed current wastewater treatment technologies found that the possible health risks associated with exposure to chemical contaminants are minimal.

"Available technology can reduce chemical and microbial contaminants to levels comparable to or lower than those present in many current drinking water supplies," Trussell said.

Trussell and the other NRC report authors say the government could do much to help increase public confidence in wastewater treatment programs for drinking—also known as potable use—and help to provide a consistent minimum level of protection across the nation. Many of these goals could be met by toughening federal regulations, they add.

"For example," Trussell said, "under the Clean Water Act, the pretreatment regulations, which have made tremendous strides to reduce toxics in the nation's wastewater since they were first implemented, could be updated to more aggressively pursue organic contaminants that were not identified on the original 1977 list." In other words, by updating the standards in keeping with current knowledge, consumers can feel more confident that the water is truly safe.

Another challenge is that water reuse regulations can vary widely by location. "In most coastal communities, municipal wastewater belongs to the wastewater utility and retaining it for reuse is fairly easy," Trussell explained. "In many inland communities that water already [legally] belongs to a downstream user."

But perhaps the biggest hurdle that will need to be overcome before the public will accept drinking recycled wastewater is not technological or legislative, but psychological.

(See an interactive map of the world's most important river basins.)

### **Getting Used to the Idea**

"The psychological side is often what's critical," said Paul Rozin, a psychologist at the University of Pennsylvania. Rozin appears in the upcoming documentary *Last Call at the Oasis*, which investigates several aspects of the looming global water crisis.

Most people have a deep revulsion to the idea of drinking reclaimed water, explained Rozin. "The revulsion comes from its closeness to sewage," he said. "For tap water or bottled water, people tend not to think where it comes from. But for recycled water, they do." (This despite the fact that many people already drink water drawn downstream from wastewater operations.)

One way to overcome this revulsion is to provide some mental separation between the recycled water and its source. In *Last Call at the Oasis*, for example, the filmmakers try selling treated water under the catchy product name of "Porcelain Springs" and enlist comedy actor Jack Black to vouch for its drinkability.

Another possibility, Rozin said, is to follow the example set by Singapore. "They're switching over to recycled water and they're doing it gradually and also giving people an economic advantage to switch," he said.

"First, they take recycled water and pump it into the ground so they don't go directly from recycled water to drinking. And they will also provide the water at any catered event [for free]."

One example of a successful wastewater-recycling program is the Groundwater Replenishment System in Orange County, California, Trussell said. There, wastewater is treated to a level exceeding state and federal drinking standards and is then released into local groundwater recharge basins, where it will eventually be re-drawn for municipal or private use. Previously, treated wastewater was simply discharged into the Pacific Ocean. But the new process should help extend the life of the aquifers, and it may make the idea of reclaimed water more appealing than more direct recycling, since the water receives additional filtering in the ground.

"This project just broke ground for expansion from 70 to 100 million gallons per day," Trussell said.

(Calculate your own water footprint.)

The Groundwater Replenishment System and other programs across the United States provide reasons to be optimistic about the future of wastewater treatment programs, Trussell said. "Increasingly, projects are being conducted in the open and have successfully garnered public support," he added.

In general, Penn's Rozin said, people often greatly underestimate their ability to adapt to new things, including drinking treated water.

"There's no doubt that people can get used to it," he said. "It's just a matter of getting them there."

But while wastewater recycling could contribute significantly to the nation's available freshwater, it will not in itself solve all the water problems that we will face in the coming decades.

"Our estimate is that reuse of all the wastewater we discharge to the oceans and estuaries would increase the water available to U.S. municipalities by about 6 percent," he added. "Significant, but no panacea."

(Related: "Sewer Mining: Efficient Water Recycling Coming to a Community Near You")

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## Northern boundary of Hinkley plume continues to grow

Jim Steinberg, Staff Writer

Posted: 01/31/2012 12:33:41 PM PST

**Document:** [Map - Chromium results for third quarter 2011 groundwater](#)

**Document:** [Map - Chromium results for fourth quarter 2011 groundwater](#)  
HINKLEY - The northern boundaries of that plume of contaminated groundwater continues to advance.

Water samples from new test wells - many installed this past summer - show chromium 6 contamination, above background level, extending north of Mountain General Road for the first time.

It is not clear, however, if the plume is growing at a rapid pace, or if the plume has been larger than originally thought for some time.

The thought behind some of the new well placements was to get ahead of the plume and then work backward to map its location.

It now appears the drilling may not have extended far enough north to get ahead of the plume.

The results of new samples from test wells were released Tuesday.

Jeff Smith, Pacific Gas & Electric Co. spokesman, said "what this really tells us is there is a lot more work to be done to define the plume."

Decades ago, before the cancer risks posed by chromium 6 were known, PG&E used this chemical to protect the metal and prevent algae

growth within cooling towers at its natural gas pumping station in Hinkley.

Periodically this water was dumped into unlined ponds, a standard practice at that time.

The result has created an underground plume of contaminated groundwater that is now more than four miles long.

Reach Jim via email or call him at 909-386-3855.



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## REGION: Winter shaping up to be a dry one

BY JANET ZIMMERMAN

STAFF WRITER

[jzimmerman@pe.com](mailto:jzimmerman@pe.com)

Published: 29 January 2012 07:11

PM

The consequences of this winter's lack of rain are plain to see on Dennis Blehm's family-owned farm in Hemet, where the wheat crop has sprouted, turned brown and withered over the crusted soil.

"I'd say in 10 days, we'll lose our seed. It's sprouted, it's grown, it's going to die," said Blehm, whose harvest is sold to mills for flour, bread, dog food and other products. "There's only about 2 inches of moisture in the ground and we need 6 to 10 inches."

Blehm is a dry-land farmer, relying strictly on rainfall instead of irrigation. This year has so far been a low spot in an up-and-down business, one of many that rely on the weather for their profit.

The snowpack in the Sierra Nevada last month was the second driest December on record, and January — usually the wettest month — is lagging behind normal, even with the recent storms.

Farmers such as Blehm are fretting, winter sports are suffering and water managers are mulling over supplies. The U.S. Drought Monitor shows abnormally dry conditions in Inland Southern California and moderate drought for much of the northern part of the state.

Blehm farms on 7,800 acres spread around Hemet, Perris, Nuevo and other areas. He stands to lose a good portion of his \$1 million crop, especially if 80-degree temperatures and drying winds persist.

Blehm has had so many loss claims on his crop insurance over the past decade that he will be reimbursed for only half his losses, he said.

This year reminds him of the spring of 2007, when rain was a tenth of normal. That marked the first of the state's three-year drought.

### 'DISMALLY DRY'

This week, state water officials will trek into the Sierra to take their monthly snowpack measurements. What they find won't be a surprise.

"It's just dismally dry for this time of year," said Dave Rizzardo, chief of snow surveys and water supply forecasting for the state Department of Water Resources. For snow in the northern Sierra, "we're almost 20 inches behind last year's pace."

The Sierra readings are critical because that snowmelt fills reservoirs that feed the State Water Project, which supplies two-thirds of the state.

Riverside had just under a half-inch of rain in December, about a third of normal for the month. January also brought a little less than a half-inch, more than 2 inches below average.

Sierra snowpack was just 10 percent of normal until the first of three storms hit Jan. 19, raising levels to 33 percent of normal when last measured.

John Gless, who farms 300 acres in Riverside, Hemet, Coachella and Kern County, already is buying irrigation water for his citrus trees — two months earlier than normal. The dry weather also is causing other problems.

“Without the rain to clean the trees and leach the salts, the growth of the fruit is smaller this year,” he said.

In the Central Valley, numerous irrigation districts delivered water almost two months earlier than usual for stressed winter feed crops and fruit and nut trees.

#### HARD TO RECOVER

Similar pain is being felt by ski shops in the San Bernardino Mountains.

At Goldsmith’s Board House in Big Bear Lake, January sales and rentals are way down, owner Linda Goldsmith said.

“Somebody said, ‘It’s a beautiful day,’ and I said, ‘Yeah, unfortunately, it is,’” she said.

Business is driven by perceptions, Goldsmith said. When people down the hill are wearing shorts and flip-flops, it’s hard for them to imagine good snow conditions in the mountains. But December snow laid down a decent base and snowmaking made up the rest, she said.

At Snow Summit, all of the 26 runs are open except one, which is closed for snowmaking, according to the resort’s website.

The resort received about 4 inches of snow this month. The average January snowfall at Big Bear Lake is 14.8 inches, according to the Western Regional Climate Center.

“We need a winter kick,” Goldsmith said.

In the water industry, December, January and February are known as “the big three” because they are responsible for the bulk of winter weather.

Missing one of those months is hard to make up for by the end of the season, but two dry months is almost impossible to recover from, said Rizzardo of the Department of Water Resources.

A drought has not been declared by state officials, largely because last year’s record rain and snowfall left reservoirs with ample supplies. Lake Shasta, the system’s largest reservoir, is at 68 percent of capacity, average for this time of year, according to a state website.

The force in play both years has been La Niña, although this year’s dry weather is more typical of the weather system, which cools the ocean in the Pacific and pushes the jet stream and cold arctic air to the north.

Another factor is a positive Arctic oscillation, an atmospheric pressure pattern that has kept the jet stream north and pushed storms into Alaska. Last year, a negative Arctic oscillation overruled La Niña’s influence and

pushed strong, cold storms into California, said William Patzert, a climatologist at NASA's Jet Propulsion Laboratory in Pasadena.

"The question is, 'Can we salvage anything in February and March?' At this point, I'm counseling caution," he said.

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